



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

**DEPARTMENT OF ENVIRONMENT
REGULATION | ANNUAL
REPORT 2014-15**



Produced and published by

Department of Environment Regulation
168 St Georges Terrace
Perth WA 6000

September 2015

State of Western Australia 2015

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This document has been prepared as a guide and includes the minimum annual reporting requirements of the *Financial Management Act 2006* and Treasurer's instructions.

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.



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

Statement of compliance

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 for the Department of Environment Regulation for the financial year ended 30 June 2015.

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

A stylized, handwritten signature in black ink, consisting of a large, sweeping curve that starts under the 'J' and ends under the 's'.

Jason Banks
Accountable Authority

21 September 2015

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Director General's Foreword

The Department of Environment Regulation continued to refine and strengthen its operations during 2014–15. At the core of these improvements is the Department's goal to be regarded as a credible environmental regulator, an effective policy adviser and program deliverer by the community, industry and government.

The year 2014–15 was a period of legislative and policy review that will provide the basis for improvements in environmental regulation and policy in Western Australia.

Key directions in this area include:

- identification and development of proposed legislative reforms to the *Environmental Protection Act 1986*;
- identification of the imperative for a new licensing regime and policy framework for environmental regulation of industry;
- the commencement of a new assessment bilateral agreement under the Commonwealth *Environment Protection and Biodiversity Conservation Act 1999*, which accredits the clearing permit process under the *Environmental Protection Act 1986* for the first time; and
- completion of the review of the *Contaminated Sites Act 2003* and the beginning of process improvements to support the operation of the Act.

The Department recognises the need to maintain focus on delivery of effective regulatory outcomes within target timeframes. A program of process improvements and increased management oversight is underway to address delivery. The Department reports quarterly in accordance with its target timeframes.

The Department also continued to focus on and develop its corporate culture with the implementation of new capability and performance development frameworks, and the publication of a new *Code of conduct* and *Customer Service Charter*. In addition, almost all (94 per cent) of the Department's employees completed Accountable and Ethical Decision Making training during the year.

I would like to take this opportunity to thank the executive team and all of the Department's employees for the work undertaken throughout 2014–15. Everyone has worked towards realising the State Government's goal of ensuring that economic activity is managed in a socially and environmentally responsible manner for the long-term benefit of the State.



A stylized, handwritten signature in black ink, consisting of a large, sweeping curve that starts with a sharp point and ends with a small hook.

Jason Banks
Director General
Department of Environment Regulation



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OVERVIEW AGENCY



OVERVIEW



PERFORMANCE



SIGNIFICANT
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DISCLOSURES
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REQUIREMENTS

Executive summary

The Department of Environment Regulation seeks to deliver through three recently established service areas:

- Service 1: Environmental Regulation—regulating activities with potential impacts on the environment.
- Service 2: Environment Policy—developing and implementing policies and strategies that promote environmental outcomes.
- Service 3: Waste Strategies—reducing the environmental impact of waste.

This service structure recognises the Department's core environmental regulation statutory functions supported by environmental policies and programs. The establishment of a separate waste service acknowledges the increasing importance of the coordination of efficient and effective waste services and the role the State is taking in achieving this in partnership with local governments, industry and the community.

Major achievements for 2014–15 are outlined under Performance highlights on page 2.

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Performance highlights

In its second year of operation, the Department had a number of significant achievements:

Release of native vegetation publications: in December 2014, the Department updated *A guide to the assessment of applications to clear native vegetation*, which is intended to assist clearing permit applicants, including landowners, consultants, local government authorities, and State Government agencies. This guide helps applicants to understand the clearing permit assessment process under the *Environmental Protection Act 1986* (EP Act), including for applications assessed under the assessment bilateral agreement under the *Environment Protection and Biodiversity Conservation Act 1999*, and plan appropriate studies and surveys to support a clearing application.

Update of contaminated sites fact sheets and release of new guideline: published in December 2014, the *Assessment and management of contaminated sites* guideline assists in the evaluation and management of contaminated sites in Western Australia under the applicable legislation. Included in the publication is guidance on the assessment of risks to human health, the environment and environmental values, and information that should be included when reporting on the various stages of contaminated site assessment and management.

Commencement of assessment bilateral agreement with the Commonwealth: January 2015 marked the beginning of the assessment bilateral agreement with the Commonwealth Government to accredit the State's clearing permit process under the *Environment Protection and Biodiversity Conservation Act 1999*. This agreement, which commenced on 1 January 2015, seeks to streamline assessments and reduce duplication of existing Western Australian and Commonwealth processes, and is in line with the Commonwealth Government's commitment to establishing a 'one-stop shop' for environmental approvals.

In support of this initiative, the Department published *A guide to native vegetation clearing processes under the assessment bilateral agreement*, which outlines the approach to assessing and making decisions on native vegetation.

The Department is also continuing to support negotiations for an approvals bilateral agreement.

Completion of statutory review of the Contaminated Sites Act 2003: following two consultation periods, during which more than 60 written submissions were received, the review of the *Contaminated Sites Act 2003* was completed in February 2015. Many of the issues raised were of an administrative or technical nature. As a result of the review, there is increased certainty that contamination is being reported in a timely manner and is informing the actions of decision-makers, such as town planners.

Implementation of Department principles: June 2015 saw the completion of two important documents that guide the behaviour and actions of Department employees—the *Code of conduct* and *Customer Service Charter*. The two documents outline the Department's responsibility to provide appropriate standards of service and conduct which meet the expectations of the community, and ensures employees are accountable for their actions.

Progress of statutory review of the Waste Avoidance and Resource Recovery Act 2007: on behalf of the Minister for Environment, the Department is conducting the statutory review of the *Waste Avoidance and Resource Recovery Act 2007* to assess its effectiveness and alignment with the State Government's waste management policy. Following the release of a discussion paper for public consultation, the Department received a number of submissions from several sources, including State and local government agencies. The Department is preparing a paper to address the issues raised during public consultation.

Operational structure

During 2014–15, the Department revised its service areas and developed the following three services:

- **Service 1: Environmental Regulation**—regulating activities with potential impacts on the environment.
- **Service 2: Environment Policy**—developing and implementing policies and strategies that promote environmental outcomes.
- **Service 3: Waste Strategies**—reducing the environmental impact of waste.

As these new service areas were introduced during the 2014–15 year, the Department will report on its performance against them in the 2015–16 Annual Report. This Annual Report will measure performance against the two previous service areas, which were in place for the majority of the reporting period.

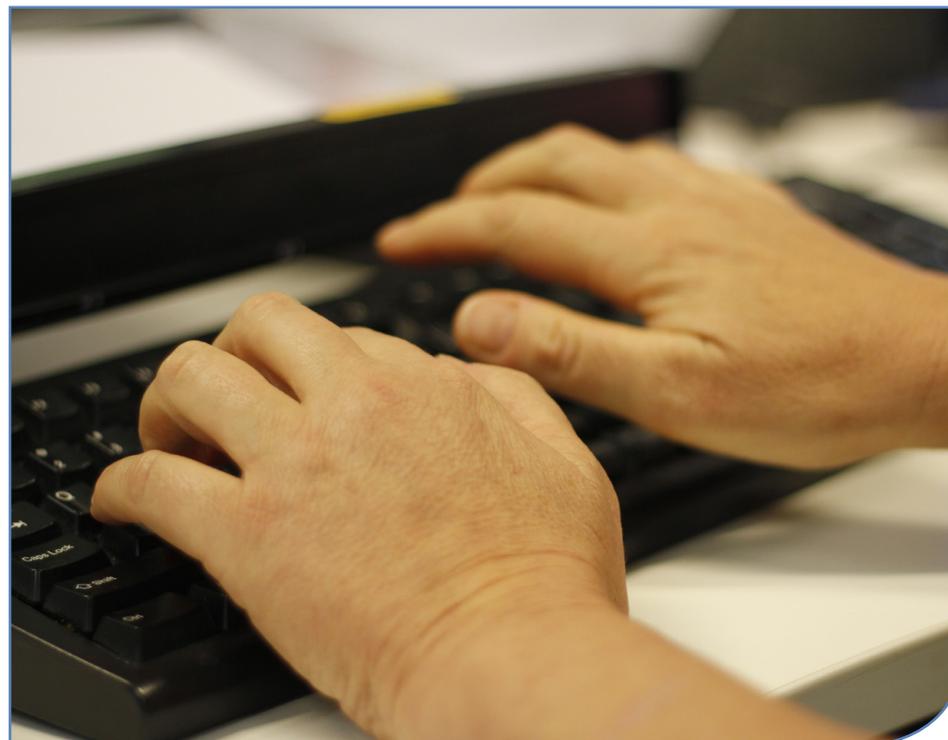
Enabling legislation

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

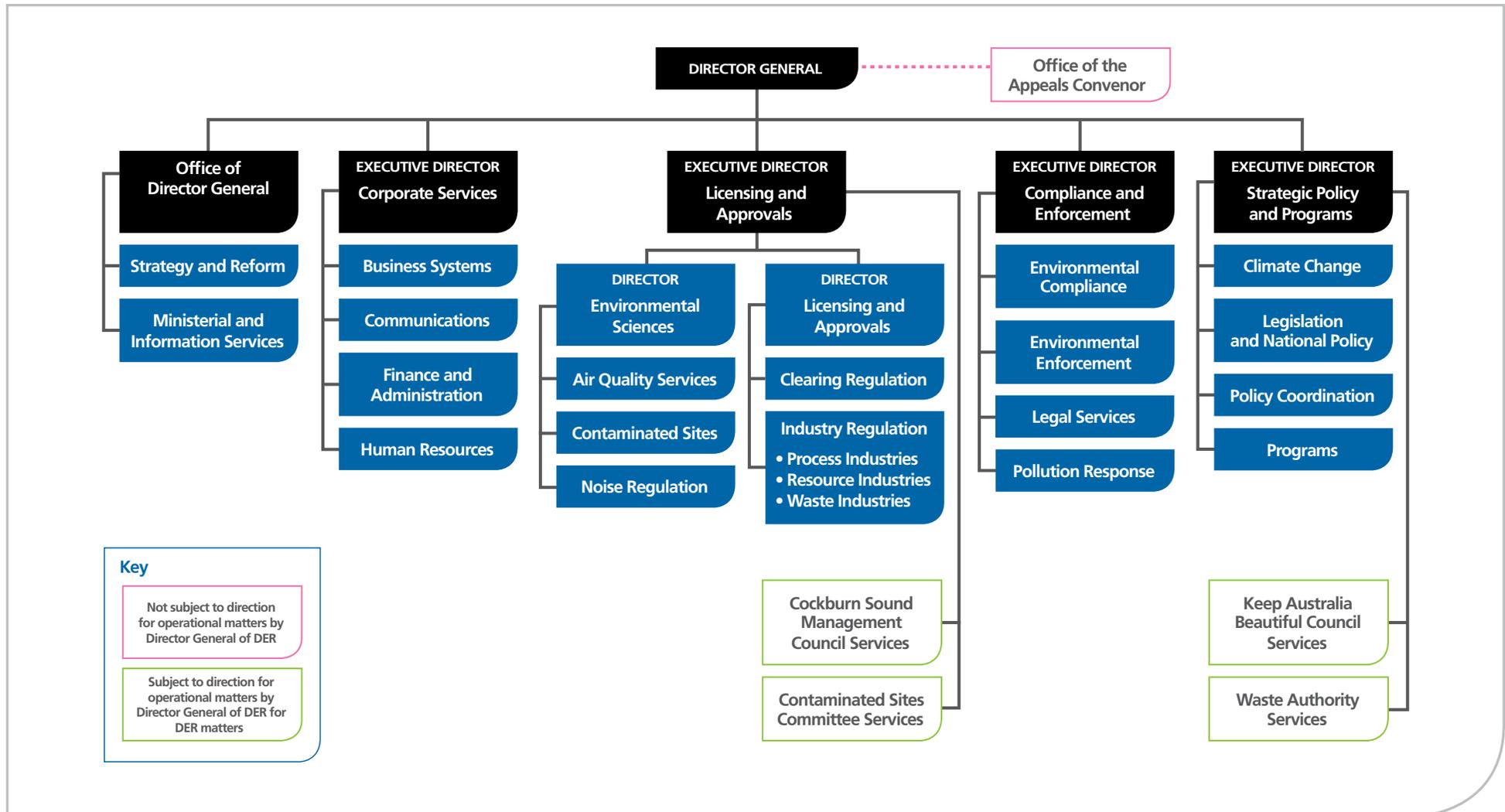
Responsible Minister

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*, the *Waste Avoidance and Resource Recovery Act 2007* and other Department-administered legislation.



Organisational chart as at 30 June 2015



Organisational structure

Purpose

To be regarded as a credible environmental regulator, an effective policy adviser and program deliverer by the community, industry and government.

Functions

Licensing and Approvals

- Efficiently grant environmental regulatory instruments which are effective and enforceable, within target timeframes.
- 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.

Compliance and Enforcement

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

Strategic Policy and Programs

- Efficiently and effectively deliver the Government's policy agenda and programs within agreed timeframes.
- 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 WA.

