



GOVERNMENT OF
WESTERN AUSTRALIA

Department of Water Annual Report 2012–2013



looking after all our water needs

Department of Water

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Government of Western Australia
Department of Water



Looking after all our water needs

Statement of compliance

For the year ended 30 June 2013

Hon. Terry Redman, MLA
Minister for Water

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 Water for the financial year ended 30 June 2013.

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

Maree De Lacey
Director General

26 September 2013

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From the Director General

Department of Water
Annual Report 2012–2013



From the Director General *the year at a glance*

Water is vital to life and our enviable lifestyle, and is a critical enabler for economic activity. Consequently the work undertaken by the Department of Water touches everyone across the state.

We recognise this through our commitment to working with stakeholders and partners from government, industry and the community to ensure our decisions and directions are well-informed by excellent science and the experiences and needs of current and potential water users; that we demonstrate and encourage efficiency; and that we deliver effectively on the priorities of government.

Our role is to manage water as a resource for sustainable, productive use. In 2012–2013 we managed and licensed over three thousand billion litres of water. Around 80 per cent of this supported the operations of the state's mining industry, agriculture and horticulture sectors, businesses, urban developers, local governments and our parks, gardens and sporting fields. The remainder was delivered by water service providers to households, businesses and others as part of scheme supplies.

All of this relies on water of the right amount and quality, at the right place and time. This is a challenge in a large state like Western Australia, with widespread and often complex groundwater and surface water resources.

Water is vital to life and our enviable lifestyle, and is a critical enabler for economic activity.

Our water planning and management has to be based on the best-available science, able to adapt over time to continue to sustainably meet demands in the context of the changing climate.

The Department of Water's people are meeting this challenge on a number of fronts.

In 2012–2013, new legislation to modernise the water services sector was passed in Parliament. Western Australia's water service providers include the Water Corporation, Aqwest (Bunbury Water Board) and Busselton Water Board, with a number of local governments and private providers also operating services. The new legislation reflects the modern requirements of water service provision, including customer protection provisions and removing outdated obstacles to new providers entering the market. Subsidiary legislation will be finalised for the Act to commence in 2013.



The department has also been working on improving policy positions for 21st century water resource management. In 2012–2013 we worked closely with partners and stakeholders to refine and improve policy options for water planning, allocation and licensing. This work was based on a solid foundation of previous consultation and policy consideration in Western Australia, strengthened by increased knowledge of water management – particularly in response to recent dry years.

We have had exceptional assistance from our partners and stakeholders in developing these policy positions. There have been many robust debates but always with the focus on the best interests of all Western Australians. We appreciate the engagement of representatives from industry and business, local government, urban development, and conservation sectors. The Water Policy Horticulture/Agriculture Industry Reference Group provided valuable advice. The positions will be considered by the Minister for Water in 2013–2014.

This year we implemented the first full year of projects funded from the state's increase in investment in groundwater investigation and assessment, an investment in the state's future water security. This program is the foundation for all of our allocation planning, licensing, water supply planning, water management and policy.

Nearly \$7 million has delivered the first year of a four-year program of investigations into the deeper confined aquifers of the Gnamptara system. This scientific work is enabling more precise decisions about the amount of water that can be drawn sustainably from this large and important resource into the future, even with our drying climate.

In addition, more than \$21 million from Royalties for Regions funding is supporting investigations in the Kimberley, Pilbara, South Coast, South West, Murchison and West Midland. These projects will identify and assess potable and fit-for-purpose groundwater sources to enable the expansion of industry, agriculture and town water supplies across regional Western Australia.

The information we gain from water investigations is valuable not just for government, but also for industry and the community. We are committed to making it more accessible, and our information systems more user-friendly, efficient and contemporary. The Platform for Contemporary Water Management started in 2012–2013 – a project that will upgrade our out-dated and un-integrated information systems. The project's first year established the planning and architecture framework. In early 2013–2014 we will deliver the roll-out of online self-service access to water information for all stakeholders and a new statewide water demand and supply model to better forecast future water needs and develop plans to meet them.

We have also continued our reform of regulation processes, focusing on ensuring our assessment processes are proportional. This includes fast-tracking low-risk licence applications. Training has been delivered to licensing officers across the state to ensure consistency of standards and removal of unnecessary licence conditions. We have also delivered below-target time-frames in a large part of our statutory referrals – our advice to other agencies to inform their statutory approvals including approvals for urban development, mining and other industry projects.

Our role is to manage water as a resource for sustainable, productive use. In 2012–2013 we managed and licensed over three thousand billion litres of water.

We appreciate the assistance we have had through the year from our local water advisory groups across the state. Excellent and innovative management approaches have been delivered by combining the expertise of our people with the local knowledge and experience of our water users.

These areas of focus are important, but behind them are the many achievements of our staff in all areas of our work. Our team is resilient, dedicated and committed to delivering the best in water policy, management and regulation for Western Australia. They can be proud of the many achievements that are reflected in this report.

Maree De Lacey

Director General
Department of Water



Executive summary

New legislation to modernise the water services sector was passed by Parliament in August 2012. The *Water Services Act 2012* will facilitate the easier entry of new water service providers in to the market, bring the existing water boards under the same legislative governance as the Water Corporation and enable the development of the state's first customer code of conduct to establish the rights of customers when dealing with water service providers.

The department worked with its partners and key stakeholders to review and improve a range of water resource management policies to provide greater certainty for all water users including key industry sectors and local government. This resulted in defining ways of managing the state's 3129 gigalitre (GL) water resource more effectively and efficiently and set a framework for potential legislation and policy reform for water resource management in Western Australia.

The department completed the operational policy for recreation within public drinking water source areas on Crown lands to ensure public drinking water sources are protected while enabling recreational activities in defined areas. Eight drinking water source protection plans were completed.

New guidelines for urban water management were produced to assist planners and developers, and training on water sensitive urban design and better urban water management was provided to more than 350 development industry and local government representatives.

The department dramatically reduced average processing times to 15.8 days – well under the target of 45 days – in processing more than 2150 statutory land use planning referrals from local government and the Western Australian Planning Commission.

The establishment of the Western Australian hub of the Cooperative Research Centre for Water Sensitive Cities, a nine-year \$120 million research program, brought together the Department of Water and partners in industry, government and The University of Western Australia to inform the growth and development of liveable cities and towns in our challenging climate.

The department continued to improve its management of the Gngangara groundwater system and approved a five-year 120 GL/year licence to the Water Corporation for abstraction from the Gngangara groundwater system and the Jandakot system for the Integrated Water Supply Scheme. At the same time, work continued with local governments, businesses, and the horticulture and development industries, to improve water efficiency and improve the sustainable use of available groundwater.

The development of the guideline for the approval of non-drinking water systems in Western Australia for urban development gives proponents step-by-step guidance through approval processes for non-drinking water systems. The department also worked with Irrigation Australia, The University of WA, local governments, the International Council for Local Environmental Initiatives, and the Golf Course Superintendents Association of Western Australia to develop and implement water efficiency programs and support the professional development of workers in the water sector.

New statewide mining guidelines were released in May 2013 to assist the mining sector better understand and navigate the regulatory processes around water management. A new policy on third-party access to surplus mine dewatering, with benefits for increased agricultural production and other uses in the state's north, was released by the Minister for Water.

Changes under the *Rights in Water and Irrigation Act 1914* have enabled the department to streamline processes and minimise red tape to save time and money for business and the community. Water licence applications and approvals are being processed faster, while the number of licence conditions has been reduced without compromising effective water management.

Eight major groundwater investigation projects were underway this year in the Kimberley, Pilbara, South Coast, South West, Gingin, Murray–Peel and Perth. Groundwater modelling and licence assessments supported the addition of 10 GL/year to the West Pilbara Water Supply Scheme and an addition of 5 GL/year for Port Hedland.

The department's water supply planning work enables it to provide technical and policy advice to government on resource and supply options to meet demand. Areas of focus for this work were Perth, Pilbara, Mid West and South Coast.

Two allocation plans were released this year, and public consultation was also focused on the preparation of the Gingin and South West Coastal groundwater plans for release for public comment next year.



Five dryland agricultural areas received funds to develop off-farm, fit-for-purpose community water supplies through the Community Water Supply Program, and 86 dryland farmers in the Wheatbelt were provided with rebates to assist with farm supply water audits and on-farm water supply infrastructure.