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 2015

Copies of the legislation are available on the Department's website 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 2014–15 to legislation administered

A number of amendments to legislation administered by the Department were made during the reporting period. These include:

- The *Environmental Protection (Controlled Waste) Amendment Regulations 2014* improve the transparency of the Regulations, clarify the obligations of controlled waste carriers, drivers and waste facilities, ensure all controlled wastes are adequately regulated, increase the flexibility of licensing arrangements, and address the enforceability of some regulatory provisions. These were gazetted on 1 August 2014.
- The *Environmental Protection Amendment Regulations (No. 3) 2014* were gazetted on 1 August 2014 to amend information contained in Schedule 6 so as to reflect the changes to the *Environmental Protection (Controlled Waste) Regulations 2004*.
- The *Environmental Protection (Goldfields Residential Areas) (Sulfur Dioxide) Amendment Regulations 2014* correct errors and obsolete references to repealed provisions of the *Environmental Protection Act 1986*. They were gazetted on 22 August 2014.
- The *Environmental Protection (Kwinana) (Atmospheric Wastes) Amendment Regulations 2014* correct errors and obsolete references to repealed provisions of the EP Act. They were gazetted on 22 August 2014.
- The *Waste Avoidance and Resource Recovery Amendment (Validation) Act 2014* received Royal Assent on 2 July 2014. It ratifies the Waste Avoidance and Resource Recovery Levy Regulations 2008 and amendments to those Regulations.
- The *Waste Avoidance and Resource Recovery Levy Amendment Regulations (No. 2) 2014* implement stepped increases to the landfill levy over a five-year period. The increases to the levy will have the effect of promoting resource recovery and discouraging the disposal of waste to landfill, which are objectives of the *Western Australian Waste Strategy*, published in March 2012. The Amendment Regulations were gazetted on 12 September 2014.
- The *Waste Avoidance and Resource Recovery Levy Amendment Regulations 2014* exempt the proper disposal of waste asbestos from the Levy Regulations. The amendments insert a new category of waste to be exempted which covers asbestos-containing material, which means 'any manufactured material or thing that, as part of its design, contains asbestos'. This category does not include waste materials with asbestos contamination, such as asbestos contaminated rubble, debris or soil. The Amendment Regulations were gazetted on 23 September 2014.
- The *Noise Abatement (Noise Labelling of Equipment) Amendment Regulations 2014* give effect to consequential amendments required as a result of changes to road traffic legislation. They were gazetted on 8 January 2015.

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

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 2014–2015 reporting year, the following were approved by the Minister for Environment:

- Under regulation 18B of the *Environmental Protection (Noise) Regulations 1997*:
 - Environmental Protection (Talison Lithium Australia Greenbushes Operation Noise Emissions) Approval 2015—commenced 27 February 2015; and
 - Environmental Protection (Global Advanced Metals Greenbushes Operation Noise Emissions) Approval 2015—commenced 27 February 2015
- Under regulation 18E of the *Environmental Protection (Noise) Regulations 1997*:
 - Environmental Protection (Wagerup Alumina Refinery Noise Emissions) Amendment Approval 2014—commenced 14 November 2014.

Copies of the legislation administered by the Department are available on 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 at www.slp.wa.gov.au/gazette/gazette.nsf.

Modified penalties

Under section 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 paid in 2014–15.

Performance management framework

Outcome based management framework

The Department directly contributes to the State Government's 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.

During 2014–15, the Department revised its outcome based management structure. The Department's performance against the new structure will be outlined in the 2015–16 Annual Report.



Government Goal	Service and Performance Indicators
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>Desired outcome</p> <p>Emissions and discharges meet acceptable criteria.</p> <p>Service Area 1—Environmental Regulation</p> <p><i>Key effectiveness indicators:</i></p> <ul style="list-style-type: none"> Number of exceedances of approved environment criteria by regulated activities Number of air National Environment Protection Measure exceedances 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
Adoption of environmentally sustainable practices to protect, manage and restore the State's natural resources.	<p>Desired outcome</p> <p>Adoption of environmentally sustainable practices to protect, manage and restore the State's natural resources.</p> <p>Service Area 2—Environment 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



AGENCY PERFORMANCE

Report on operations

In 2014–15, a number of new efficiency indicators were introduced, along with the Waste Strategies service area. The Department's performance against these new service areas and efficiency indicators will be outlined in the 2015–16 Annual Report. This Annual Report will outline performance against the two previous service areas.

A report on the Department's regulatory performance is published each quarter on 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 (through 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.

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Service Areas

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 timeframes. Performance against timeframes 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 oversees its regulatory enforcement role by providing major environmental investigative capability and single-point accountability for regulatory complaints aimed at delivering consistent and appropriate statewide enforcement outcomes.

Investigations that are conducted into reported incidents and complaints may lead to the issuing of enforcement sanctions such as:

- formal letters of warning;
- infringement notices;
- modified penalty fines; and
- the commencement of court prosecution.

Investigations are undertaken to establish the facts and where a *prima facie* case is established, and it is in the public interest to do so, a sanction is administered. The aim is to promote compliance with the legislation administered by the Department by using sanctions as a deterrent. Investigations conducted by environmental enforcement also support other Departmental action, such as licence amendment, suspension or revocation and the issuing of statutory notices and orders.

Service 1—Environmental Regulation—Performance Summary

	2014–15 Target ⁽¹⁾ \$'000	2014–15 Actual \$'000	Variation ⁽²⁾ \$'000
Total cost of service	40,236	40,238	(2)
Less income	27,213	28,563	(1,350)
Net income (cost of service)	13,023	11,675	1,348
Employees (full-time equivalents)	275	232	43
Key efficiency indicators	\$	\$	\$
Average Cost per Air Monitoring Station	359,884	357,652	2,232
Average Cost per Industry Licence	27,882	25,735	2,147
Average Cost per Contaminated Site Assessment	5,315	5,672	(357)
Average Cost of Remediating State Sites	743,250	2,455,000	(1,711,750)

(1) As specified in the 2014–15 Budget Statements.

(2) Further explanations are contained in the Key performance indicator section of this Annual Report.

Service 1: Key deliverables

Industry regulation

While maintaining its regional presence, in December 2014 the Department restructured its delivery of industry regulation services into three broad industry sectors: process, resources and waste. This industry sector structure is expected to improve technical capability and efficiency in decision-making.



The Department continued its industry regulation reform program during the reporting period, and as part of this process released a number of draft documents for public comment, including:

- *Guidance statement: Regulatory principles* (November 2014)
- *Guidance statement: Setting conditions* (December 2014)
- *Guidance statement: Environmental Standards* (June 2015)
- *Environmental Standard: Composting* (June 2015).

Clearing regulation

On 1 January 2015, the assessment bilateral agreement between the Commonwealth of Australia and Western Australia came into effect. Implementation of the Agreement will streamline environmental assessment of proposed native vegetation clearing actions and minimise duplication while maintaining high environmental standards.

An upgrade to the Department's clearing permit system went live in February 2015, bringing improved public access and greater transparency to native vegetation clearing approvals under the EP Act.

Compliance

Proactive industry regulation compliance activities are coordinated through the annual *Industry Regulation Compliance* program. In 2014–15, the program covered five compliance streams—prescribed premises, controlled waste, native vegetation, waste and targeted industry sectors. The target of 971 inspections was exceeded in 2014–15, with 1,086 inspections being undertaken.

Noise regulation

Following amendments to the *Environmental Protection (Noise) Regulations 1997* on 5 December 2013, the Department published guidelines during 2014–15 for the new Regulations covering motorsports venues, shooting venues and major concert venues, and draft guidelines for waste collection and other works.

Air quality service

During 2014–15, the Department continued the maintenance and operation of eight metropolitan and five regional fixed air quality monitoring stations to assess the presence of NEPM criteria pollutants, including carbon monoxide, nitrogen dioxide, ozone, sulfur dioxide (SO₂) and particles. During this reporting period, an additional monitor was deployed for 12 months to measure SO₂ in Collie to compare and confirm measurements made by other SO₂ monitoring programs in the area.

The Department provided essential scientific advice and guidance for the development of the inaugural cumulative dust modelling estimates for Port Hedland to inform the Port Hedland Dust Taskforce in its deliberations regarding dust management in the town.

Field work for the Phase IV Kwinana Background Air Quality Study, which included monitoring of short-term odour and air pollutants around the Kwinana Industrial Area, was also completed. The data is being analysed and a report will be released in 2015–16.

Enforcement

The Department administered 183 environmental sanctions in the 2014–15 financial year, including infringement notices, formal warnings and prosecutions.

Pollution response

The Department responded to 184 pollution incidents within Western Australia including a number of hazardous materials fires, chemical spills, tanker roll overs, clandestine drug laboratories and illegal dumping of hazardous chemicals.

Contaminated sites

The report on the review of the *Contaminated Sites Act 2003* (CS Act) was tabled in Parliament in February 2015. Key guidance documents were revised to implement the findings of the review.

An Investigation Notice under the CS Act was served on a composting facility to delineate groundwater impacts from the facility.

A total of 3,000 sites were classified in accordance with the CS Act and entered on the Reported Sites Register by June 2015.

Service 2: Environment Policy*



**This service area was formerly named Environmental Sustainability and Climate Change and was revised and renamed Environment Policy during 2014–15. The Department's performance against the new service area's Key efficiency indicators will be outlined in the 2015–16 Annual Report.*

The Department of Environment Regulation develops and implements strategic policy and legislation to promote environmentally sustainable outcomes.

Under the *Environment Protection and Biodiversity 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.

The Department continued to implement:

- the provision of data to the National Pollutant Inventory, a publicly accessible national 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. The Department worked with industry to collect, validate and provide publicly available emissions and transfers data from 829 industrial facilities in Western Australia;
- the BurnWise program to promote responsible wood heater operation. BurnWise provides support and tools for Environmental Health Officers to reduce the impacts of wood smoke in their communities. The BurnWise program released guideline materials in August 2014 to promote correct wood heater operation and provide support and tools to local government environmental health officers to reduce adverse impacts on air quality from wood heater smoke;



- the CleanRun program to address vehicle emissions. CleanRun is an implementation measure of the National Environment Protection (Diesel Vehicle Emissions) Measure and the Perth Air Quality Management Plan, consisting of a range of targeted initiatives to reduce vehicle emissions including driver behaviour change, on-road vehicle emissions testing and smoky vehicle reporting. Roadside monitoring with a remote sensing device was undertaken over ten days in late 2014, with a community vehicle testing day held in March 2015 at Kings Park;
- the Low Emissions Energy Development (LEED) fund to invest in the development of technologies to cut greenhouse gas emissions in the energy sector. More than \$1.8 million of LEED funding for successfully completed milestones was paid in 2014–15. During this year:
 - Carnegie Wave Energy completed its wave farm off Garden Island with a launch by the Federal Industry Minister, Hon Ian MacFarlane and the State member, Hon Phil Edman, on 18 February 2015. The launch received global media coverage. The system has now successfully operated for more than 10,000 hours of operation, an industry record, and the project is generating electricity as the first grid-connected wave array in the world;
 - Curtin University's Fuels and Energy Technology Institute has successfully tested its demonstration pyrolyser with mallee biomass to produce renewable solid, liquid and gas fuels; and
 - at least three LEED-funded projects have led to the development of new spin-off companies to commercialise aspects of the technologies, creating new clean energy jobs for Western Australians
- commencement of the assessment bilateral agreement with the Commonwealth Government to accredit the State's clearing permit process under the EPBC Act to streamline assessments and reduce duplication of existing Western Australian and Commonwealth processes on 1 January 2015. The Department is continuing to support negotiations for an approvals bilateral agreement.



Service 2 — Environment Policy—Performance Summary⁽¹⁾

	2014–15 Target ⁽²⁾ \$'000	2014–15 Actual \$'000	Variation ⁽³⁾ \$'000
Total cost of service	31,945	22,577	9,368
Less income	61,392	60,805	587
Net income (cost of service)	29,447	38,228	(8,781)
Employees (full-time equivalents)	65	73	(8)
Key efficiency indicators			
Cost of Administering Waste Avoidance and Resource Recovery Account as a Percentage of Total Funds	7%	10%	(3%)
Cost of Administering Low Emissions Energy Development Fund as a Percentage of Total Funds	0.65%	0.64%	0.01%

(1) This service was renamed Environment Policy in 2014–15 and the Department's performance against the new service area's Key efficiency indicators will be reported in the 2015–16 Annual Report.

(2) As specified in the 2014–15 Budget Statements.

(3) Further explanations are contained in the Key performance indicators section of this Annual Report.

Service 2: Key deliverables



Policy advice

In this reporting period the Department:

- progressed the 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 2014–15 in consultation with the Air Quality Coordinating Committee;
- 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; and
- provided climate change advice to State agencies, local governments and other stakeholders on climate change risk and vulnerability assessments and adaptation planning.



Service 3: Waste Strategies*

* *This service area was introduced in 2014–15 and the Department's performance against the Key efficiency indicators will be reported in the 2015–16 Annual Report.*

The Environment Minister has a statutory responsibility to resource the Waste Authority. The Department of Environment Regulation employs staff to support the Waste Authority, implements programs and projects in the Waste Authority Business Plan 2014–15, and advises the State Government on reducing the environmental impact of waste.

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

The Department progressed the statutory review of the WARR Act to assess its effectiveness in meeting its objectives, and its alignment with the Government's waste management policy. A discussion paper setting out potential reform proposals was released for public consultation from 1 December 2014 to 23 February 2015.

To assist in achieving landfill diversion targets, provide an incentive for the markets for waste-derived materials and aid the Department's assessment as to when certain waste-derived materials can be regarded as having ceased to be waste, the Department is implementing an end-of-waste framework.

A guidance statement was published on 14 November 2014 setting out the Department's intention to develop material guidelines for the production and use of waste-derived materials where their use does not cause an unacceptable risk to the environment, divert waste from landfill, or reduce the demand for raw materials and fossil fuels.

Material guidelines for clean fill and construction products were published on 2 January 2015. Material guidelines for soil products and road base (fly ash) are progressing in consultation with industry experts.

A guideline for submitting an application for a case-by-case determination for the use of waste-derived materials was published for consultation in April 2015. The guideline will outline the steps to be taken, including the information required in an application, to seek a case-by-case determination for production of waste-derived materials. Additional information requirements for manufactured fill are being finalised.

Service 3: Key deliverables

The landfill levy rates that apply to waste disposed of into putrescible and inert landfills were increased by the State Government from 1 January 2015 to address one of the key drivers of waste disposal—cheap landfilling.

Regulatory capacity to implement the landfill levy regime has been significantly increased following feedback from industry on the need to ensure that compliant operators are not competitively disadvantaged through additional inspection, compliance and illegal dumping staff. These staff will ensure that illegal dumping and levy evasion are not seen as viable options in response to increased landfill levy rates.

Amendments have been made to the *Waste Avoidance and Resource Recovery Levy Regulations 2008* to exempt asbestos from the landfill levy to encourage the proper disposal of this material.



Budget and key performance indicator summary

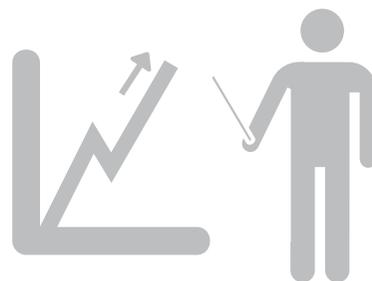
Target versus actual results

Financial targets			
	2014–15 Target ⁽¹⁾ \$'000	2014–15 Actual \$'000	Variation ⁽²⁾ \$'000
Total cost of services (expense limit)—sourced from Statement of Comprehensive Income	72,181	62,815	9,366
Net income (cost of services)—sourced from Statement of Comprehensive Income	16,424	26,553	(10,129)
Total equity—sourced from Statement of Financial Position	20,831	55,777	(34,946)
Net increase/(decrease) in cash held—sourced from Statement of Cash Flows	(1,196)	7,784	(6,588)
	2014–15 Target	2014–15 Actual	Variation
Approved full-time equivalent (FTE) staff level	340	305*	35

(1) As specified in the 2014–15 Budget Statements.

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

*Average FTE for 2014–15



Summary of Key Performance Indicators			
Outcome 1: Emissions and discharges meet acceptable criteria	2014–15 Target ⁽¹⁾	2014–15 Actual	Variation ⁽²⁾
Key Effectiveness Indicator(s):			
Number of exceedances of approved environment criteria by regulated activities	25	21	4
Number of air National Environment Protection Measure exceedances per annum of criteria pollutants	21	20	1
Service Area 1: Environmental Regulation	2014–15 Target ⁽¹⁾	2014–15 Actual	Variation ⁽²⁾
Key Efficiency Indicator(s):			
Average Cost per Air Monitoring Station	\$359,884	\$357,652	\$2,232
Average Cost per Industry Licence	\$27,882	\$25,735	\$2,147
Average Cost per Contaminated Site Assessment	\$5,315	\$5,672	(\$357)
Average Cost of Remediating State Sites	\$743,250	\$2,455,000	(\$1,711,750)
Outcome 2: Adoption of environmentally sustainable practices to protect, manage and restore the State's natural resources	2014–15 Target ⁽¹⁾	2014–15 Actual	Variation ⁽²⁾
Key Effectiveness Indicator(s):			
Percentage of waste in the metropolitan area diverted from landfill through recycling	49%	45%	4%
Service Area 2: Environmental Sustainability and Climate Change	2014–15 Target ⁽¹⁾	2014–15 Actual	Variation ⁽²⁾
Key Efficiency Indicator(s):			
Cost of Administering Waste Avoidance and Resource Recovery Account as a Percentage of Total Funds	7%	10%	(3%)
Cost of Administering Low Emissions Energy Development Fund as a Percentage of Total Funds	0.65%	0.64%	0.01%

(1) As specified in the 2014–15 Budget Statements.

(2) Explanations for the variations between target and actual results are presented in the Key performance indicators section within this Annual Report.



SIGNIFICANT ISSUES



OVERVIEW



PERFORMANCE



SIGNIFICANT
ISSUES



DISCLOSURES
& COMPLIANCE



REQUIREMENTS

Department significant issues

Throughout 2014–15, the Department continued to focus upon its regulatory performance and reforms to streamline and improve regulatory processes. The Department is developing amendments to the EP Act and its regulations to streamline the processes for regulation of emissions and discharges, and clearing of native vegetation.

Participation in the State Government's negotiations with the Commonwealth to remove duplication for matters of national environmental significance regulated by clearing permits continued during the reporting period. A bilateral agreement to accredit the Department's clearing permit assessment for matters of national environmental significance commenced on 1 January 2015. A further bilateral agreement to accredit the clearing permit decision is also being negotiated, as this will remove all duplication with the Commonwealth's environmental approval process and decision under the Commonwealth EPBC Act.

The Department is reviewing the WARR Act to identify improvements in waste management to support achievement of the recycling targets in the Government's *Waste Strategy: Creating the right environment*.



DISCLOSURES AND LEGAL COMPLIANCE

Auditor General's Opinion

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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 2015, 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 and balances.

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 2015 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.

Report on Controls

I have audited the controls exercised by the Department of Environment Regulation during the year ended 30 June 2015.

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 2015.

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 2015.

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 2015.

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 2015 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
22 September 2015

Financial Statements

Certification of Financial Statements



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

Financial Statements

Certification of Financial Statements

For the year ended 30 June 2015

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 2015 and the financial position as at 30 June 2015.

At the date of signing we are not aware of any circumstances which would render any particulars included in the financial statements misleading or inaccurate.



Shaun Hodges
Acting Chief Finance Officer
21 September 2015



Jason Banks
Accountable Authority
21 September 2015

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Financial Statements for the Year Ended 30 June 2015

DEPARTMENT OF ENVIRONMENT REGULATION

Statement of Comprehensive Income

For the year ended 30 June 2015

	Note	2015 \$000	2014 \$000
COST OF SERVICES			
Expenses			
Employee benefits expense	6	32,357	35,237
Supplies and services	7	11,239	10,361
Depreciation and amortisation expense	8	686	382
Accommodation expenses	9	4,863	4,724
Grants and subsidies	10	12,800	16,045
Other expenses	11	866	2,104
Loss on disposal of non-current assets		4	15
Total cost of services		62,815	68,868
Income			
Revenue			
User charges and fees	12	23,309	23,643
Commonwealth grants and contributions	13	83	248
Interest revenue		1,428	717
Landfill levy	14	59,403	46,661
Other revenue	15	5,145	5,460
Total revenue		89,368	76,729
Total income other than income from State Government		89,368	76,729
NET INCOME		26,553	7,861
Income from State Government			
Service appropriation	16	2,734	5,158
Services received free of charge		961	999
Royalties for Regions Fund		84	125
Total income from State Government		3,779	6,282
SURPLUS FOR THE PERIOD		30,332	14,143
OTHER COMPREHENSIVE INCOME			
Items not reclassified subsequently to profit or loss			
Changes in asset revaluation surplus	28	(130)	70
Total other comprehensive income		(130)	70
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		30,202	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.

1

DEPARTMENT OF ENVIRONMENT REGULATION

Statement of Financial Position

As at 30 June 2015

	Note	2015 \$000	2014 \$000
ASSETS			
Current Assets			
Cash and cash equivalents	29	4,001	5,711
Restricted cash and cash equivalents	17,29	37,966	26,580
Receivables	18	18,878	13,492
Other current assets	19	465	381
Total Current Assets		61,310	46,164
Non-current Assets			
Restricted cash and cash equivalents	17,29	-	1,017
Amounts receivable for services	20	866	433
Property, plant and equipment	21	2,747	2,955
Intangible assets	23	1,889	1,596
Total Non-current Assets		5,502	6,001
TOTAL ASSETS		66,812	52,165
LIABILITIES			
Current Liabilities			
Payables	25	2,792	4,115
Provisions	26	4,838	4,638
Other current liabilities	27	606	850
Total Current Liabilities		8,236	9,603
Non-current Liabilities			
Provisions	26	2,799	2,927
Total Non-current Liabilities		2,799	2,927
TOTAL LIABILITIES		11,035	12,530
NET ASSETS		55,777	39,635
EQUITY			
Contributed equity	28	11,362	25,422
Reserves		(60)	70
Accumulated surplus		44,475	14,143
TOTAL EQUITY		55,777	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.

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DEPARTMENT OF ENVIRONMENT REGULATION

Statement of Changes in Equity

For the year ended 30 June 2015

	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
Balance at 1 July 2014		25,422	70	14,143	39,635
Surplus		-	-	30,332	30,332
Other comprehensive income		-	(130)	-	(130)
Total comprehensive income for the period		-	(130)	30,332	30,202
Transactions with owners in their capacity as owners:					
Capital appropriations		865	-	-	865
Other contributions by owners		875	-	-	875
Distributions to owners		(15,800)	-	-	(15,800)
Total		(14,060)	-	-	(14,060)
Balance at 30 June 2015		11,362	(60)	44,475	55,777

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

3

DEPARTMENT OF ENVIRONMENT REGULATION

Statement of Cash Flows

For the year ended 30 June 2015

	Note	2015 \$000	2014 \$000
CASH FLOWS FROM STATE GOVERNMENT			
Service appropriation		2,301	4,725
Royalties for Regions Fund		84	125
Capital contributions		865	855
Distributions to owners		(15,800)	(6,910)
Net cash provided to State Government		(12,550)	(1,205)
Utilised as follows:			
CASH FLOWS FROM OPERATING ACTIVITIES			
Payments			
Employee benefits		(31,921)	(34,925)
Supplies and services		(12,564)	(7,893)
Accommodation		(4,957)	(4,577)
Grants and subsidies		(12,305)	(15,993)
GST payments on purchases		(2,443)	(1,795)
Other payments		(842)	(2,104)
Receipts			
User charges and fees		23,638	23,474
Commonwealth grants and contributions		83	248
Interest received		1,072	717
Landfill levy		53,082	45,995
GST receipts on sales		200	69
GST receipts from taxation authority		2,177	1,365
Other receipts		5,932	4,426
Net cash provided by operating activities	29	21,152	9,007
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments			
Purchase of non-current assets		(821)	(1,658)
Receipts			
Proceeds from the sale of non-current assets		3	-
Net cash used in investing activities		(818)	(1,658)
Net increase in cash and cash equivalents		7,784	6,144
Cash and cash equivalents transferred from DEC		875	27,164
Cash and cash equivalents at the beginning of the period		33,308	-
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	29	41,967	33,308

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

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DEPARTMENT OF ENVIRONMENT REGULATION

Schedule of Income and Expenses by Service

For the year ended 30 June 2015

	Environmental Regulation		Environmental Sustainability and Climate Change		Total	
	2015	2014	2015	2014	2015	2014
	\$000	\$000	\$000	\$000	\$000	\$000
COST OF SERVICES						
<u>Expenses</u>						
Employee benefits expense	25,479	28,038	6,878	7,199	32,357	35,237
Supplies and services	7,701	7,046	3,538	3,315	11,239	10,361
Depreciation and amortisation expense	686	382	-	-	686	382
Accommodation expenses	3,189	3,162	1,674	1,562	4,863	4,724
Grants and subsidies	2,502	1,738	10,298	14,307	12,800	16,045
Other expenses	677	1,050	189	1,054	866	2,104
Loss on disposal of non-current assets	4	15	-	-	4	15
Total cost of services	40,238	41,431	22,577	27,437	62,815	68,868
<u>Income</u>						
User charges and fees	23,309	23,643	-	-	23,309	23,643
Commonwealth grants and contributions	83	248	-	-	83	248
Interest revenue	311	717	1,117	-	1,428	717
Landfill levy	-	-	59,403	46,661	59,403	46,661
Other revenue	4,860	4,748	285	712	5,145	5,460
Total income other than income from State Government	28,563	29,356	60,805	47,373	89,368	76,729
NET INCOME (COST OF SERVICES)	(11,675)	(12,075)	38,228	19,936	26,553	7,861
<u>Income from State Government</u>						
Service appropriation	1,820	3,384	914	1,774	2,734	5,158
Services received free of charge	624	683	337	316	961	999
Royalties for Regions Fund	84	125	-	-	84	125
Total income from State Government	2,528	4,192	1,251	2,090	3,779	6,282
SURPLUS/(DEFICIT) FOR THE PERIOD	(9,147)	(7,883)	39,479	22,026	30,332	14,143

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

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DEPARTMENT OF ENVIRONMENT REGULATION

Schedule of Assets and Liabilities by Service

As at 30 June 2015

	Environmental Regulation		Environmental Sustainability and Climate Change		Total	
	2015 \$000	2014 \$000	2015 \$000	2014 \$000	2015 \$000	2014 \$000
<u>Assets</u>						
Current assets	14,330	21,020	46,980	25,144	61,310	46,164
Non-current assets	5,228	5,543	274	458	5,502	6,001
Total Assets	19,558	26,563	47,254	25,602	66,812	52,165
<u>Liabilities</u>						
Current liabilities	5,826	6,838	2,410	2,765	8,236	9,603
Non-current liabilities	1,915	2,003	884	924	2,799	2,927
Total Liabilities	7,741	8,841	3,294	3,689	11,035	12,530
NET ASSETS	11,817	17,722	43,960	21,913	55,777	39,635

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

6

DEPARTMENT OF ENVIRONMENT REGULATION

Summary of Consolidated Account Appropriations and Income Estimates

For the year ended 30 June 2015

	2015 Estimate \$000	2015 Actual \$000	Variance \$000	2015 Actual \$000	2014 Actual \$000	Variance \$000
Delivery of Services						
Item 97 Net amount appropriated to deliver services	2,453	2,453	-	2,453	4,886	(2,433)
Amount Authorised by Other Statutes - Salaries and Allowances Act 1975	281	281	-	281	272	9
Total appropriations provided to deliver services	2,734	2,734	-	2,734	5,158	(2,424)
Capital						
Item 154 Capital appropriations	865	865	-	865	855	10
Administered Transactions						
Transfer payments	30	5	(25)	5	4	1
Total administered transactions	30	5	(25)	5	4	1
GRAND TOTAL	3,629	3,604	(25)	3,604	6,017	(2,413)
Details of Expenses by Service						
Environmental Regulation	40,236	40,238	2	40,238	41,431	(1,192)
Environmental Sustainability and Climate Change	31,945	22,577	(9,368)	22,577	27,437	(4,860)
Total Cost of Services	72,181	62,815	(9,366)	62,815	68,868	(6,053)
Less Total Income	(88,605)	(89,368)	(763)	(89,368)	(76,729)	(12,639)
Net Income	16,424	26,553	10,129	26,553	7,861	18,692
Adjustments	(13,690)	(23,819)	(10,129)	(23,819)	(2,703)	(21,116)
Total appropriations provided to deliver services	2,734	2,734	-	2,734	5,158	(2,424)
Capital Expenditure						
Purchase of non-current assets	865	821	(44)	821	1,658	(837)
Adjustments for other funding sources	-	44	44	44	(803)	847
Capital appropriations	865	865	-	865	855	10
Details of Income Estimates						
Income disclosed as Administered Income	30	5	(25)	5	4	1
	30	5	(25)	5	4	1

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 2015 and between the actual results for 2015 and 2014.