This year the department trialled new seasonal response indicators with industry partners to track the status of winter inflows into dams, predict how much rain is needed for the start of inflow, and estimate the likely dam storage at the start of summer for dams throughout the south-west. This information will assist industry with water planning and management of water supplies.

The department provided scientific expertise to the Swan River Trust under a \$3.8 million memorandum of understanding. Projects included operation of oxygenation plants, catchment and estuary monitoring and guidance on water quality improvement actions.

Action continued on water quality projects with local governments, community-based groups, industry and government partners in Perth, Geographe Bay and other rivers and estuaries in the south-west.

Fast facts and major achievements

In 2012–2013, the department:

- started implementing the State Government's investment of \$13.6 million in upgrading information technology to deliver more streamlined processes, improve customer service and provide better access to information
- managed and licensed more than 3000 billion litres (3000 gigalitres/GL) of water a year, across 900 different groundwater and surface water resources
- administered more than 12 400 licences and permits to take and use water
- met more than 39 000 requests for water resources data and information to support industry and urban development proposals
- removed nearly 300 licence conditions without compromising effective water management by streamlining processes and minimising red tape for water licence applications and approvals
- assessed 2153 statutory planning referrals from local government, Western Australian Planning Commission and Department of Planning, with an average processing time of just 15.8 days, well under the target of 45 days
- led the development and implementation of the regulatory framework for the Water Corporation's groundwater replenishment trial with the other regulators (Department of Health and Department of Environment and Conservation)
- completed the design of levees for the \$60 million Carnarvon flood mitigation project to protect the irrigation properties and the North West Highway from major flood damage
- released the Ord surface water allocation plan and Pilbara groundwater allocation plan for public comment
- worked with industry, government and the community to protect the state's 136 public drinking water source areas and find cost-effective solutions for better water use and improved water quality
- trained 350 representatives from the development industry and local government on principles of water sensitive urban design and better urban water management to enable more liveable and water-efficient cities and towns
- released stage one of the Hardy River Inlet water quality improvement plan after extensive consultation to improve and protect the estuaries of the Scott and Blackwood rivers
- identified water supply options for coastal towns in the Pilbara for the next 30 years
- developed water licensing guidelines for the mining industry to advise on the regulatory approval requirements and how to develop operational strategies for ongoing water use
- assessed 261 statutory mining referrals and 38 mining-related referrals, most of which were from the Pilbara, Kimberley and Mid West regions.



Operational structure

The role of the department

Our purpose is to support Western Australia's growth and development by managing the availability and quality of water sustainability – now and for the future.

What we deliver

The Department of Water:

- manages Western Australia's water demand/ supply balance to meet state priorities
- protects water quality now and for the future
- uses transparent decision making that recognises the environmental, economic, cultural and community value of water
- enables water security and water rights through planned and sustainable allocation
- supports urban and regional development by identifying and using alternative water management solutions
- provides policy for and advice on water resource options, water services delivery, recycling and innovation.





What we do:

Policy advice – as the state’s water resource manager, we work with stakeholders to provide clear, coherent and credible strategic advice and develop enabling regulatory frameworks, by:

- continuing to modernise the state’s water legislation and management approach
- leading policy development for, and advice on, best use of water resources, water source development and efficient and effective water services
- communicating clear policy advice that is actively aligned and responsive to state government priorities and directions
- transforming the way water is valued by considering its economic, environmental, cultural and social benefits.

Assess and allocate – determine what water is available and how it is shared, by:

- measuring and assessing groundwater and surface water in priority areas, including consideration of environmental values
- calculating how much water is available for consumptive use for public water supply, irrigation, industry and other users
- using water information to set benchmarks and respond to water quality and availability
- using water science to support state development and innovative water management
- identifying flood risk and contributing to its management
- enabling sustainable consumptive while meeting environmental and social water needs
- supporting current and future state development.

Plan – ensure effective and coordinated planning to meet current and future water needs, by:

- enabling current and future economic development and population growth
- identifying future water supply options to meet demand across the state
- finding and implementing water recycling and efficiency opportunities.

Protect – protect and recover water resources now and for the future, by:

- protecting drinking water sources
- enabling urban development by integrating land and water planning for flooding and drainage
- measuring, evaluating and managing the impacts of water use or land uses on rivers, streams, wetlands and aquifers
- collaborating with government agencies and other stakeholders to improve water quality management.

Regulation – establish and ensure compliance with licences to take and use water and provide expert advice on water management in accordance with other agencies’ legislation or delegated responsibilities, by:

- implementing legislation, policy and process changes that will reduce regulatory burden
- informing, educating and working with licensees and industry to ensure awareness of compliance and with the regulatory requirements
- regulating water use through licensing, trading and water efficiency measures
- developing standards and improved capacity to ensure consistent, timely and risk based delivery of regulatory functions, including compliance and enforcement
- providing expert advice to integrate water and land use planning, and mining and environmental impact assessment processes.



Our goals

The department's goals and values, as detailed in the *Strategic plan 2010–2015*, are:

Goal 1

Water needs for population and economic growth are met now and for the future

To achieve this we:

- analyse immediate and long-term demand for water to meet economic, community and environmental needs
- work out how much water is available, using the latest science
- recommend options to meet shortfalls in water, including demand management
- work with industry and other government agencies to effectively integrate water planning with land use planning.

Goal 2

Western Australia has contemporary and adaptive water management

To achieve this we:

- have a transparent approach to the environmental, economic, community and cultural value of water in policy development, planning and allocation
- support private sector competition and innovation
- improve regulation and risk management
- protect water in identified areas for long-term environmental and community benefits
- introduce and support effective water markets.

Goal 3

Western Australia meets national standards in water efficiency and demand management

To achieve this, we:

- use science, innovation and policy leadership to find new sources of water
- promote recycled water
- encourage the smart use of water
- partner with industry, government and the community to create vibrant, water-efficient communities.

Our values

Lead

We raise the bar for excellence in water resource management.

Respond

We work together in a proactive, adaptable and responsible manner to deliver timely water solutions.

Innovate

We make smart use of water by thinking differently.

Commit

We are dedicated to achieving the best results for our stakeholders and water resources.



Organisational structure

Department staff work across four directorates:

Policy and Innovation

Policy and Innovation leads the development of policy options and advice to government, other government agencies, industry and community agencies.

Through engagement with stakeholders and partners in government, industry and community sectors, it leads and shapes water policy to ensure Western Australia is best positioned for the sustainable productive use of water today and for the future. It leads and contributes to strategic analysis of state, national and international trends and their application to water policy and agency practice. The directorate is responsible for policy frameworks and supporting the administration of legislation relating to the state's water service providers, to ensure effective and efficient delivery of water services.

Science and Planning

Science and Planning is responsible for the agency's water science and planning activities, leading water allocation and supply planning for industry and the community through decisions based on the latest science and water information. It integrates water planning into land use planning and manages water source catchment protection, rivers and estuaries and water recovery programs throughout the state. This work includes extensive stakeholder consultation and ensures that Western Australia has sufficient water of the right quality, now and for the future to enable population growth, economic development and sustainable productive use of available water resources.

Regional Delivery and Regulation

Regional Delivery and Regulation ensures on-ground delivery of water licensing, regulation; integration of land use and water planning at the regional level; and water measurement across the state. The Regulation division ensures that water licensing, compliance and enforcement practices are transparent, effective, logical, time-effective and consistent. The directorate provides support for stakeholders delivering projects; is responsive to stakeholders; works with government agencies at regional and state level particularly with a focus on delivery; and works collaboratively with industry and the community to deliver local water solutions.

The Strategic Projects branch provides a lead agency (water) role with significant projects and providing guidance to proponents through the water regulation processes relating to water and streamlining government processes where possible.

Corporate Strategy and Reform

Corporate Strategy and Reform ensures confidence that the department has clear, transparent and effective business planning, risk management and corporate governance processes, and is responsible for managing the department's people, assets, finances, information and communications. It ensures stakeholders and staff are well-informed of the department's activities and that stakeholders and the community recognise the department as a responsible government agency that adds high value to the state.



Senior officers

Maree De Lacey Director General

Maree De Lacey has been Director General of the Department of Water since 2010. She has more than 30 years' experience at practitioner and senior executive level in regional, community, and economic development. A defining feature of her work throughout her career has been the development of policy and delivery of infrastructure and services through partnerships with government, industry and the community. Maree has a degree in social work from the University of Queensland.

Tad Bagdon Executive Director Policy and Innovation

Before joining the department in November 2012, Tad held a senior water planning and policy role in Queensland's Department of Energy and Water. His experience includes periods as Acting General Manager Regional Planning and Policy and Acting Director Water Strategy with the Queensland Water Commission, and Director Water Planning with the Department of Natural Resources and Water in Queensland. Tad holds degrees in electrical engineering and economics.

Greg Claydon Executive Director Science and Planning

Greg has more than 30 years' experience in the water sector and is passionate about leading positive change in water policy, planning, regulation and management. He joined the department in January 2013 from Queensland's Department of Natural Resources and Mines where he was Executive Director, Water Resources Strategy. He was awarded a Public Service Medal in the 2009 Australia Day Honours for outstanding public service in the areas of natural resources management and water reform and holds a Bachelor of Engineering (Agricultural).

Paul Brown Executive Director Regional Delivery and Regulation

Paul has been an Executive Director with the Department of Water for more than two years. Paul has extensive experience in regulation management in water, environment, planning referrals and industry regulation in the public sector. He has held a number of key leadership roles in regional Western Australia from Denham in Shark Bay, Merredin to Busselton as well as in metropolitan Perth with the Department of Environment and Conservation and the Department of Conservation and Land Management. Paul has a Master of Business Administration and a Bachelor of Science (Forestry).

Barry Cram Executive Director Corporate Strategy and Reform

A former clinical psychologist, Barry has extensive private and public sector experience leading business development and change management. He has held senior positions at the Office of the Inspector of Custodial Services and the Department of Corrective Services. Barry's qualifications include a Diploma in Clinical Psychology, Master of Arts (Psychology) and a Bachelor of Education.



Responsible Minister

The Department of Water's responsibility from 1 July 2012 to 21 March 2013 was to the Minister for Environment; Water, the Hon. Bill Marmion MLA, and from 21 March 2013 to 30 June 2013 to the Minister for Training and Workforce Development; Water; Forestry, the Hon. Terry Redman MLA.

Administered legislation

The following Acts are administered by the Department of Water as at 30 June 2013:

- *Busselton Water Board (Supply of Water to Dunsborough) Act 2009*
- *Country Areas Water Supply Act 1947*
- *Country Towns Sewerage Act 1948*
- *Land Drainage Act 1925*
- *Land Drainage (Validation) Act 1996*
- *Metropolitan Water Authority Act 1982*
- *Metropolitan Water Supply, Sewerage and Drainage Act 1909*
- *Rights in Water and Irrigation Act 1914*
- *Water Boards Act 1904*
- *Waterways Conservation Act 1976*
- *Water Agencies (Powers) Act 1984*
- *Water Services Act 2012*
- *Water Services Legislation Amendment and Repeal Act 2012*
- *Water Services Licensing Act 1995*
- *Water Efficiency Labelling and Standards Act 2006*
- *Water Resources Legislation Amendment Act 2007*
- *Water Services Licensing Act 1995* (except part 5A which is administered by Department of Commerce)
- *Waterways Conservation Act 1976*

The following regulations and by-laws were administered by the Department of Water as at 30 June 2013:

- Busselton Water Area By-laws 1994
- Carnarvon Irrigation District By-laws 1962
- Country Towns Sewerage By-laws 1952
- Country Areas Water Supply By-laws 1957
- Country Areas Water Supply (Clearing Licence) Regulations 1981
- Harvey, Waroona and Collie River Irrigation Districts By-laws 1975
- Land Drainage Regulations 1978
- Land Drainage By-laws 1986
- Metropolitan Water Authority (Miscellaneous) By-laws 1982
- Metropolitan Water Supply Sewerage and Drainage By-laws 1981
- Ord Irrigation District By-laws 1963
- Rights in Water and Irrigation Regulations 2000
- Water Agencies (Charges) By-laws 1987
- Water Agencies (Entry Warrant) Regulations 1985
- Water Agencies (Infringement) Regulations 1994
- Water Agencies (Preston Valley Irrigation Services) By-laws 1969
- Water Agencies (Water Use) By-laws 2010
- Water Boards (Bunbury) Regulations 1997
- Water Boards (Busselton) Regulations 2002
- Water Services Licensing (Extension of Enactments) Regulations 1997
- Waterways Conservation Regulations 1981



Changes made in 2012–2013 to legislation administered

Two water Acts were passed by Parliament in 2012, the *Water Services Act 2012* and the *Water Services Legislation Amendment and Repeal Act 2012*. These Acts reform the legislative framework regulating the provision of water services. The Acts are expected to be proclaimed and come into effect in late 2013.

During the year amendments were made to the Carnarvon Irrigation District By-laws 1962, the Country Areas Water Supply By-laws 1957, the Country Towns Sewerage By-laws 1952, the Metropolitan Water Authority (Miscellaneous) By-laws 1982, the Metropolitan Water Supply Sewerage and Drainage By-laws 1981 and the Water Agencies (Charges) By-laws 1987 to implement changes to the Water Corporation's charges and billing practices.

Other key legislation affecting the department's activities

In the performance of its functions, the department complies with the following written laws:

- *Aboriginal Heritage Act 1972*
- *Auditor General Act 2006*
- *Contaminated Sites Act 2003*
- *Disability Services Act 1993*
- *Equal Opportunities 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*



Performance management framework

The Department of Water supports government goals across three service areas (urban water management and industry services, water use allocation and optimisation, and catchments and waterways health). Figure 1 illustrates the relationship between our agency-level desired outcome and the most appropriate government goal.

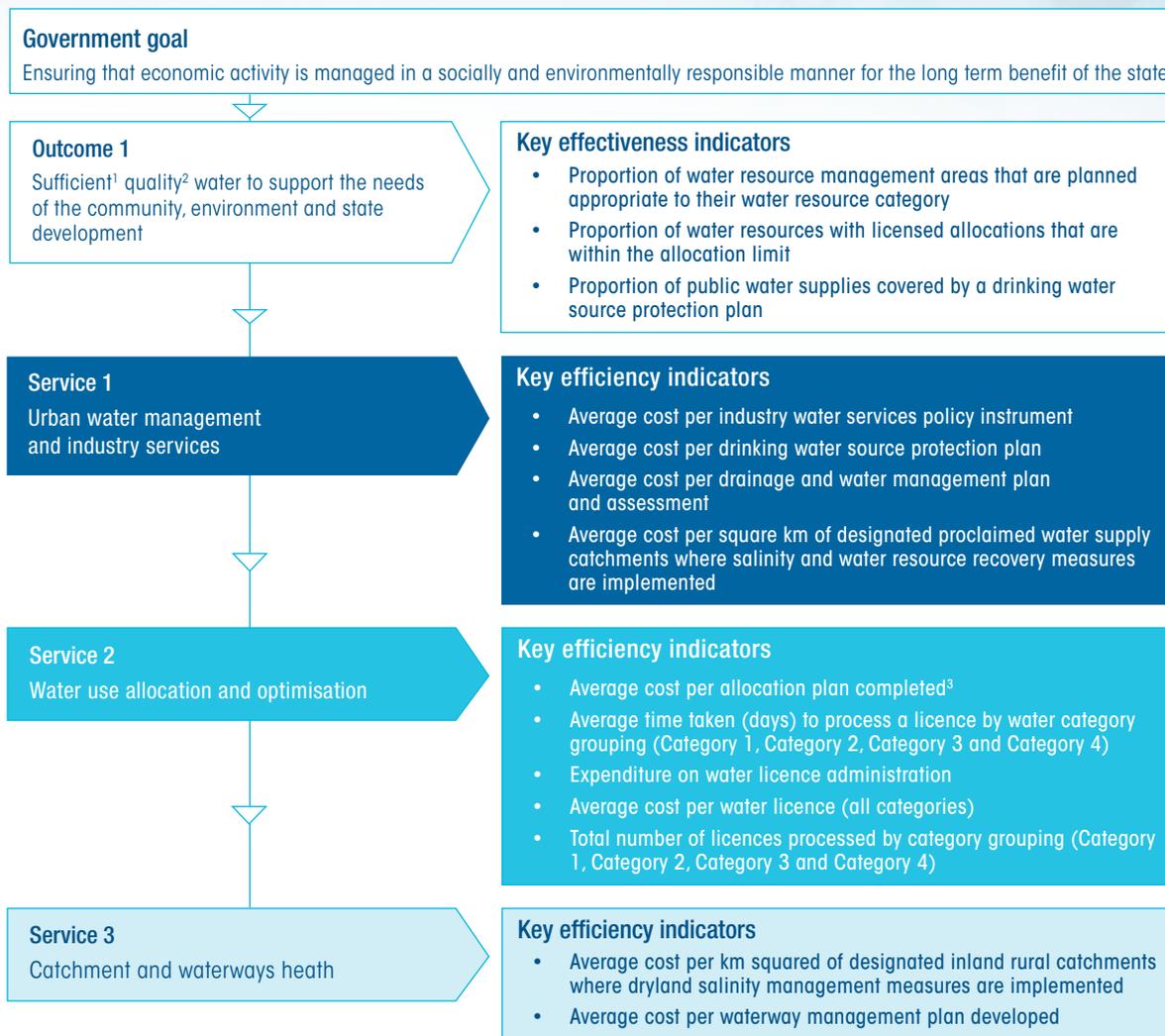
Changes from the 2011–2012 reporting year

The Department of Water's Outcome Based Management Framework did not change during 2012–2013.