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DEPARTMENT OF ENVIRONMENT REGULATION

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2015

1. Australian Accounting Standards

General

The Department's financial statements for the year ended 30 June 2015 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).

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

Early adoption of standards

The Department 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 the Department for the annual reporting period ended 30 June 2015.

2. Summary of significant accounting policies

(a) General statement

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

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DEPARTMENT OF ENVIRONMENT REGULATION

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2015

(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.

The Department 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 the Department controls resources to carry on its functions.

Services

The Department 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.

The Department administers income and expenses on behalf of Government which are not controlled by, nor integral to the function of the Department. These administered transactions are not recognised in the principal financial statements of the Department 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.

Provision of services

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

DEPARTMENT OF ENVIRONMENT REGULATION

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2015

Interest

Revenue is recognised as the interest accrues.

Service appropriations

Service appropriations are recognised as revenues at fair value in the period in which the Department gains control of the appropriated funds. The Department gains control of appropriated funds at the time those funds are deposited to the Department'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 the Department. In accordance with the most recent determination as quantified in the 2014–15 Budget Statements, the Department retained \$89.4 million in 2015 (\$76.7million 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 the Department 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 the Department obtains control over the funds. The Department obtains control of the funds at the time the funds are deposited into the Department'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 (other than where they form part of a group of similar items which are significant in total).

DEPARTMENT OF ENVIRONMENT REGULATION

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2015

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 restricted use land is determined by comparison with market evidence for land with similar approximate utility (high restricted land use) or market value of comparable unrestricted land (low restricted land use).

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 and judgements in estimating fair value are made in assessing whether to apply the existing use basis to assets and in determining estimated useful economic 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 on a class of assets basis.

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	5 years
Software (a)	2–5 years
Plant and equipment	10–15 years

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NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2015

- (a) Software that is integral to the operation of related hardware.
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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DEPARTMENT OF ENVIRONMENT REGULATION

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2015

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 the Department 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

The Department 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, the Department 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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DEPARTMENT OF ENVIRONMENT REGULATION

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2015

- 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. The Department considers the carrying amount of accrued salaries to be equivalent to its 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. No interest is received on this account.

(n) Amounts receivable for services (holding account)

The Department 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 the Department 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 the Department 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.

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DEPARTMENT OF ENVIRONMENT REGULATION

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2015

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.

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

A liability for long service leave is recognised after an employee has completed 4 years of service based on remuneration rates current as at the end of the reporting period.

Actuarial assessments of long service leave have determined that the liability measured using the short-hand measurement technique above was not materially different from the liability determined using the present value of expected future payments. This calculation is consistent with the Department's experience of employee retention and leave taken.

Unconditional long service leave provisions are classified as current liabilities 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. Pre-conditional and conditional long service leave provisions are classified as non-current liabilities because the Department 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.

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 2012, existing members of the WSS or GESBS and new employees became able to choose their preferred superannuation fund. The Department 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 the Department's liability for superannuation charges in respect of employees who are not members of the Pension Scheme or GSS.

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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.

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

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 the Department's 'Employee benefits expense'. The related liability is included in 'Employment on-costs provision'.

(r) Superannuation expense

The superannuation expense is recognised in the profit or loss of the Statement of Comprehensive Income and comprises 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

Comparative figures are, where appropriate, reclassified to be comparable with the figures presented in the current financial year.

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. The Department evaluates these judgments regularly.

Operating lease commitments

The Department 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.

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NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2015

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 the Department'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

The Department has applied the following Australian Accounting Standards effective, or adopted for annual reporting periods beginning on or after 1 July 2014 that impacted on the Department.

<i>Int 21</i>	<i>Levies</i>	This Interpretation clarifies the circumstances under which a liability to pay a government levy imposed should be recognised. There is no financial impact for the Department at reporting date.
<i>AASB 10</i>	<i>Consolidated Financial Statements</i>	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. The adoption of the new Standard has no financial impact for the Department as it does not impact accounting for related bodies and the Department has no interests in other entities.
<i>AASB 11</i>	<i>Joint Arrangements</i>	This Standard, issued in August 2011, supersedes AASB 131 Interests in Joint Ventures, 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. There is no financial impact for the Department as the new standard continues to require the recognition of the Department's share of assets and share of liabilities for the unincorporated joint operation.
<i>AASB 12</i>	<i>Disclosure of Interests in Other Entities</i>	This Standard, issued in August 2011, supersedes disclosure requirements in AASB 127 Consolidated and Separate Financial Statements, AASB 128 investments in Associates

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NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2015

		and AASB 131 Interests in Joint Ventures. There is no financial impact.
<i>AASB 127</i>	<i>Separate Financial Statements</i>	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. There is no financial impact.
<i>AASB 128</i>	<i>Investments in Associates and Joint Ventures</i>	This Standard supersedes AASB 128 Investments in Associates, introducing a number of clarifications for the accounting treatments of changed ownership interest. The adoption of the new Standard has no financial impact for the Department as it does not hold investments in associates and joint ventures.
<i>AASB 1031</i>	<i>Materiality</i>	This Standard supersedes AASB 1031 (February 2010), removing Australian guidance on materiality not available in IFRSs and refers to guidance on materiality in other Australian pronouncements. There is no financial impact.
<i>AASB 1055</i>	<i>Budgetary Reporting</i>	This Standard requires specific budgetary disclosures in the general purpose financial statements of not-for-profit entities within the General Government Sector. The Department will be required to disclose additional budgetary information and explanations of major variances between actual and budgeted amounts, though there is no financial impact.
<i>AASB 2011-7</i>	<i>Amendments to Australian Accounting Standards arising from the Consolidation and Joint Arrangements Standards [AASB 1, 2, 3, 5, 7, 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. There is no financial impact for the Department.
<i>AASB 2012-3</i>	<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

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NOTES TO THE FINANCIAL STATEMENTS

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	settlement systems may be considered equivalent to net settlement. There is no financial impact.
AASB 2013-3	<p><i>Amendments to AASB 136 – Recoverable Amount Disclosures for Non-Financial Assets</i></p> <p>This Standard introduces editorial and disclosure changes. There is no financial impact.</p>
AASB 2013-4	<p><i>Amendments to Australian Accounting Standards – Novation of Derivatives and Continuation of Hedge Accounting [AASB 139]</i></p> <p>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. The Department does not routinely enter into derivatives or hedges, therefore there is no financial impact.</p>
AASB 2013-8	<p><i>Amendments to Australian Accounting Standards – Australian Implementation Guidance for Not-for-Profit Entities – Control and Structured Entities [AASB 10, 12 & 1049]</i></p> <p>The amendments, issued in October 2013, provide significant guidance in determining whether a not-for-profit entity controls another entity when financial returns are not 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.</p>
AASB 2013-9	<p><i>Amendments to Australian Accounting Standards – Conceptual Framework, Materiality and Financial Instruments</i></p> <p>Part B of 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. It has no financial impact.</p>
AASB 2014-1	<p><i>Amendments to Australian Accounting Standards</i></p> <p>Part A of this Standard consists primarily of clarifications to Accounting Standards and has no financial impact for the Department.</p> <p>Part B of this Standard has no financial impact as the Department contributes to schemes that are either defined contribution plans, or deemed to be defined contribution plans.</p> <p>Part C of this Standard has no financial impact as it removes references to AASB 1031 <i>Materiality</i> from a number of Accounting Standards.</p>

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AASB 2015-7	<p><i>Amendments to Australian Accounting Standards - Fair Value Disclosures of Not-for-Profit Public Sector Entities</i></p> <p>This Standard relieves not-for-profit public sector entities from the reporting burden associated with various disclosures required by AASB 13 for assets within the scope of AASB 116 that are held primarily for their current service potential rather than to generate future net cash inflows. It has no financial impact.</p>	
<p>Future impact of Australian Accounting Standards not yet operative</p> <p>The Department cannot early adopt an Australian Accounting Standard unless specifically permitted by TI 1101 <i>Application of Australian Accounting Standards and Other Pronouncements</i>. Consequently, The Department has not applied early any of the following Australian Accounting Standards that have been issued that may impact the Department. Where applicable, the Department plans to apply the following Australian Accounting Standards from their application date.</p>		
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 is currently 1 January 2018 after being amended by AASB 2012-6, AASB 2013-9 and 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>	<p>Operative for reporting periods beginning on/after</p> <p>1 Jan 2018</p>
AASB 15	<p><i>Revenue from Contracts with Customers</i></p> <p>This Standard establishes the principles that the Department shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from a contract with a customer. The Department has not yet determined the application or the potential impact of the Standard.</p>	1 Jan 2017
AASB 2010-7	<p><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></p> <p>This Standard makes consequential amendments to other Australian Accounting Standards and Interpretations as a result of issuing AASB 9 in December 2010.</p> <p>The mandatory application date of this Standard has been amended by AASB 2012-6 and AASB 2014-1 to 1 January 2018. The Department has not yet determined the application or the potential impact of the Standard.</p>	1 Jan 2018

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For the year ended 30 June 2015

		Operative for reporting periods beginning on/after
AASB 2013-9	<i>Amendments to Australian Accounting Standards Conceptual Framework, Materiality and Financial Instruments.</i>	1 Jan 2015
	Part C of this omnibus Standard defers the application of AASB 9 to 1 January 2017. The application date of AASB 9 was subsequently deferred to 1 January 2018 by AASB 2014-1. The Department has not yet determined the application or the potential impact of AASB 9.	
AASB 2014-1	<i>Amendments to Australian Accounting Standards</i>	1 Jan 2015
	Part E of this Standard makes amendments to AASB 9 and consequential amendments to other Standards. It has not yet been assessed by the Authority to determine the application or potential impact of the Standard.	
AASB 2014-3	<i>Amendments to Australian Accounting Standards – Accounting for Acquisitions of interests in Joint Operations [AASB 1 & 11]</i>	1 Jan 2016
	The Department establishes Joint Operations in pursuit of its objectives and does not routinely acquire interests in Joint Operations. Therefore, there is no financial impact on application of the Standard.	
AASB 2014-4	<i>Amendments to Australian Accounting Standards – Clarification of Acceptable Methods of Depreciation and Amortisation [AASB 116 & 138]</i>	1 Jan 2016
	The adoption of this Standard has no financial impact for the Department as depreciation and amortisation is not determined by reference to revenue generation, but by reference to consumption of future economic benefits	
AASB 2014-5	<i>Amendments to Australian Accounting Standards arising from AASB 15</i>	1 Jan 2017
	This Standard gives effect to the consequential amendments to Australian Accounting Standards (including Interpretations) arising from the issuance of AASB 15. The Department has not yet determined the application or the potential impact of the Standard.	

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DEPARTMENT OF ENVIRONMENT REGULATION

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2015

		Operative for reporting periods beginning on/after
AASB 2014-7	<i>Amendments to Australian Accounting Standards arising from AASB 9 (December 2014)</i>	1 Jan 2018
	This Standard gives effect to the consequential amendments to Australian Accounting Standards (including Interpretations) arising from the issuance of AASB 9 (December 2014). The Department has not yet determined the application or the potential impact of the Standard.	
AASB 2014-8	<i>Amendments to Australian Accounting Standards arising from AASB 9 (December 2014) – Application of AASB 9 (December 2009) and AASB 9 (December 2010) [AASB 9 (2009 & 2010)]</i>	1 Jan 2015
	This Standard makes amendments to AASB 9 Financial Instruments (December 2009) and AASB 9 Financial Instruments (December 2010), arising from the issuance of AASB 9 Financial Instruments in December 2014. The Department has not yet determined the application or the potential impact of the Standard.	
AASB 2014-9	<i>Amendments to Australian Accounting Standards – Equity Method in Separate Financial Statements [AASB 1, 127 & 128]</i>	1 Jan 2016
	This Standard amends AASB 127, and consequentially amends AASB 1 and AASB 128, to allow entities to use the equity method of accounting for investments in subsidiaries, joint ventures and associates in their separate financial statements. The Department has not yet determined the application or the potential impact of the Standard.	
AASB 2014-10	<i>Amendments to Australian Accounting Standards – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture [AASB 10 & 128]</i>	1 Jan 2016
	This Standard amends AASB 10 and AASB 128 to address an inconsistency between the requirements in AASB 10 and those in AASB 128 (August 2011), in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The Department has not yet determined the application or the potential impact of the Standard.	
AASB 2015-1	<i>Amendments to Australian Accounting Standards – Annual Improvements to Australian Accounting Standards 2012–2014 Cycle [AASB 1, 2, 3, 5, 7, 11, 110, 119, 121, 133, 134, 137 & 140]</i>	1 Jan 2016
	These amendments arise from the issuance of International Financial Reporting Standard Annual Improvements to IFRSs 2012–2014 Cycle in September 2014, and editorial corrections. The Department has determined that the application of the Standard has no financial impact.	