Shared responsibility with other agencies

The Department of Water did not share any responsibilities with other agencies in 2012–2013.

Figure 1 Outcome based management framework



¹ Sufficient – refers to the quantity of water, and relates to the department's role in ensuring that there is enough water to support social, environmental and economic needs.

² Quality – refers to the varying standards of water quality the department is responsible for managing and allocating for industry use, agricultural use or fit for human consumption.

³ This indicator is calculated using a three-year rolling average.



Agency performance

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Enabling Western Australia's growth and development

Service 1: Urban water management and industry services

This service ensures adequate urban water supplies and water services through water drainage planning, optimising available resources for urban use, drinking water source protection and policy for regulation of water services.

Modernised water services

New legislation to modernise the water services sector was passed by Parliament in August 2012. The new legislation replaced a complex and outdated framework that had been operating for more than a century, consolidating all water services provisions under one statute. Five Acts were repealed and seven other Acts amended.

The new, streamlined, legislation facilitates the easier entry of new water service providers in to the market for water supply, sewerage and drainage services and means all providers are operating under the same obligations and rules in a contemporary environment.

New service providers are now able to provide services such as bulk water supplies, drainage, recycled water and sewerage services.

The legislation also enables the appointment of a supplier of last resort to keep water services operating where an existing water service licensee is in danger of failing.

An independent water ombudsman will be appointed to review and resolve customer complaints, commencing in 2014.

The *Water Services Legislation Amendment and Repeal Act 2012* also brought the Bunbury (Aqwest) and Busselton water boards under the same legislative governance as the Water Corporation. This Act, due to commence in late 2013, gives both boards the capacity to provide a wider range of services and operate in a more independent and commercial fashion.

The new *Water Services Act 2012* has enabled the development of the state's first customer code of conduct to establish the rights of customers when dealing with water service providers. The Water Services Code of Conduct (Customer Service Standards) 2013 will determine minimum standards and conditions of service and supply, and service providers will have to comply with the code as part of their licence conditions.

Average cost per industry water services policy instrument





Improved water management

During 2012–2013, the department reviewed water resource management policy positions to modernise the way water is managed for sustainable productive use. Working closely with stakeholders, the department developed options for improved policies to provide certainty to water users, including key industry sectors such as mining, horticulture, agriculture and local government. This helped define new ways of effectively and efficiently managing our water resources. It set a framework for potential legislation and policy reform for water resource management in Western Australia.

Drinking water source protection

The Department of Water protects public drinking water source areas in Western Australia to ensure that the public has access to safe, good quality drinking water now and in the future.

During the year the department completed eight drinking water source protection reports. A total of 127 drinking water source areas, out of 136 across the state, are now covered by drinking water source protection plans. The reports provide detailed information on public drinking water source areas and provide guidance to government agencies and industry on approaches to protect our valuable drinking water sources.

Average cost per drinking water source protection plan



Balancing water source protection and recreation

During the year, the department completed the operational policy *Recreation within public drinking water source areas on Crown lands 2012–2013*, which established the framework for recreational activities in drinking water source areas. This ensures public drinking water sources are protected from contamination while enabling recreational activities in defined areas.

The commitment to enable increased recreational activities and tourism at Wellington Dam is well progressed and will be finalised in 2013–2014. Another eight catchments, currently protected as drinking water source areas, are being assessed for deproclamation which will allow increased recreation and tourism. Of these catchments, six (Gooralong Brook, Dirk Brook, Boddington Dam, Murray River, Bancell Brook and Brunswick) are expected to be deproclaimed as drinking water source protection areas in 2013–2014.

The remaining two catchments (Padbury and Mullyalup) are currently being used as emergency drinking water sources but are expected to be abolished as drinking water sources post 2015–2016.

Better urban water management

The Department of Water provides technical guidance and information about water resources, drainage and flood management to assist the sustainable development of priority urban growth areas. This advice is sought by other agencies as a requirement of their own legislation and by urban developers and other industry as part of their approvals processes.

The department produced new and updated urban water management guidelines for planners and developers, and trained 350 development industry and local government representatives on water sensitive urban design and better urban water management.

In 2012–2013 the department assessed:

- 2153 statutory planning referrals from local government, Western Australian Planning Commission and the Department of Planning, with an average processing time of just 15.8 days (well under the target of 45 days)
- 166 water management plans and strategies from developers to enable water sensitive urban design.

The department partnered with industry, other agencies, local government and The University of Western Australia to establish the Western Region hub of the national Cooperative Research Centre for Water Sensitive Cities to inform growth and development of resilient, production, sustainable, liveable and affordable cities and towns.



The cooperative Research Centre for Water Sensitive Cities is a nine-year, \$120 million research program. Its goal is to deliver urban water management solutions, education and training programs, industry engagement, enhance and protect the health of urban waterways and wetlands, and mitigate against flood risk and damage.

Managing the Gngangara Mound as an important water resource

The Department of Water is responsible for water source protection and licensing the use of water by the Water Corporation to ensure the continuing supply of safe, quality drinking water to the communities of Perth, Peel and other areas connected to the Integrated Water Supply Scheme.

To ensure that the beneficial uses of Gngangara groundwater can be maintained into the future, in line with the *Gngangara groundwater areas allocation plan*, the department has been steadily bringing the total volume of groundwater abstracted into a more effective balance with the lower volume of groundwater recharge from rainfall.

This management approach provides for the equitable sharing of available groundwater while mitigating risks of seawater intrusion or adverse impacts on groundwater-dependent ecosystems.

During the year the department approved a five-year 120 GL licence for extraction from the Gngangara groundwater system and Jandakot for the Water Corporation's Integrated Water Supply Scheme. This is consistent with the Gngangara groundwater areas

allocation plan's recommended sustainable limit for extraction and includes consideration of the completion of stage one of the Southern Seawater Desalination Plant at Binningup.

The approval was granted on the basis that the extraction is targeted at the deeper confined aquifers, and that take is reduced from the most sensitive areas of the superficial aquifers, which are more directly connected to lakes and wetlands. This results in a more sustainable draw of groundwater from Gngangara and improves the capacity of the groundwater-dependent environment to adapt to the drying climate.

During the year the department worked with the City of Wanneroo to develop and model a new approach to ensure limited groundwater supplies, within its boundaries, were distributed equitably and applied efficiently for use on public parks. This approach will be considered for adaptation to other urban areas.

The department has also worked closely with the horticulture industry to focus on water use efficiency and compliance with licences.

These strategies contribute to a more sustainable draw of groundwater from the Gngangara groundwater system and will improve the capacity of the region's groundwater-dependent environment to adjust to the drying climate.

Protecting the community from flood

In 2012–2013 the department completed the design of levees for the \$60 million Carnarvon flood mitigation project to protect the irrigation properties and North West Highway from major flood damage.

Construction of the four levees started in November 2012 and is due for completion in mid-2014.

Following damaging flooding in 2011 a flood study for the Warmun Aboriginal community in the Kimberley was completed to assist the management of future flood risks in the rebuilding of the community.

The Swan floodplain mapping was updated to incorporate the latest scientific modelling of changing climate conditions to help re-assess potential impacts from tidal surges and major flooding on infrastructure in the areas adjacent to the Swan Canning Estuary.

The department completed flood studies for the Winter Brook and Buchanan's Drain catchments near Ravenswood, so that urban development can be optimised and flood risks and costs mitigated.

Water efficiency, recycling and innovation

The department encourages the development of water reuse schemes that can provide additional fit-for-purpose water and promotes the more efficient use of existing water. To support this, in consultation with local government, the urban development industry and water service providers and regulators the department developed a guideline for the approval of non-drinking water systems in Western Australia for urban development. This guides proponents step-by-step through the general considerations and specific approval requirements for establishing a non-drinking water system, including concept planning and design, approval steps and project implementation.



An important foundation for efficient water use is competent and trained operators of irrigation systems. The department provided \$45 000 in 2012–2013 to support Irrigation Australia Limited in its role of developing and running courses that build capacity and support the professional development for all sectors of the irrigation industry, targeted at irrigation operators, designers and managers.

The department brings together the best-available science to develop sound management practices that can be applied to improve water use efficiency and water productivity. A focus for 2012–2013 was the turf industry in regard to the irrigation of public open spaces. The department is contributing to The University of Western Australia turf research program to identify opportunities to improve water use efficiency. A three-year trial to determine the real water irrigation needs of the various turf grasses grown in Perth is currently being undertaken.

The department manages the Water Efficiency Labelling and Standards scheme in Western Australia. The scheme requires products to be registered and labelled with their water efficiency in accordance with the standard set under the national *Water Efficiency Labelling and Standards Act 2005*.

Waterwise councils

The department manages the Waterwise Council program in partnership with the Water Corporation and the International Council for Local Environmental Initiatives (ICLEI) to assist councils improve their water management. The process has been successful in enabling the adoption of best practice irrigation techniques.

In 2012–2013 three local government authorities – Claremont, Peppermint Grove and Cockburn – were endorsed as Waterwise Councils because they met standards in water conservation and efficiency, demonstrating achievements in improving most forms of water use and demonstrating leadership and support for sustainable water use inside the local government area. The 21 endorsed Waterwise Councils have reported a saving of more than 4.7 GL of water since 2009.

ICLEI has reported that Waterwise Councils and councils involved in the ICLEI Water Campaign have cumulatively saved more than 9 GL of water since becoming involved with ICLEI initiatives.

Waterwise golf

During the year, the department developed and launched the Waterwise Golf Course program, in association with the Golf Course Superintendents Association of Western Australia and Irrigation Australia Limited.

The golf industry is a major consumer of water in Western Australia and the program aims to achieve long-term water use efficiency within the golf course irrigation sector by focusing on operator training, irrigation design, water budgeting, soil and turf management practices and the use of alternative water sources. In 2012–2013 the department allocated more than 27 GL of groundwater to more than 200 golf facilities across the state for golf course irrigation.

Service 2: Water use allocation and optimisation

This service seeks to ensure the state's water resources are managed to meet social, economic and environmental needs through the development of water allocation plans, water supply planning, water licensing and, water accounting trading.

Managing water resources for sustainable productive use by the community, industry, agriculture and mining.

The department licenses water to private self-supply water users, including for use in mining, agriculture, horticulture, public parks and recreation spaces. In addition, the department licences water to public scheme water providers including the Water Corporation, Aqwest, Busselton Water and others.

In 2012–2013, the department administered 12 454 licences and permits covering 767 groundwater resources and 291 surface water resources.

At the close of 2012–2013 year these totalled 3129 GL of which 2179 GL came from groundwater resources and 950 GL from surface water.



Figure 2 Statewide licensed total water use (surface water and groundwater) by category

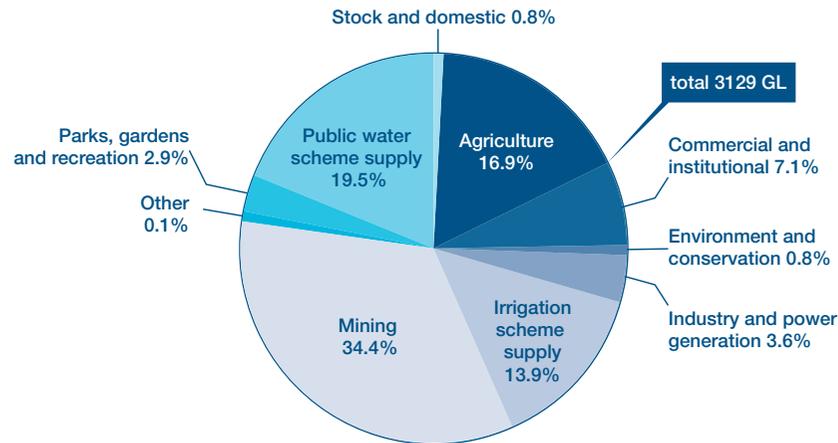


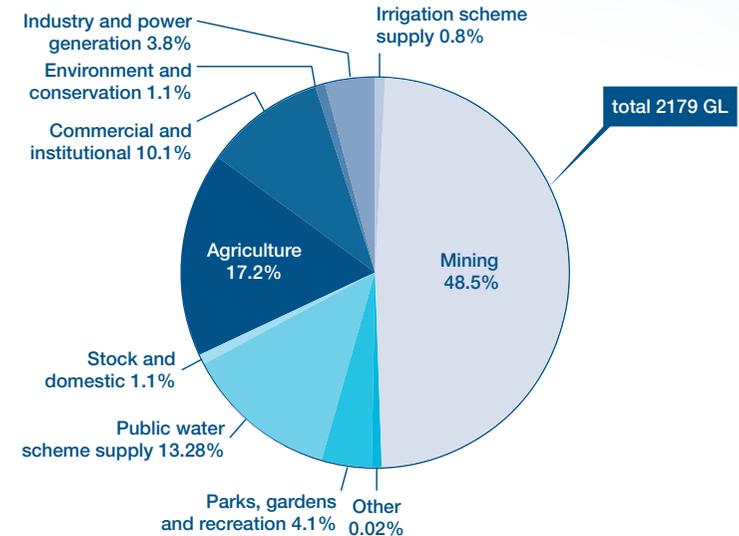
Figure 2 contains large amounts of water licensed for storage that is not always available due to climate and inflows

Of the total amount (3129 GL) of licensed water:

- more than 19 per cent was for water service providers, such as the Water Corporation, to provide public drinking water supply services
- more than 34 per cent was for mining
- nearly 17 per cent was for agriculture
- nearly 14 per cent was for irrigation scheme supply
- nearly 11 per cent was for industry and commerce
- nearly 3 per cent was for parks and recreation.

The department's regulatory framework facilitated good use of water across the state, including enabling trades and agreements between parties to use water, and managing complex licensing arrangements such as the Ord Irrigation Scheme in the Kimberley.

Figure 3 Statewide licensed groundwater use by category



In 2012–2013, 36 permanent trades and 64 temporary agreements were made between licence water users. This enabled water users to better match their water needs with their available entitlement.

Winter sprinkler bans

Banning the use of sprinklers in winter (when there is more rain) saved more than four billion litres (4 GL) of scheme water in 2012–2013. As well as homes and businesses connected to public water supply, the winter sprinkler ban also applies to more than 2500 groundwater and surface water licensees – including local governments, schools, institutions and recreational facilities. The winter ban applies to the Perth–Mandurah area and extends across the south-west, including Albany. At all other times of the year, daytime restrictions prohibit the use of sprinklers between 9am and 6pm across the state.



Figure 4 Statewide licensed surface water use by category

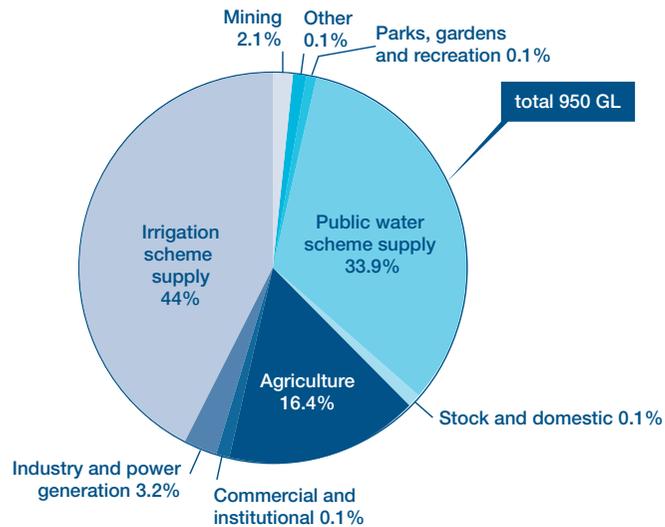


Figure 4 contains large amounts of water licensed for storage that is not always available due to climate and inflows

Mining and water management

Mining is a major productive user of groundwater and surface water resources, and water management can be complex especially where mining is below the water table. Mining requires water for activities such as extraction, processing, dust suppression, construction and camp consumption.