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DEPARTMENT OF ENVIRONMENT REGULATION

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2015

		Operative for reporting periods beginning on/after
AASB 2015-2	<i>Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 101[AASB 7, 101, 134 & 1049]</i>	1 Jan 2016
	This Standard amends AASB 101 to provide clarification regarding the disclosure requirements in AASB 101. Specifically, the Standard proposes narrow-focus amendments to address some of the concerns expressed about existing presentation and disclosure requirements and to ensure entities are able to use judgement when applying a Standard in determining what information to disclose in their financial statements. There is no financial impact.	
AASB 2015-3	<i>Amendments to Australian Accounting Standards arising from the Withdrawal of AASB 1031 Materiality</i>	1 Jul 2015
	This Standard completes the withdrawal of references to AASB 1031 in all Australian Accounting Standards and Interpretations, allowing that Standard to effectively be withdrawn. There is no financial impact.	
AASB 2015-6	<i>Amendments to Australian Accounting Standards – Extending Related Party Disclosures to Not-for-Profit Public Sector Entities [AASB 10, 124 & 1049]</i>	1 Jul 2016
	The amendments extend the scope of AASB 124 to include application by not-for-profit public sector entities. Implementation guidance is included to assist application of the Standard by not-for-profit public sector entities. There is no financial impact.	

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DEPARTMENT OF ENVIRONMENT REGULATION

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2015

	2015 \$000	2014 \$000
6 EMPLOYEE BENEFITS EXPENSE		
Wages and salaries ^(a)	28,525	30,963
Superannuation - defined contribution plans ^(b)	3,832	2,191
Enhanced Voluntary Separation Program ^(c)	-	2,083
	<u>32,357</u>	<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	6,863	5,805
Travel	406	497
Materials	699	602
Communications	235	356
Payroll tax	1,822	2,000
Other	1,214	1,101
	<u>11,239</u>	<u>10,361</u>
8 DEPRECIATION AND AMORTISATION EXPENSE		
<u>Depreciation</u>		
Information technology assets	6	8
Environmental assets	251	266
Office equipment	6	6
Plant and equipment	94	91
Total depreciation	<u>357</u>	<u>371</u>
<u>Amortisation</u>		
Computer software	329	11
Total amortisation	<u>329</u>	<u>11</u>
Total depreciation and amortisation	<u>686</u>	<u>382</u>
9 ACCOMMODATION EXPENSES		
Lease rentals	4,626	4,468
Power	237	256
	<u>4,863</u>	<u>4,724</u>
10 GRANTS AND SUBSIDIES		
Contaminated Sites Management Account (CSMA) Grants to State Agencies	2,438	1,411
Low Emissions Energy Development Fund	1,823	6,230
WA Local Government Regional Funding Program	282	1,562
Waste Avoidance and Resource Recovery Account (WARR)	8,145	6,496
Other	112	346
	<u>12,800</u>	<u>16,045</u>

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DEPARTMENT OF ENVIRONMENT REGULATION

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2015

	2015	2014
	\$000	\$000
11 OTHER EXPENSES		
Vehicle and other leases	667	1,873
Audit fees	87	75
Employment on-costs ^(a)	112	156
	<u>866</u>	<u>2,104</u>
 (a) Includes workers' compensation insurance and other employment on-costs.		
12 USER CHARGES AND FEES		
Industry licences	18,987	19,158
Controlled waste	4,060	4,210
Clearing permits	54	53
Other charges and fees	208	222
	<u>23,309</u>	<u>23,643</u>
13 COMMONWEALTH GRANTS AND CONTRIBUTIONS		
National Pollution Inventory	83	248
14 LANDFILL LEVY		
Landfill levy	59,403	46,661
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		
Environmental offset revenue	3,840	3,022
Other State and private grants and cost recoupments	1,305	2,438
	<u>5,145</u>	<u>5,460</u>
16 INCOME FROM STATE GOVERNMENT		
Appropriation received during the period:		
Service appropriation ^(a)	2,734	5,158
	<u>2,734</u>	<u>5,158</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	53	39
State Solicitor's Office	727	789
Landgate	60	-
DPaW	-	40
Keep Australia Beautiful Council (WA) Inc (KABC)	121	131
	<u>961</u>	<u>999</u>
Royalties for Region Fund:		
District Allowance	84	125
	<u>84</u>	<u>125</u>
	<u>3,779</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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DEPARTMENT OF ENVIRONMENT REGULATION

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2015

	2015	2014
	\$000	\$000
17 RESTRICTED CASH AND CASH EQUIVALENTS		
<u>Current</u>		
WARR Account	20,628	16,114
CSMA	1,326	3,269
Specific Purpose Accounts ^(a)	14,938	7,197
Accrued salaries suspense account ^(b)	1,074	-
	<u>37,966</u>	<u>26,580</u>
<u>Non-current</u>		
Accrued salaries suspense account ^(b)	-	1,017
 (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	722	1,424
Allowance for impairment of receivables	-	(41)
Accrued revenue	17,506	11,647
GST receivable	650	462
	<u>18,878</u>	<u>13,492</u>
Reconciliation of changes in the allowance for impairment of receivables:		
Balance at start of period	41	-
Balance transferred from DEC	-	41
Write back of allowance for impairment of receivables	(41)	-
Balance at end of period	<u>-</u>	<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	465	381
20 AMOUNTS RECEIVABLE FOR SERVICES (HOLDING ACCOUNT)		
Non-current	866	433
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.		

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DEPARTMENT OF ENVIRONMENT REGULATION

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2015

	2015	2014
	\$000	\$000
21 PROPERTY, PLANT AND EQUIPMENT		
<u>Land</u>		
At fair value ^(a)	1,490	1,620
Accumulated impairment losses	-	-
	<u>1,490</u>	<u>1,620</u>
<u>Information technology assets</u>		
At cost	28	27
Accumulated depreciation	(15)	(8)
Accumulated impairment losses	-	-
	<u>13</u>	<u>19</u>
<u>Environmental assets</u>		
At cost	1,415	1,155
Accumulated depreciation	(507)	(266)
Accumulated impairment losses	-	-
	<u>908</u>	<u>889</u>
<u>Office equipment</u>		
At cost	26	26
Accumulated depreciation	(12)	(6)
Accumulated impairment losses	-	-
	<u>14</u>	<u>20</u>
<u>Plant and equipment</u>		
At cost	507	498
Accumulated depreciation	(185)	(91)
Accumulated impairment losses	-	-
	<u>322</u>	<u>407</u>
	<u>2,747</u>	<u>2,955</u>

(a) Land was revalued as at 1 July 2014 by the Western Australian Land Information Authority (Valuation Services). The valuations were performed during the year ended 30 June 2015 and recognised at 30 June 2015. In undertaking the revaluation, fair value was determined by reference to market values for land: \$1,490,000 (2014 : \$1,620,000).

DEPARTMENT OF ENVIRONMENT REGULATION

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 30 June 2015
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
2015						
Carrying amount at start of period	1,620	19	889	20	407	2,955
Contributions by owners	-	-	-	-	-	-
Additions	-	-	230	-	9	239
Revaluation increments/(decrements)	(130)	-	-	-	-	(130)
Disposals	-	-	(7)	-	-	(7)
Transfers	-	-	47	-	-	47
Depreciation	-	(6)	(251)	(6)	(94)	(357)
Carrying amount at end of period	<u>1,490</u>	<u>13</u>	<u>908</u>	<u>14</u>	<u>322</u>	<u>2,747</u>
2014						
Contributions by owners	1,550	11	1,143	26	470	3,200
Additions	-	16	30	-	28	74
Revaluation increments/(decrements)	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 2015

22 FAIR VALUE MEASUREMENTS

Assets measured at fair value:
2015

	Level 1 \$000	Level 2 \$000	Level 3 \$000	Fair Value At end of period \$000
Land (Note 21)	-	1,490	-	1,490
	-	1,490	-	1,490

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.

	2015 \$000	2014 \$000
23 INTANGIBLE ASSETS		
<u>Computer software</u>		
At cost	2,149	575
Accumulated amortisation	(340)	(11)
Accumulated impairment losses	-	-
	<u>1,809</u>	<u>564</u>
<u>Intangible work in progress</u>		
In progress costs	80	1,032
	<u>1,889</u>	<u>1,596</u>
<u>Reconciliations</u>		
<u>Computer software</u>		
Carrying amount at start of period	564	-
Contributions by owners	-	22
Additions	1,574	553
Amortisation expense	(329)	(11)
Carrying amount at end of period	<u>1,809</u>	<u>564</u>
<u>Intangible work in progress</u>		
Carrying amount at start of period	1,032	-
Additions	80	1,032
Capitalisation - computer software	(1,032)	-
Carrying amount at end of period	<u>80</u>	<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 2015.

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

All surplus assets at 30 June 2015 have either been classified as assets held for sale or written-off.

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DEPARTMENT OF ENVIRONMENT REGULATION

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2015

	2015 \$000	2014 \$000
25 PAYABLES		
<u>Current</u>		
Trade payables	-	468
Accrued expenses	1,695	2,575
Accrued salaries	1,097	1,072
	<u>2,792</u>	<u>4,115</u>
26 PROVISIONS		
<u>Current</u>		
<u>Employee benefits provision</u>		
Annual leave ^(a)	1,859	1,890
Long service leave ^(b)	2,497	2,285
	<u>4,356</u>	<u>4,175</u>
<u>Other provisions</u>		
Employment on-costs ^(c)	482	463
	<u>4,838</u>	<u>4,638</u>
<u>Non-current</u>		
<u>Employee benefits provision</u>		
Long service leave ^(b)	2,520	2,635
<u>Other provisions</u>		
Employment on-costs ^(c)	279	292
	<u>2,799</u>	<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:

	2015 \$000	2014 \$000
Within 12 months of the end of the reporting period	1,859	1,890
More than 12 months after the end of the reporting period	-	-
	<u>1,859</u>	<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:

	2015 \$000	2014 \$000
Within 12 months of the end of the reporting period	2,497	2,285
More than 12 months after the end of the reporting period	2,520	2,635
	<u>5,017</u>	<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'.

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DEPARTMENT OF ENVIRONMENT REGULATION

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2015

	2015 \$000	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 at start of period	755	-
Carrying amount transferred from DPaW	-	819
Additional/(reversals of) provisions recognised	118	92
Payments/other sacrifices of economic benefits	(112)	(156)
Carrying amount at end of period	<u>761</u>	<u>755</u>
27 OTHER LIABILITIES		
<u>Current</u>		
Unearned revenue - Industry regulation licences	606	850
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	25,422	-
<u>Contributions by owners</u>		
Capital appropriation	865	855
<u>Other contributions by owners</u>		
Transfer of net assets from DEC	875	31,477
<u>Distributions to owners</u>		
Cash transferred to Government	(15,800)	(6,910)
Total distributions to owners	(15,800)	(6,910)
Balance at end of period	<u>11,362</u>	<u>25,422</u>
<u>Reserves</u>		
<u>Asset revaluation reserve</u>		
Balance at start of period	70	-
Net revaluation increments/(decrements)	(130)	70
Land	(130)	70
Balance at end of period	<u>(60)</u>	<u>70</u>
<u>Accumulated surplus</u>		
Balance at start of period	14,143	-
Result for the period	30,332	14,143
Balance at end of period	<u>44,475</u>	<u>14,143</u>
Total equity at end of period	<u>55,777</u>	<u>39,635</u>

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DEPARTMENT OF ENVIRONMENT REGULATION

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2015

	2015 \$000	2014 \$000
29 NOTES TO THE STATEMENT OF CASH FLOWS		
<u>Reconciliation of cash</u>		
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	4,001	5,711
Restricted cash and cash equivalents (see note 17 'Restricted cash and cash equivalents')	37,966	27,597
	<u>41,967</u>	<u>33,308</u>
<u>Reconciliation of net income to net cash flows provided by operating activities</u>		
Net income	26,553	7,861
<u>Non-cash items:</u>		
Depreciation and amortisation expense (note 8 Depreciation and amortisation expense)	686	382
Services received free of charge (note 16 Income from State Government)	961	999
Assets not previously recognised	(47)	-
Loss on disposal of non-current assets	4	15
<u>(Increase)/decrease in assets:</u>		
Current receivables ^(a)	(5,197)	(2,174)
Other current assets	(84)	201
<u>(Increase)/(decrease) in liabilities:</u>		
Current payables ^(a)	(1,605)	1,946
Current provisions	198	63
Non-current provisions	(128)	56
Net GST payments ^(b)	(166)	(377)
Change in GST in receivables/payables ^(c)	(23)	35
Net cash provided by operating activities	<u>21,152</u>	<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.

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DEPARTMENT OF ENVIRONMENT REGULATION

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2015

	2015 \$000	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	245	259
	<hr/>	<hr/>
31 COMMITMENTS		
Non-cancellable operating lease commitments		
Commitments for minimum lease payments are payable as follows:		
Within 1 year	3,514	3,133
Later than 1 year and not later than 5 years	9,811	10,597
Later than 5 years	-	1,129
	<hr/>	<hr/>
	13,325	14,859

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 within one to five years, some with options to renew at the end of the lease. The Department's accommodation leases account for \$12,797k of the non-cancellable operating lease commitments for 2015. 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.

The Department's fleet leases account for \$528k of the non-cancellable operating lease commitments for 2015. 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
	<hr/>	<hr/>
	-	14

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. Potential liability contingent upon the future intended use of the site.

Costs potentially payable in relation to Supreme Court action involving Eclipse Resources Pty Ltd - \$0.1 million.

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

Contaminated Sites Act; Transfer of liability from Cliffs Natural Resources Pty Ltd to Pluton Resources Ltd (Pluton) - \$2.1 million. Potential liability exists if responsibility for remediation of contaminated land at Cockatoo island transfers to Pluton whose financial viability is questionable. DER has sought to obtain a valid and enforceable security from Pluton before granting its consent to the transfer of responsibility (so as to negate the financial effect of the contingent liability).

Southern Metropolitan Regional Council contingent liability; Environmental Protection Act; Section 49(5)(A) and Section 58(1) - \$0.3 million. The contingent liability is for the potential costs liability if the trial is unsuccessful; trial relates to the prosecution of a waste facility for unreasonable emissions.

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DEPARTMENT OF ENVIRONMENT REGULATION

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2015

Mineralogy Pty Ltd Supreme Court action - potential liability for costs if unsuccessful on appeal - \$0.1 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.

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

Benefit potentially receivable in relation to Supreme Court action involving Eclipse Resources Pty Ltd - \$0.10 million.

City of Armadale - landfill levy exemption application with contingent benefit being landfill levies plus penalties - \$0.9 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.

34 EXPLANATORY STATEMENT

Major variances between estimates (original budget) and actual results for 2015, and between the actual results for 2014 and 2015 are shown below. Major variances are considered to be those greater than 10% or \$10 million.

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DEPARTMENT OF ENVIRONMENT REGULATION

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2015

	Variance Note \$000	Estimate 2015 \$000	Actual 2015 \$000	Actual 2014 \$000	Variance between estimate and actual \$000	Variance between actual results for 2015 and 2014 \$000
Statement of Comprehensive Income (Controlled Operations)						
Employee benefits expense	1	36,750	32,357	35,237	(4,393)	(2,880)
Supplies and services	2	8,081	11,239	10,361	3,158	878
Depreciation and amortisation expense	3,A	433	686	382	253	304
Accommodation expenses		4,790	4,863	4,724	73	139
Grants and subsidies	4,B	19,028	12,800	16,045	(6,228)	(3,245)
Other expenses	5,C	3,099	866	2,104	(2,233)	(1,238)
Loss on disposal of non-current assets	D	-	4	15	4	(11)
Total cost of services		72,181	62,815	68,868	(9,366)	(6,053)
Income						
<i>Revenue</i>						
User charges and fees		23,747	23,309	23,643	(438)	(334)
Commonwealth grants and contributions	6,E	-	83	248	83	(165)
Interest revenue	7,F	750	1,428	717	678	711
Landfill levy	G	60,000	59,403	46,661	(597)	12,742
Other revenue	8	4,108	5,145	5,460	1,037	(315)
Total revenue		88,605	89,368	76,729	763	12,639
Total income other than income from State Government		88,605	89,368	76,729	763	12,639
NET INCOME		(16,424)	(26,553)	(7,861)	(10,129)	(18,692)

DEPARTMENT OF ENVIRONMENT REGULATION

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2015

	Variance Note \$000	Estimate 2015 \$000	Actual 2015 \$000	Actual 2014 \$000	Variance between estimate and actual \$000	Variance between actual results for 2015 and 2014 \$000
Income from State Government						
Service appropriation	H	2,734	2,734	5,158	-	(2,424)
Services received free of charge	9	130	961	999	831	(38)
Royalties for Regions Fund	10	-	84	125	84	(41)
Total income from State Government		2,864	3,779	6,282	915	(2,503)
SURPLUS FOR THE PERIOD		19,288	30,332	14,143	11,044	16,189
OTHER COMPREHENSIVE INCOME						
Items not reclassified subsequently to profit or loss						
Changes in asset revaluation surplus	11,I	-	(130)	70	(130)	(200)
Total other comprehensive income		-	(130)	70	(130)	(200)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		19,288	30,202	14,213	10,914	15,989
Statement of Financial Position						
(Controlled Operations)						
Current Assets						
Cash and cash equivalents	12,J	5,794	4,001	5,711	(1,793)	(1,710)
Restricted cash and cash equivalents	13,K	20,202	37,966	26,580	17,764	11,386
Receivables	14,L	266	18,878	13,492	18,612	5,386
Other current assets	15,M	-	465	381	465	84
Total Current Assets		26,262	61,310	46,164	35,048	15,146

DEPARTMENT OF ENVIRONMENT REGULATION

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For the year ended 30 June 2015

	Variance Note \$000	Estimate 2015 \$000	Actual 2015 \$000	Actual 2014 \$000	Variance between estimate and actual \$000	Variance between actual results for 2015 and 2014 \$000
Non-current Assets						
Restricted cash and cash equivalents	16,N	113	-	1,017	(113)	(1,017)
Amounts receivable for services	O	866	866	433	-	433
Property, plant and equipment		2,864	2,747	2,955	(117)	(208)
Intangible assets	17,P	-	1,889	1,596	1,889	293
Total Non-current Assets		3,843	5,502	6,001	1,659	(499)
TOTAL ASSETS		30,105	66,812	52,165	36,707	14,647
LIABILITIES						
Current Liabilities						
Payables	18,Q	1,223	2,792	4,115	1,569	(1,323)
Provisions		5,090	4,838	4,638	(252)	200
Other current liabilities	19,R	-	606	850	606	(244)
Total Current Liabilities		6,313	8,236	9,603	1,923	(1,367)
Non-current Liabilities						
Provisions		2,961	2,799	2,927	(162)	(128)
Total Non-current Liabilities		2,961	2,799	2,927	(162)	(128)
TOTAL LIABILITIES		9,274	11,035	12,530	1,761	(1,495)
NET ASSETS		20,831	55,777	39,635	34,946	16,142
EQUITY						
Contributed equity	20,S	(28,988)	11,362	25,422	40,350	(14,060)
Reserves	21,T		(60)	70	(60)	(130)
Accumulated surplus	U	49,819	44,475	14,143	(5,344)	30,332
TOTAL EQUITY		20,831	55,777	39,635	34,946	16,142

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DEPARTMENT OF ENVIRONMENT REGULATION

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For the year ended 30 June 2015

	Variance Note \$000	Estimate 2015 \$000	Actual 2015 \$000	Actual 2014 \$000	Variance between estimate and actual \$000	Variance between actual results for 2015 and 2014 \$000
Statement of Cash Flows (Controlled Operations)						
CASH FLOWS FROM STATE GOVERNMENT						
Service appropriation	V	2,301	2,301	4,725	-	(2,424)
Royalties for Regions Fund	22	-	84	125	84	(41)
Capital contributions		865	865	855	-	10
Distributions to owners	23,W	(20,484)	(15,800)	(6,910)	4,684	(8,890)
Net cash provided to State Government		(17,318)	(12,550)	(1,205)	4,768	(11,345)
CASH FLOWS FROM OPERATING ACTIVITIES						
Payments						
Employee benefits	24	(36,750)	(31,921)	(34,925)	4,829	3,004
Supplies and services	25,X	(9,041)	(12,564)	(7,893)	(3,523)	(4,671)
Accommodation		(4,790)	(4,957)	(4,577)	(167)	(380)
Grants and subsidies	26,Y	(19,028)	(12,305)	(15,993)	6,723	3,688
GST payments on purchases	27,Z	-	(2,443)	(1,795)	(2,443)	(648)
Other payments	28,AA	(6,009)	(842)	(2,104)	5,167	1,262

DEPARTMENT OF ENVIRONMENT REGULATION

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For the year ended 30 June 2015

	Variance Note \$000	Estimate 2015 \$000	Actual 2015 \$000	Actual 2014 \$000	Variance between estimate and actual \$000	Variance between actual results for 2015 and 2014 \$000
Receipts						
User charges and fees		23,747	23,638	23,474	(109)	164
Commonwealth grants and contributions	29,AB	-	83	248	83	(165)
Interest received	30,AC	750	1,072	717	322	355
Landfill levy	31,AD	60,000	53,082	45,995	(6,918)	7,087
GST receipts on sales	32,AE	-	200	69	200	131
GST receipts from taxation authority	33,AF	4,000	2,177	1,365	(1,823)	812
Other receipts	34,AG	4,108	5,932	4,426	1,824	1,506
Net cash provided by operating activities		16,987	21,152	9,007	4,165	12,145
CASH FLOWS FROM INVESTING ACTIVITIES						
Payments						
Purchase of non-current assets	AH	(865)	(821)	(1,658)	44	837
Receipts						
Proceeds from the sale of non-current assets		-	3	-	3	3
Net cash used in investing activities		(865)	(1,172)	(1,658)	(307)	486
Net increase/(decrease) in cash and cash equivalents		(1,196)	7,784	6,144	8,980	1,640
Cash and cash equivalents transferred from DPaW		-	875	27,164	875	(26,289)
Cash and cash equivalents at the beginning of the period		27,305	33,308	-	6,003	33,308
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD		26,109	41,967	33,308	15,858	8,659

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Major Estimate and Actual (2015) Variance Narratives for Controlled Operations

- 1) Employee benefits expense underspent by \$4.4 million (12.0%) due mainly to vacancies during the year. There was an approx. average of 34 FTE vacancies throughout the year, arising mainly through a combination of resignations and cessation of fixed term contracts against 340 FTE budget at end of financial year.
- 2) Supplies and services overspent by \$3.2 million (39.1%) due mainly to the payroll tax expense budget being held against other expenses (refer 5) and services received free of charge approximately \$1 million, without a comparable budget. As well, approx. \$0.4 million of business systems requirements scoping and support costs formed part of the difference.
- 3) Depreciation and amortisation expense exceeded estimates by \$0.3 million (58.4%) due to higher than budgeted capitalisation of software applications.
- 4) Grants and subsidies trailed estimates by \$6.2 million (32.7%) due mainly to considerably lower LEED program grants and subsidies expense.
- 5) Other expenses underspent by \$2.2 million (72.1%) due mainly to a reduction to Vehicle and other leases and the budget holding the payroll tax expense, with the actual expense posted to supplies and services (refer 2).
- 6) Commonwealth grants and contributions exceeded estimates by \$0.1 million due to National Pollutant Industry grant not being budgeted.
- 7) Interest revenue exceeded estimates by \$0.7 million (90.4%) due mainly to holding higher than anticipated restricted cash and cash equivalents across the year.
- 8) Other revenue exceeded estimates by \$1.0 million (25.2%) due mainly to an increase in environmental offsets income.
- 9) Services received free of charge exceeded estimates by \$0.8 million (639.2%) due mainly to services received from State Solicitor's \$0.7 million for legal advice, against a significant under budgeting of this activity.
- 10) Royalties for Regions Fund exceeded estimates by \$0.1 million due to regional allowance received not budgeted for.
- 11) Changes in asset revaluation surplus trailed estimates by \$0.1 million due to land revaluation not budgeted for.
- 12) Current cash and cash equivalents trailed estimates by \$1.8 million (30.9%) due mainly to cash surplus to the agency's requirements forming part of return of funds to Treasury. As landfill levy receipts (the subject of return of funds to Treasury) were significantly below budget, this was done to support funds returned in 2014-15.
- 13) Current restricted cash and cash equivalents exceeded estimates by \$17.8 million (87.9%) due mainly to higher WARR balance through lower than budgeted expenditure (lower expenditure by approx. \$9 million), higher LEED funds balance due to lower than budgeted grants expenditure (lower expenditure by approx. \$4 million) and higher specific purpose account balances, principally Environmental Offsets (higher balance by approx. \$4 million).
- 14) Current receivables exceeded estimates by \$18.6 million due mainly to a significant 4th quarter landfill levy receivable which was not budgeted nor required to be, for equating estimated and actual landfill levy revenue in the same period.
- 15) Other current assets exceeded estimates by \$0.5 million due mainly to accommodation prepayments not budgeted for.
- 16) Non-current restricted cash and cash trailed estimates by \$0.1 million due to 27th pay cash holding reclassified as current, being due for payment to employees in 2015-16. The budgeted non current restricted cash at the end of 2014-15 should be nil.
- 17) Intangible assets exceeded estimates by \$1.9 million due mainly to capitalisation of Clearing Permit System, Industry Licensing System and Controlled Waste Tracking System software applications not budgeted.