The Minister for Water, Hon. Terry Redman, MLA released a new statewide guideline for water in mining operations in May 2013. The *Western Australian water in mining guideline* is a 'one-stop shop' for navigating regulatory requirements for managing water over the life of a mining operation.

The guideline covers all areas of Western Australia and provides clear advice about the regulatory processes around water management. It includes information on what is needed for project scoping and approvals, the necessary information for licence assessment and developing an operating strategy for the life of the mine.

A policy on third-party access to surplus mine dewatering was also developed and released by the Minister for Water in May 2013.

This policy facilitates the optimal use of surplus mine dewater and encourages the appropriate use of dewatering surplus from mining operations for other purposes. This approach has already benefited regional town scheme supplies and irrigated pasture production. It will continue to foster opportunities to use water efficiently and effectively to maximise benefits to the community, industry and the state. Preliminary estimates, taking into account the highly variable nature of the source, suggest some 300 billion litres (300 GL) a year may become available for use.

The Environmental Protection Authority (EPA) and the Department of Mines and Petroleum are required to seek the expert advice from the department about water for environmental impact referrals and complex mine water matters. In addition the department provides hydrogeological expertise to the EPA and the Office of the EPA. In 2012–2013, the department assessed 261 statutory mining referrals and 38 mining-related referrals, the majority from the Pilbara, Kimberley and Mid West regions.



The *Western Australian water in mining guideline* released in May 2013 is a 'one-stop shop' for navigating regulatory requirements for managing water over the life of a mining operation.



Reducing the regulatory burden

The Department of Water is committed to streamlining processes and minimising red tape to save time and money for business and the community.

The department has listened to business and industry and this has resulted in the development of a strategy and the introduction of new processes that support:

- water licence applications and approvals being processed more quickly
- low-volume low-risk water use activities being subject to reduced regulation
- the number and type of water licence conditions being reduced or removed – to date nearly 300 licence conditions have been reviewed and made inactive without compromising effective water management.

Changes under the *Rights in Water and Irrigation Act 1914* have expanded the exemption from licensing domestic bores in non-artesian aquifers to include the areas of Exmouth and Albany, which has abolished the need for more than 600 low-volume low-risk licences; and exempted bores used for the sole purpose of monitoring water quality or water levels in non-artesian aquifers.

These exemptions have reduced regulation across a number of sectors including agriculture and mining without compromising effective water management.

The government is also investing \$13.6 million over four years in upgrading the department's information technology to deliver more streamlined processes, improve customer service and provide better access to information.

The first year of the upgrade project was delivered according to planned milestones and within its budget.

The new systems will enable water users to apply for licences and report water usage online, track their licences through the approvals process and access information to facilitate water trading. It will allow water users to obtain water information over the internet, with instant turn-around on water availability and quality – improving lead times for their project planning.



The department has increased its focus on compliance and enforcement

Compliance and enforcement

The department has increased its focus on compliance and enforcement as part of its management of water resources. The first priority is to work with licensees directly, and work closely with peak bodies to ensure licensees understand their obligations within the terms, conditions and restrictions of their licence/s to ensure water is used fairly and equitably. Most licensees operate within their licence conditions and recognised that over-use impacts on all users of a water resource. Where there is repeated or deliberate non-compliance with licence conditions, the department has taken enforcement action.

The actions taken by the department to respond to non-compliance identified in 2012–2013 are summarised below:

Table 1 The department's response to non-compliance in 2012–2013

Total incidents of suspected non-compliance identified	771
Total incidents of suspected non-compliance resolved	582
Total education letter	106
Total warning notice	140
Total infringement notice	25
Total direction notice	19
Total prosecution	3



Groundwater investigation and assessment

Groundwater investigations and assessments provide essential data and information for decisions about how much groundwater is available to support the state's economic growth and development. It provides information about the quantity and quality of groundwater resources to meet demand across the state.

The program is prioritised to areas of the state where water will be needed to enable economic and population growth. It enables government, industry and water service providers to make investment decisions about the prospective development of water resources.

Royalties for Regions funding of \$25.3 million was granted to the department for groundwater investigations in the West Canning Basin (for Pilbara Cities) and a four-year program for another six groundwater investigations projects statewide:

- Dampier Peninsula Hamersley Range valleys
- South Coast Albany
- South Coast Esperance
- South West Scott Coastal Plain
- South West Swan Coastal Plain
- Murchison catchment palaeochannels.

The State Groundwater Investigation Program (\$9.271 million over four years) is currently focusing on two major projects in the Murray–Peel and North Gingin areas.

At Gingin demand for water has increased over the last decade, with relocation of horticulture industry from the

metropolitan area. At the same time lower annual rainfall has resulted in water levels dropping by an average of one to two metres in the superficial aquifer across the area. The Murray–Peel area is one of the fastest urbanising areas in the state.

In both areas, current estimates of water availability in the deep aquifers are based only on sparse information from widely spread monitoring bores. Both of these projects involve drilling monitoring bores that provide new information on the geology and groundwater levels and will include water chemistry and water age dating. This will improve the understanding of each region's groundwater systems and how they are recharged and will form the basis of future groundwater management decision-making.

The department re-prioritised funding (\$6.965 million over four years from 2012–2013) directed to the Perth Region Confined Aquifer Capacity Project to focus on investigations on the Leederville and Yarragadee aquifers of the Gngangara groundwater system. These aquifers provide more than 100 GL of water a year for Perth, and are well understood for their current level of use. The project will assess the capacity of the confined aquifers as a continuing long-term water source for Perth's Integrated Water Supply Scheme. It will inform more precise management of both the sea water interface and the locations where the deeper aquifers are connected to the superficial aquifer and groundwater-dependent environments, enabling decisions to be made on the long-term productive and sustainable use of the resource based on world-class science.

Water supply planning to support future growth

The department undertakes demand forecasts and assessments of supply options to ensure water is available to support population growth and economic development across the state.

In 2012–2013 the department provided technical and policy advice to government on water supply planning and worked with water service providers, such as the Water Corporation, to improve the security of water supply across the state.

The department coordinated the regulatory framework for the Water Corporation's Groundwater Replenishment Trial with the Department of Health and the Department of Environment and Conservation.

Major growth areas around the state were also reviewed to determine future water supply needs and the department:

- identified options and the planning and investigations required to secure water supplies for coastal towns in the Pilbara for the next 30 years
- assessed options to support expansion of the Ord scheme and the Western Trade Coast (Kwinana) major industrial development
- continued negotiations and collaborative work with the Ord Irrigation Cooperative, Pacific Hydro, the Water Corporation and the Department of Regional Development and Lands regarding the development of Ord Stage 2 and the release of the *Ord River surface water allocation plan*



- identified long-term demand and supply options to support economic growth in the Pilbara, Mid West and Great Southern regions
- assessed long-term demand projections and supply options with the Water Corporation for the next major sources to increase security for the Integrated Water Supply Scheme.

Upgrades to Pilbara coastal towns water supplies

The department has undertaken groundwater investigations, allocation planning and water supply planning to provide certainty about the water available to meet the development objectives of Pilbara coastal towns and industry. The department has assessed nine target aquifers identified as current or potential water supply options for the Pilbara and has set out sustainable management arrangements in the *Pilbara groundwater allocation plan*.

To provide enhanced water security for the Pilbara towns of Karratha, Dampier, Roebourne, Wickham and Point Samson, the department's groundwater modelling and licence assessments have supported the addition of 10 GL/yr to the West Pilbara Water Supply Scheme.

The department determined a reliable supply of 6 GL/yr from the Millstream borefield to inform the need and timeframes for new supplies for the West Pilbara. Rio Tinto is now developing a new 10 GL/yr borefield in the Bungaroo Valley and the Water Corporation is upgrading existing infrastructure to reliably deliver 16 GL/yr to the West Pilbara ports and towns.