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DEPARTMENT OF ENVIRONMENT REGULATION

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2015

- 18) Current payables exceeded estimates by \$1.6 million (128.3%) due mainly to year end accrued expenses and accrued salaries being considerably higher than the level of the 2015 budget estimate of \$1.2 million.
- 19) Other current liabilities exceeded estimates by \$0.6 million due to unearned revenue from industry regulation licences not budgeted for.
- 20) Contributed equity trailed estimates by \$40.4 million (139.2%) due to actual equity in assets and liabilities transferred from DEC being budgeted against accumulated surplus. Total accumulated equity exceeded budget due to greater surpluses mainly arising through higher landfill levies and grants and subsidies underspends. Funds returned to Treasury are also below budget in 2014-15.
- 21) Reserves trailed estimates by \$0.1 million due to land revaluation against equity not budgeted for.
- 22) Royalties for Regions Fund exceeded estimates by \$0.1 million due to regional allowance received not budgeted for.
- 23) Distributions to owners trailed estimates by \$4.7 million (22.9%) due mainly to less than expected landfill levy revenue being received in cash before 30 June 2015.
- 24) Employee benefits trailed estimates by \$4.8 million (13.1%) due mainly to vacancies during the year. There was an approx. average of 34 FTE vacancies throughout the year, arising mainly through a combination of resignations and cessation of fixed term contracts against 340 FTE budget at end of financial year.
- 25) Supplies and services exceeded estimates by \$3.5 million (39.0%) due mainly to the payroll tax budget being held against Other payments (payments in the year being approx. \$2.0 million arising from 2013-14 and approx. \$1.5 million arising from 2014-15), without a comparable budget. As well, approx. \$0.4 million business systems support costs payments formed part of the exceedance.
- 26) Grants and subsidies trailed estimates by \$6.7 million (35.3%) due mainly to considerably lower LEED program and WARR grants and subsidies expenses.
- 27) GST payments on purchases exceeded estimates by \$2.4 million due mainly to budget being held against the other payments line.
- 28) Other payments trailed estimates by \$5.2 million (86.0%) due mainly to the other payments budget holding GST payments on purchases (refer 27) and payroll tax payments budget. Actual payroll tax payments are charged against supplies and services (refer 2).
- 29) Commonwealth grants and contributions exceeded estimates by \$0.1 million due to National Pollutant Industry grant not being budgeted
- 30) Interest received exceeded estimates by \$0.3 million (42.9%) due mainly to holding more restricted cash and cash equivalent.
- 31) Landfill levy receipts trailed estimates by \$6.9 million (11.5%) due mainly to the impact of significantly increased levy rates effective January 2015, lagging the budget.
- 32) GST receipts on sales exceeded estimates by \$0.2 million due to GST on receipts on sales not budgeted for.
- 33) GST receipts from taxation authority trailed estimates by \$1.8 million (45.6%) due to the timing of receipts made and receivable at year end.
- 34) Other receipts exceeded estimates by \$1.8 million (44.4%) due mainly to an increase in environmental offsets.

Major Actual (2015) and Comparative (2014) Variance Narratives for Controlled Operations

- A) Depreciation and amortisation expense increased by \$0.3 million (79.6%) due mainly to higher computer software capitalisation in 2014-15 and related amortisation.
- B) Grants and subsidies decreased by \$3.2 million (20.2%) due mainly to considerably lower LEED program grants and subsidies expense.
- C) Other expenses decreased by \$1.2 million (58.8%) due mainly to lower plant and equipment, motor vehicle and other lease expenses as well as a one off approx. \$0.7 million expensing of operational materials relating to waste recycling activity, that occurred in 2013-14.

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DEPARTMENT OF ENVIRONMENT REGULATION

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2015

- D) Loss on disposal of non-current assets decreased by \$11k (73.3%) due to more favourable disposals circumstances than the prior year.
- E) Commonwealth grants and contributions decreased by \$0.2 million (66.5%) due to reduction in National Pollutant Industry grant funding.
- F) Interest revenue increased by \$0.7 million (99.2%) due to increased funds held across the year.
- G) Landfill levy increased by \$12.7 million (27.3%) due to significant increases to the Landfill Levy rates effective 1 January 2015.
- H) Service appropriation decreased by \$2.4 million (47.0%) due mainly to non recurring Enhanced Voluntary Separation Program funding arising in 2013-14.
- I) Changes in asset revaluation surplus decreased by \$0.2 million (285.7%) due to land held being negatively revalued.
- J) Current cash and cash equivalents decreased by \$1.7 million (29.9%) due mainly to additional funds from non-restricted cash being returned to Treasury.
- K) Current restricted cash and cash equivalents increased by \$11.4 million (42.8%) due mainly to 1) a net increase in the WARR account balance of approx. \$4.5 million because of significantly increased landfill levy receipts; 2) Net receipts of approx. \$3.8 million to the Clearing Regulation Offset account; and 3) significantly reduced LEED grants and subsidies payments.
- L) Current receivables increased by \$5.4 million (39.9%) due to the significant increase in landfill levy rates effective 1 January 2015 and impacting the fourth quarter receivables.
- M) Other current assets increased by \$0.1 million (22.0%) due mainly to a minor increase in prepaid amounts at year end relating to external training and conference attendance.
- N) Non-current restricted cash and cash equivalents decreased by \$1.0 million due to 27th pay cash holding reclassified as current, being due for payment to employees in 2015-16.
- O) Non-current amounts receivable for services increased by \$0.4 million due to further funding by Treasury for depreciation charges.
- P) Intangible assets increased by a net \$0.3 million (18.4%) due mainly to Business Systems projects being capitalised, the largest being Clearing Permit System.
- Q) Current payables decreased by \$1.3 million (32.2%) due mainly to the full year accrual of Payroll Tax at year end 2013-14 (approx. \$2 million) whereas the year end 2014-15 required accrual of one month only, being approx. \$0.1 million, as payments were made throughout the year. This movement was offset by a 2014-15 year end accrual of \$0.5 million for the Better Bins project in the City of Bayswater.
- R) Other current liabilities decreased by \$0.2 million (28.7%) due to slight reduction in unearned revenue - industry regulation licences. This arises because of the timing of annual licences expiry and issuance.
- S) Contributed equity decreased by \$14.1 million (55.3%) due mainly to funds returned to Treasury related to increased Landfill Levy receipts.
- T) Reserves decreased by \$0.1 million (185.7%) due to downward revaluation of land held.
- U) Accumulated surplus increased by \$30.7 million (217.0%) due to the surplus made for the year, attributable mainly to lower employee benefits (approx. \$4M) and grants and subsidies expense (approx. \$3M) as well as significantly increased landfill levy revenue (approx. \$13M). Net income rose substantially - refer to the Statement of Comprehensive Income.
- V) Service appropriation decreased by \$2.4 million (51.3%) due mainly to non recurring Enhanced Voluntary Separation Program funding arising in 2013-14.
- W) Distributions to owners increased by \$8.9 million (128.7%) due to higher return of funds to Treasury because of increased landfill levy receipts.
- X) Supplies and services increased by \$4.7 million (59.2%) due mainly to timing related to Payables movements.
- Y) Grants and subsidies decreased by \$3.7 million (23.1%) due mainly to considerably lower LEED Program grants and subsidies payments, offset by increased Contaminated Sites Management Accounts payments and other grant payments.

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DEPARTMENT OF ENVIRONMENT REGULATION

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2015

- Z) GST payments on purchases increased by \$0.6 million (36.1%) due to increased expense activity in the prior year.
- AA) Refer to C) above.
- AB) Commonwealth grants and contributions being National Pollutant Industry (NPI) funding, decreased by \$0.2 million (66.5%) due the Commonwealth providing the first half of the NPI funds relating to 2014-15, in June 2014.
- AC) Interest received increased by \$0.4 million (49.5%) due to increased funds held across the year.
- AD) Landfill levy receipts increased by \$7.1 million (15.4%) due to significant increases to the Landfill Levy effective 1 January 2015.
- AE) GST receipts on sales increased by \$0.1 million (189.9%) due to timing impacts from the prior year.
- AF) GST receipts from taxation authority increased by \$0.8 million (59.5%) due to timing impacts of transactions in the current and prior year.
- AG) Other receipts increased by \$1.5 million (34.0%) due mainly to timing of receipt of state recoups primarily for outstanding accommodation amounts due and private grants and recoups.
- AH) Purchase of non-current assets decreased by \$0.8 million (50.5%) due mainly to lower payments in the current year related to asset capitalisation for the Clearing Permit System which went live in the second half of the financial year.

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DEPARTMENT OF ENVIRONMENT REGULATION

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2015

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 2015

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:

	2015 \$000	2014 \$000
<u>Financial Assets</u>		
Cash and cash equivalents	4,001	5,711
Restricted cash and cash equivalents	37,966	27,597
Loans and receivables ^(a)	19,094	13,463
<u>Financial Liabilities</u>		
Financial liabilities measured at amortised cost	2,792	4,115

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

DEPARTMENT OF ENVIRONMENT REGULATION

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For the year ended 30 June 2015

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	Not past due and not impaired \$000	Past due but not impaired					Impaired financial assets \$000
			Up to 1 month \$000	1-3 months \$000	3 months to 1 year \$000	1-5 years \$000	More than 5 years \$000	
2015								
Cash and cash equivalents	4,001	4,001	-	-	-	-	-	-
Restricted cash and cash equivalents	37,966	37,966	-	-	-	-	-	-
Receivables ^(a)	18,228	17,881	263	69	15	-	-	-
Amounts receivable for services	866	866	-	-	-	-	-	-
	61,061	60,714	263	69	15	-	-	-
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

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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

	<u>Interest rate exposure</u>				<u>Maturity dates</u>					
	Weighted Average Effective Interest Rate %	Carrying Amount \$000	Variable interest rate \$000	Non- interest bearing \$000	Nominal Amount \$000	Up to 1 month \$000	1-3 months \$000	3 months to 1 year \$000	1-5 years \$000	More than 5 years \$000
2015										
<u>Financial Assets</u>										
Cash and cash equivalents	2.7	4,001	4,001	-	4,001	4,001	-	-	-	-
Restricted cash and cash equivalents	2.7	37,966	37,966	-	37,966	36,892	-	1,074	-	-
Receivables ^(a)		18,228	-	18,228	18,228	18,288	-	-	-	-
Amounts receivable for services		866	-	866	866	-	-	-	866	-
		61,061	41,967	19,094	61,061	59,181	-	1,074	866	-
<u>Financial Liabilities</u>										
Payables		2,792	-	2,792	2,792	2,792	-	-	-	-
		2,792	-	2,792	2,792	2,792	-	-	-	-

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

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

	Interest rate exposure				Maturity dates					
	Weighted Average Effective Interest Rate %	Carrying Amount \$000	Variable interest rate \$000	Non- interest bearing \$000	Nominal Amount \$000	Up to 1 month \$000	1-3 months \$000	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	2.8	27,597	27,597	-	27,597	26,580	-	-	1,017	-
Receivables (a)		13,030	-	13,030	13,030	12,818	89	123	-	-
Amounts receivable for services		433	-	433	433	-	-	-	433	-
		46,771	33,308	13,463	46,771	45,109	89	123	1,450	-
<u>Financial Liabilities</u>										
Payables		4,115	-	4,115	4,115	4,115	-	-	-	-
		4,115	-	4,115	4,115	4,115	-	-	-	-

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

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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 \$000	Equity \$000	Surplus \$000	Equity \$000
2015					
<u>Financial Assets</u>					
Cash and cash equivalents	4,001	(40)	(40)	40	40
Restricted cash and cash equivalents	37,966	(380)	(380)	380	380
<u>Financial Liabilities</u>	-	-	-	-	-
Total Increase/(Decrease)		(420)	(420)	420	420

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

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 2015

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 (\$)	2015	2014
60,001 - 70,000	1	-
80,001 - 90,000	1	-
100,001 - 110,000	1	-
210,001 - 220,000	2	1
220,001 - 230,000	-	1
230,001 - 240,000	-	1
340,001 - 350,000	1	-
390,001 - 400,000	-	1

	2015	2014
	\$000	\$000
Base remuneration and superannuation	972	885
Annual leave and long service leave accruals	(7)	129
Other benefits	57	50
Total remuneration of senior officers	1,022	1,064

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:

	2015	2014
	\$000	\$000
Auditing the accounts, financial statements and key performance indicators	87	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 the Department's costs of investigation and ensuring compliance with notices.

	2015	2014
	\$000	\$000
Balance at start of period	3,269	4,682
Receipts	512	393
Payments	(2,455)	(1,806)
Balance at end of period	1,326	3,269

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DEPARTMENT OF ENVIRONMENT REGULATION

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2015

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.

	2015	2014
	\$000	\$000
Balance at start of period	16,114	18,238
Receipts	16,043	11,445
Payments	(11,529)	(13,569)
Balance at end of period	20,628	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 the Department to the Indian Ocean Territories.

	2015	2014
	\$000	\$000
Balance at start of period	52	88
Receipts	257	261
Payments	(237)	(297)
Balance at end of period	72	52

41 SUPPLEMENTARY FINANCIAL INFORMATION

(a) Write-offs

The Department had one minor write off of \$537 (2014 : \$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.

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DEPARTMENT OF ENVIRONMENT REGULATION

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2015

42 DISCLOSURE OF ADMINISTERED INCOME AND EXPENSES BY SERVICE

	Environmental Regulation		Environmental Sustainability and Climate Change		Total	
	2015 \$000	2014 \$000	2015 \$000	2014 \$000	2015 \$000	2014 \$000
INCOME FROM ADMINISTERED ITEMS						
<u>Income</u>						
For transfer:						
Regulatory fees and fines	5	4	-	-	5	4
Total administered income	5	4	-	-	5	4
<u>Expenses</u>						
Transfer payments ^(a)	5	4	-	-	5	4
Total administered expenses	5	4	-	-	5	4

^(a) Transfer payments represent the transfer of non-retainable regulatory fees to the Consolidated Account.

Certification of Key Performance Indicators



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

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 2015.


Jason Banks
Accountable Authority
21 September 2015

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Outcomes and Key Effectiveness Indicators

Outcome: Emissions and discharges meet acceptable criteria

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

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

	2011–12	2012–13	2013–14	2014–15
Target	38	38	25	25
Actual	37	21	37	21

Note to indicator: The actual exceedances (21) for the 2014–15 reporting period are reduced relative to the previous reporting period, however within historical observations. The level of exceedances in any reporting period may fluctuate with variables including the size and scope of the compliance program, the industry sectors targeted, the number of annual compliance reports assessed, levels of compliance achieved by prescribed premises and licence conditions on environment criteria.