The department's modelling and assessment provided for an increase to the allocation limits for the De Grey and Yule River borefields to 10 GL/yr and up to 10.5 GL/yr respectively. Consequently, Port Hedland supply will increase by 5 GL/yr with upgrades to the De Grey infrastructure for an additional 1 GL/yr and expansion to the Yule borefield and infrastructure for a further 4 GL/yr.

Short-term urban water supply needs in Onslow will be met by expanding the Cane River borefield and upgrading infrastructure to supply an additional 0.2 GL/yr. Chevron is also developing a new 0.6 GL/yr supply to meet additional urban water needs for its Wheatstone gas project.

Additional water supplies may be required within the next five to 15 years to meet new water demand. Longer-term demand projections and options for future supply have been investigated by the department for all Pilbara coastal town water supplies. The department will continue to closely monitor and analyse future water needs against water availability in order to trigger action at the right time where deficits are forecast, so that increasing demand, population growth and economic development are supported.

Water allocation planning

Water allocation plans enable the productive and sustainable development of water resources while ensuring the individual taking of water does not detrimentally affect the water resource, current or future users, water-dependent environments, or other significant values associated with the water resource.

Since 2006, 20 water allocation plans have been prepared and implemented by the department. In 2012–2013, the department finalised and released a water allocation plan to manage the Middle Canning River and both the *Ord surface water allocation plan* and the *Pilbara groundwater allocation plan* were prepared and released for public comment.

During 2012–2013 public consultation was focused on water users in the Gingin and Mandurah areas, to inform preparation of the Gingin and south-west coastal groundwater plans. These plans will be released for public comment next year.

The department developed a systematic approach to plan evaluation in 2012–2013. Most plans that have been in place for more than two years were evaluated against the plan objectives and, where necessary, management changes were made.

Implementation of the *Gnangara groundwater areas allocation plan* was supported in 2012–2013 through work with the City of Wanneroo to ensure water will be available for public open space in the north-west urban growth corridor through effective distribution and efficient application.

Implementation of the *Warren Donnelly surface water plan* was supported through the second year of a variable take trial to access additional water in high-flow years.

The south-west's drying climate remains the key challenge for water allocation planning. There have been substantial declines in inflows to Integrated Water Supply Scheme and irrigation dams.



During 2012–2013 releases from all dams were managed carefully and adjusted to reflect the poor inflows and meet minimal environmental and water user needs.

Work also began in 2012–2013 on a replacement plan for the Gngarag groundwater system. It is scheduled to be ready for release in 2016.

Rural water planning

The Community Water Supply Program provides grants for community water supply improvements in dryland areas. This year, five dryland agricultural areas (Woodanilling, Trayning, Chapman Valley, Cranbrook and Mukinbudin) received funds to the value of \$234 500 to develop off-farm, fit-for-purpose, community water supplies by June 2016.

The Shire of Chapman Valley received a grant of \$85 000 to construct three bores and install two 150 000 litre tanks to supply fit-for-purpose water for emergency livestock needs, fire fighting, shire roadworks at Kingstream and as well as townsite needs at Nabawa. These two projects will reduce the need to cart water over long distances, saving farmers and the shire time and money.

The Shire of Woodanilling received a grant of \$26 600 to complete a major stormwater harvesting project in the Woodanilling townsite costing a total of \$150 000. The project will harvest and pump all water falling on the town into a large dam to be used for emergency livestock water and irrigation of its oval and gardens.

The shires of Kulin, Kondinin, Corrigin, Wagin, Victoria Plains and Jerramungup also received funds to the value of \$395 700 for projects to be completed over the next three years.

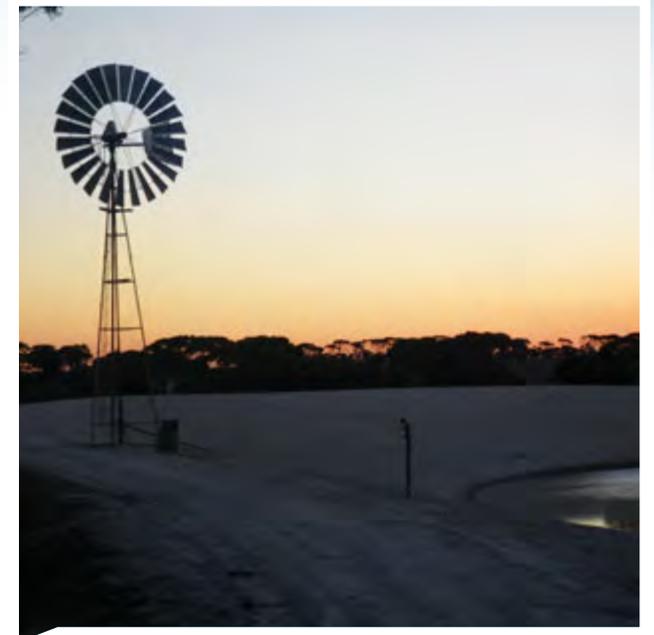
Average cost per square kilometre of designated inland rural catchments where dryland salinity management measures are implemented



The Farm Water Supply Planning Scheme and the Farm Water Rebate Scheme encourages commercial farmers to plan for their own farm water deficiency needs and invest in farm infrastructure.

In 2012–2013, rebates totalling \$705 137 were provided to 86 dryland farmers in the wheatbelt to assist with the cost of farm supply water audits, and on-farm water supply infrastructure.

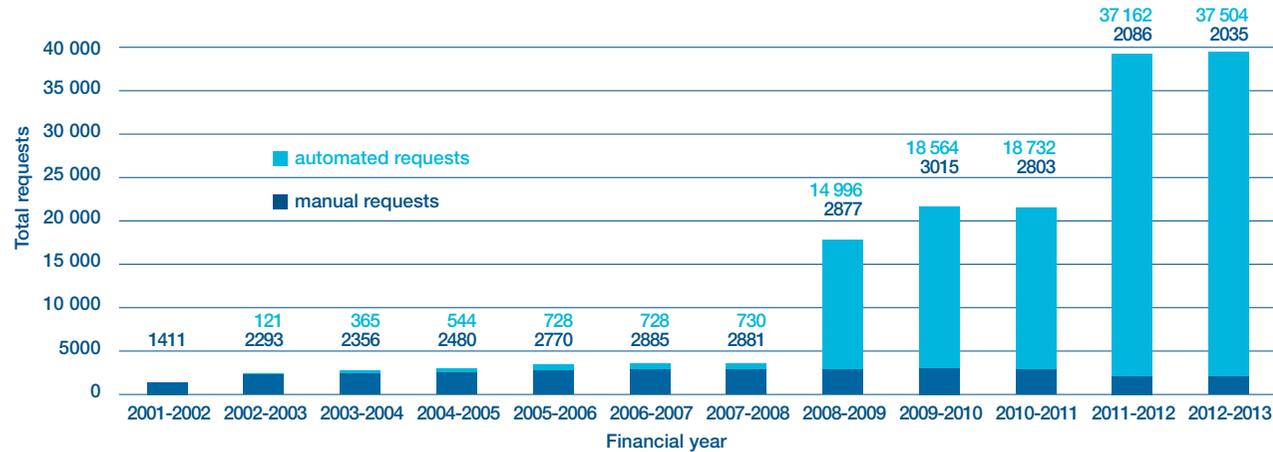
A livestock water deficiency declaration for the Salmon Gums area of the Esperance Shire, (declared in June 2011) continued and, following reasonable rains from January to May, the deficiency was lifted in May 2013. The department spent \$169 304 in water cartage fees to assist Salmon Gums farmers.



The Community Water Supply Program provides grants for community water supply improvements in dryland areas.



Figure 5 Number of data deliveries by financial year



Note: As the number of automated data deliveries increase, the number of manual requests decline.