2. Number of air National Environment Protection Measure (NEPM) exceedances 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.

	2011–12	2012–13	2013–14	2014–15
Target	35	35	28	21
Actual	32	11	8	20

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. 17 of the 20 exceedances in 2014–15 over the previous year were caused by smoke from bushfires.

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

	2011–12	2012–13	2013–14	2014–15
Target	45%	45%	45%	49%
Actual	36%	43%	47%	45%

Note to indicator: Due to a one year lag in reporting, the recycling rate presented in this KPI (2014–15 Actual) utilises the most recent and accurate available data, which is for the 2013–14 financial year.

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 for construction products, guidelines for managing asbestos at construction and demolition recycling facilities, and the ongoing impact of landfill levy increases in 2010 have assisted the C&D sector to increase the amount of C&D materials recycled. The slight decrease since the previous year is as a result of decreased processing capacity for organics and the closure of a significant facility.

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.

	2011–12	2012–13	2013–14	2014–15
Target	\$478,338	\$491,869	\$430,769	\$359,884
Actual	\$510,504	\$531,319	\$532,462	\$357,652

Note to indicator: This indicator is affected by the departmental overheads, air quality programs and monitoring completed during the year. In 2014–15 the number of monitoring sites for pollutants was identical to the previous year, while through an agency restructuring effective at the start of 2014–15, direct FTE costs and the associated share or allocation of indirect corporate overhead costs for this activity reduced.

1.2 Average cost per industry licence

The Department 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 Prosecution Policy 2013*. 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.

	2011–12	2012–13	2013–14	2014–15
Target	\$23,971	\$28,031	\$25,236	\$27,882
Actual	\$27,040	\$28,954	\$26,048	\$25,735

Note to indicator: The actual cost per licence was marginally lower than the predicted target cost but was within the range of actual costs since 2011–12. Costs may vary slightly from year to year due to small changes in the number of active licences and workforce variations.

1.3 Average cost per contaminated site assessment

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

	2011–12	2012–13	2013–14	2014–15
Target	\$5,051	\$5,834	\$5,625	\$5,315
Actual	\$6,797	\$6,922	\$5,626	\$5,672

Note to indicator: Although there was a slight increase in the number of reports assessed, associated costs rose proportionately, with the average cost contained.

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.

	2011–12	2012–13	2013–14	2014–15
Target	\$496,035	\$580,286	\$285,154	\$743,250
Actual	\$705,891	\$104,630	\$150,500	\$2,455,000

Note to indicator: Significant increase in average cost of remediating state sites in 2014–15, compared to the target and prior year figures, was due to expenditure on the Waste Control site at Bellevue for remediation works which were ahead of schedule.

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 fund.

	2011–12	2012–13	2013–14	2014–15
Target	6%	9%	8%	7%
Actual	8%	10%	11%	10%

Note to indicator: The 1% differential between 2013–14 and 2014–15 actual is mainly due to a decrease in both the total outturn and the administration expense. This was attributed to delays in hiring staff and change of structure. The actual cost of administering the Waste Avoidance and Resource Recovery Account as a percentage of total funds expended was higher than the target, due to a reduction in total expenditure.

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 adaptation stages. Decisions on funded projects are made jointly by the Ministers for Environment and Energy.

	2011–12	2012–13	2013–14	2014–15
Target	0.52%	0.66%	0.60%	0.65%
Actual	0.58%	0.49%	0.59%	0.64%

Note to indicator: The indicator is close to target. The small rise in the indicator from 2013–14 to 2014–15 reflects that one LEED project, Aurora Algae, was completed in 2013–14 and therefore total funds were reduced by the amount of this grant.

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 2014–15.

Employment and industrial relations

Staff Profile		
	2014–15	2013–14
Full-time permanent	233	244
Full-time contract	29	32
Part-time measured on FTE basis	37	41
On secondment	6	3
Total (average FTE for financial year based on MOIR data)	305	320
Target (as specified in Budget Statements)	340	380

Workforce planning

For the 2014–2015 reporting year, the Department's obligations under the *Equal Opportunity Act 1984* were covered by the Department of Parks and Wildlife's Workforce and Diversity Plan 2014–17, approved by the Public Sector Commission in May 2014. Moving into the third year of operation, the Department is now well positioned to present a range of transitional workforce and diversity planning strategies and has finalised its own draft Workforce and Diversity Plan 2015–2018 ready for approval by the Public Sector Commission.

Developed in consultation with the Department's Corporate and Operational Executives and the Corporate Leadership Group, this plan has five strategic objectives designed to help the Department build the workforce and represent diversity:

1. Attracting a skilled and diverse workforce.
2. Reforming the workforce—retaining valued employees.
3. Developing leadership capacity.
4. Building the capacity and flexibility of our workforce.
5. Establishing a values based culture.

This plan has strong reciprocal links to the Department's Strategic Outline 2015–2016 and is essential to ensuring the Department has the right resources in place to deliver on its strategic objectives.

Staff development

The focus for 2014–2015 has been the development and implementation of performance and capability frameworks, leadership development and an Expertise Framework.

Implementation of the Department's Capability Framework commenced during 2014–2015, providing an integrated approach to organisational development and performance improvement. The conversion to consistent, capability based job descriptions during the reporting period has laid the foundation for the implementation of the Department's performance management framework and Capability Development Program, including regulatory and policy officer training.

The Department's Expertise Framework was initiated during 2014–2015 to provide a structured approach to improving the quality, timeliness and credibility of the Department's expert advice, and to support capability and succession management initiatives for critical occupational groups. A dedicated new functional group—Environmental Sciences—has also been established. A function of this group will be to support the implementation of the Expertise Framework.

The Department is an enterprise registered training organisation and continued to develop and deliver accredited training aimed at developing public administration and regulatory 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. During 2014–2015, twenty-three Departmental staff members successfully completed the required training and assessment activities and were awarded Certificate IV in Government.



The Department's Corporate Leadership Group (CLG) continued to demonstrate the benefits of applied leadership development and successfully delivered on a range of strategic initiatives. During 2014–2015 the CLG initiated and led a review of the Department's values to incorporate statements as to how officers can integrate the values into their work. The inaugural 'OneDERful Day', held in December 2014 and aimed at building cohesion and synergy across the agency, was a key achievement for the CLG and delivered significant benefits to the Department.

The Department's Graduate Development and Aboriginal Traineeship programs were also launched during the reporting period.

Workers' compensation

During 2014–2015 no workers' compensation claims were recorded.

The workers' compensation contribution was \$112,193.00 (ex GST) for the financial year. No lost time injuries were reported.

Governance disclosures

Board and committee remuneration

Contaminated Sites Committee				
Position	Name	Type of remuneration	Period of membership	Gross remuneration
Chair	James Malcolm	Annual	1/7/14 - 30/6/15	\$70,788
Member	Christopher O'Neill	Per meeting	1/7/14 - 30/6/15	\$8,568
Member	Jeremy Hogben	Per meeting	1/7/14 - 30/6/15	\$7,140
Member	Warren Dodge	Per meeting	1/7/14 - 30/6/15	\$9,996
Member	Linda Rowley	Per meeting	1/7/14 - 30/6/15	\$10,996

Waste Authority				
Position	Name	Type of remuneration	Period of membership	Gross remuneration
Chair	Marcus Geisler	Annual	19/8/14 - 30/6/15	\$43,778
Member	Jennifer Bloom	Annual	19/8/14 - 30/6/15	\$26,672
Member	Glenn McLeod	Annual	19/8/14 - 30/6/15	\$19,508
Member	Neil Foley	Annual	19/8/14 - 30/6/15	\$21,351
Member	Victoria Bond	Annual	19/8/14 - 30/6/15	\$17,835

Cockburn Sound Management Council				
Position	Name	Type of remuneration	Period of membership	Gross remuneration
Chair	Kateryna Longley	Annual	1/7/14 - 30/6/15	\$24,521

Contracts with senior officers

At the date of reporting, no senior officers, or firms of which senior officers are members, or entities in which senior officers have substantial interests, had any interests in existing or proposed contracts with the Department of Environment Regulation other than normal contracts of employment of service.

Other legal requirements

Advertising (*Electoral Act 1907, s 175ZE*)

In 2014–15, the Department spent a total of \$271,342 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	\$245,835
	State Law Publisher	Notices in the Western Australian Government Gazette	\$2,830
	Carat Media	Radio advertising for BurnWise	\$22,427
	Shire of Christmas Island	Statutory public notices	\$250
Total			\$271,342

Disability access and inclusion plan outcomes *Disability Services Act 1993, s 29*

For the 2014–2015 reporting period, the Department's obligations under the *Disability Services Act 1993* were covered by the interim Disability Access and Inclusion Plan (DAIP) which was lodged with the Disability Services Commission in May 2014.

The Department undertook the following actions in 2014–2015:

Outcome 1:

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

Departmental staff that organise events and public consultation are made aware of the DAIP and their responsibilities associated with the plan. The plan is available on the Department's intranet and staff with responsibility under the plan are provided with a copy. New staff are made aware of the plan via the Department's induction program. The Department continues to promote and raise awareness of its responsibilities to provide accessible facilities and services via annual email broadcasts.

Outcome 2:

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

During 2014–2015 the Department organised and completed modifications to the reception area. Throughout this process, the Department maintained access for people with disability by ensuring the reception desk and public administration centre counters were 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 contemporary good practice approach to website content management. Departmental publications are produced in accordance with the State Government's Access Guidelines, and include a statement that they are available in alternative formats on request.

Outcome 4:

People with disability receive the same level of quality of service from 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 as part of the induction of new employees.

In 2014–2015, the Department maintained its registered training organisation status and disability awareness training is included in staff training programs.

Outcome 5:

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

During 2014–2015, the Department implemented the Customer Service Charter and improved the mechanisms for capturing and monitoring complaints through the introduction of an online feedback form. The Department is also able to receive complaints from the public via telephone and written correspondence and in person. These options are offered at a reasonable standard of accessibility.



Outcome 6:

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

The Department carries out public consultation to gain the views of all stakeholders and interested parties to inform a transparent and accountable decision-making process. During the reporting period, considerable work was done to improve the Department's public consultation content on the website, which meets the 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.

Compliance statements

Compliance issue	Significant action taken to monitor and ensure compliance
Public sector standards	
No breach of standard claims were resolved in the reporting period.	During the reporting period, the Department's Human Resources page on the intranet was updated to provide policies and guidelines relevant to the standards and awareness raising sessions were conducted.
Western Australian Public Sector Code of Ethics/Department's Code of conduct	
Two alleged breaches raised in 2013–2014 were finalised during the reporting period.	The Department's online refresher Accountable and Ethical Decision Making (AEDM) training was updated to focus on identified issues e.g. home garaging, public comment etc.
Three new allegations were investigated and finalised during the reporting period.	The Department updated and released its own <i>Code of conduct</i> and coupled mandatory AEDM refresher training with the <i>Code of conduct</i> training during 2014–2015. A completion rate of 94 per cent was achieved in the reporting period. The six per cent who did not complete the training were on leave.
Three alleged breaches have been carried over to 2015–2016.	A new <i>Customer Service Charter</i> and feedback form was published on the internet during the reporting period.

Recordkeeping plans *State Records Act 2000*, s 61 State Records Commission Standards

At its meeting on 20 March 2015, the State Records Commission approved the Recordkeeping Plan for the Department of Environment Regulation.

The Plan demonstrates progress towards better practice recordkeeping and compliance with the minimum requirements of SRC Standard 2: Recordkeeping Plans and SRC Standard 6: Outsourcing.

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 AEDM training.





GOVERNMENT POLICY REQUIREMENTS



OVERVIEW



PERFORMANCE



SIGNIFICANT
ISSUES



DISCLOSURES
& COMPLIANCE



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.

The Department has continued to receive bureau services from the Department of Parks and Wildlife during 2014–2015 for corporate services and the 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 and 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.

All employees of the Department have an obligation to take their responsibilities for occupational safety and health and injury management seriously in order to establish and maintain a safe and healthy workplace. Senior management aims to deliver leadership and commitment to applicable standards of occupational safety and health for all employees.

During the reporting year, the Department:

- established its own Occupational Safety and Health Committee to enable and assist consultation and cooperation between management and employees in relation to safety and health issues. The role of the Committee is to provide an opportunity for management and representatives of employees to regularly discuss and make decisions about OSH issues. The Committee will also support and advise Corporate Executive in the development, maintenance and continuous improvement of the Department's safety systems and performance;
- maintained the Hazardous Materials Safety Training course on the Department's scope of registration as a registered training organisation to enable staff to access accredited training;
- continued to operate a strict system of job safety analysis to all field officers; and
- continued to maintain the safety of field officers via the provision of duty specific training, such as emergency driving, confined spaces and self-contained breathing apparatus.

Occupational safety and health performance indicators

Measure	Actual Results		Results against target	
	2013–14	2014–15	2013–14	2014–15
Number of fatalities	0	0	Target (0) achieved	Target (0) achieved
Lost-time injury and/or disease incident rate*	0.31	0	Target (0 or 10% reduction) not achieved	Target (0) achieved
Lost-time injury and/or disease severity rate**	0	0	Target (0) achieved	Target (0) achieved
Percentage of injured workers returned to work:				
(i) within 13 weeks	100%	100%	Target (≥ 80%) achieved	Target (100%) achieved
(ii) within 26 weeks	100%	100%	Target (≥ 80%) achieved	Target (100%) achieved
Percentage of managers trained in occupational safety, health and injury management responsibilities			n/a***	

*LT Incident rate

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

**LTI Severity Rate

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

***Development of Department's OSH training program commenced in 2014–15 and will be implemented in 2015–16.



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