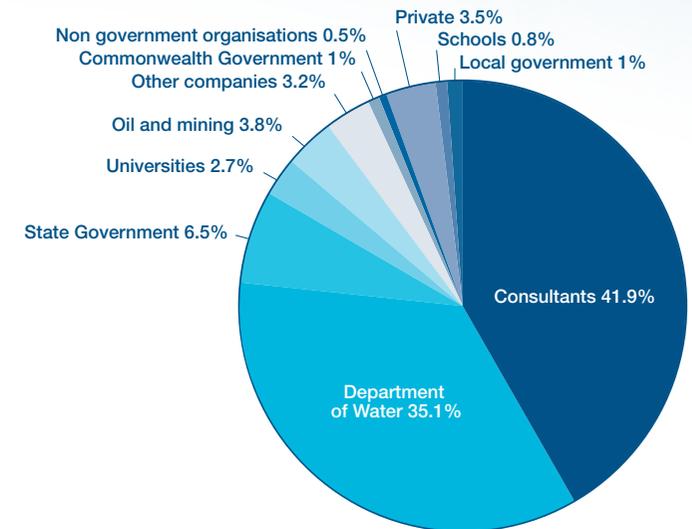
Enabling better decision making through the provision of water information

In 2012–2013 the department managed 39 539 information requests from more than 200 different organisations with 95 per cent delivered by automated systems.

These requests were for water information and analysis to assist government and private sectors with business decisions and planning, science and education.

The primary benefit of the department supplying water information is that it speeds up state development projects which require access to water supplies and water data about flood risk and the environment. Without this data private companies would be required to put in place their own water monitoring infrastructure and spend many years undertaking measurement and monitoring activities before they can proceed with their development. Mining companies, private urban property developers and other land owners often use expert consultants to undertake water assessments and therefore consultants comprise the single largest users of the department's water information service.

Figure 6 Requests by company type



The department continues to streamline processes and reduce red tape by meeting more than 39 000 requests for water resources data and information to support industry and urban development proposals.



Excellence in science

The Department of Water provides a centre of excellence of water science in the areas of aquatic ecology, water chemistry, hydrology, hydrogeology, numerical modelling of catchments and estuaries and water quality remediation technology.

This year the department trialled new seasonal response indicators with industry partners. This enabled the department to track the status of winter inflows into dams, predict how much rain is required for the start of inflow, and to estimate the likely dam storage at the start of summer for numerous dams throughout the state's south-west.

Royalties for Regions and state groundwater investigation programs used innovative geophysical mapping techniques to better refine drilling targets and develop more efficient drilling programs. Through airborne electromagnetic surveys the department can more effectively identify groundwater that is safe for drinking and other fit-for-purpose uses, and to better define areas most at risk from saltwater intrusion.

Service 3: Catchment and waterways health

This service ensures the protection of the state's waterways and catchments through river management and recovery programs.

Working with the Swan River Trust

The Swan River Trust and the department each have responsibilities relating to the protection and management of the Swan and Canning rivers. Under a memorandum of understanding regarding this collaborative arrangement, the trust sought \$3.845 million of scientific work from the department in 2012–2013, as well as collaboration on other projects.

During the year the department worked in partnership with the Swan River Trust to operate two oxygenation plants on the Swan River Estuary, and another two on the Canning River to improve ecosystem function and to prevent fish deaths. The design and planning of a third plant on the Canning River was completed, for which construction will start in the 2013–2014 financial year.

The department undertakes extensive catchment and estuary monitoring to report on the progress of nutrient reduction and other management measures. Weekly reports on estuary water quality and algal bloom activity and quarterly reports on catchment water quality are provided from this program. Annual summaries of river nutrient trends and loads are also reported.

Average cost per waterway management plan developed



The Department of Water monitored and reported on the Swan River Trust's Drainage Nutrient Intervention Program and undertook with the Swan River Trust Urban Waterways Renewal project assessments.

The numerical modelling team in the Water Science branch substantially completed a water balance and nutrient model for the Avon catchment which will provide guidance to the Swan River Trust and Wheatbelt Natural Resource Management Inc. on the implementation of water quality improvement actions.

Department of Water staff, in partnership with Swan River Trust, Department of Housing and City of Gosnells have commenced a trial of soil amendments aimed at reducing phosphorus losses and therefore nutrient export from urban developments, in this case along Southern River. Soil amendments have great potential to improve the water quality of our urban waterways by locking up nutrients within the soil profile close to their application point.



Salinity recovery

Departmental staff coordinated efforts to lower salinity in five key water resource recovery catchments (Kent, Denmark, Warren, Collie and Helena) and undertook fit-for-purpose water resource assessments.

The department partnered with local community catchment recovery teams to assess salinity risk and plan salinity management options and their implementation. Salinity situation statements for all five areas have been published.

During the year, the department continued implementation of the *Denmark River salinity recovery plan*. Recent monitoring has shown that for the first time in nearly 40 years salinity in the Denmark River has dropped below 500 mg/L – which is below World Health Organization guidelines for drinking water.

The department evaluated wheatbelt salinity engineering management options using a new policy framework, and released a number of reports on drainage efficiency and effectiveness.

The Inland Drainage Policy Framework provides guidance for drainage proposals to manage salinity and waterlogging and a clear and coordinated approach to inland drainage across the state. The framework guides better management of water resources and public assets by addressing governance, risk management, planning and assessment, and the operation and maintenance of drainage projects.

River and estuary water quality management

As the lead agency for river and estuary management, the Department of Water monitored and assessed the condition of rivers and estuaries to identify priorities for management intervention. The department used river assessments to inform environmental water requirements in the allocation and licensing processes.

Low-flow threshold assessments for maintaining ecological health were completed for Gingin Brook and Lennard Brook, and an environmental flow requirement assessment for Harvey River was completed.

Use of the new river condition index allows establishment of flow requirements with increased precision so that more water can be shared with rural water users, without compromising environmental values.

Water quality improvement plans provide a whole-of-catchment set of actions – by community, landholders and government – to improve river and estuary conditions and prevent further waterway decline.

The science team supported stage one of the development of the *Hardy River Inlet water quality improvement plan* released after extensive consultation to improve and protect the estuaries of the Scott and Blackwood rivers. Work commenced on stage two of the Hardy Inlet plan, which focuses on the lower Blackwood.

The department continued its work in the Scott River catchment to provide a blueprint for action to improve the catchment and waterway quality.



The Hardy River Inlet

Detailed catchment water balance and nutrient modelling was undertaken in the Avon and the lower Blackwood catchments.

Understanding where nutrients arise, and from which land uses they are derived, enables resource managers to better focus management actions. The Avon recently experienced the worst blue green algal blooms experienced in many years.

As low rainfall leads to lower flows and less flushing, estuary water quality is at risk of deteriorating in many of our south-west estuaries. Action at the catchment scale is needed to arrest the current decline and improve the estuarine values that underpin development around the estuaries.

The detailed actions outlined in the water quality improvement plans are based on extensive consultation with landholders, community, industry and government and focus on delivering sustainable agriculture and healthy waterways.



Urban Waterways Renewal Project

The Department of Water provided substantial input to the waterway and river engineering designs for the Commonwealth Government's Water for the Future Urban Waterways Renewal Project. The department joined forces with local government, the Swan River Trust, and the South East Regional Centre for Urban Landcare to deliver project elements such as converting drains into 'living streams' and extensive revegetation of waterway corridors in parks.

This \$8 million project, with Commonwealth Government funding of \$4 million, consists of 11 sub-projects designed to improve biodiversity and community amenity and reduce mobilisation of nitrogen and phosphorus into urban streams.

Work completed to date shows that substantial visual amenity and recreational value can be returned to residents adjacent to urban waterways.

In the long-term these actions, at the local scale, are essential for improving water quality at the larger estuary scale.

This project has demonstrated the effectiveness of project delivery by natural resource managers and community groups with technical and organisational support from agencies. The pre-improvement ecological condition and progress monitoring established by the Department of Water is the first data of this type collected in Western Australia.

The data will now contribute to national projects with the Cooperative Research Centre for Water Sensitive Cities.

Geographe Catchment Council

In 2012–2013 the department re-committed to an ongoing partnership with the Geographe Catchment Council (GeoCatch) to work with the community and local government to improve waterways health around Geographe Bay.

The department worked with GeoCatch to implement the *Vasse Geographe water quality improvement plan* to reduce nutrient loads and improve the quality of the Vasse River.

A dairy industry code of practice for managing effluent to reduce the amount of nutrients discharging to local waterways and groundwater was launched.

The department also contributed to the establishment of the Fertiliser Partnership to protect the state's rivers and waterways by limiting the amount of phosphorous contained in home garden fertilisers.

Key results of the partnership during the year were:

- demonstrated reductions in phosphorus in priority waterways as a result of water quality improvement actions
- strengthened partnerships with government, industry and the community to manage and improve water quality of Geographe waterways
- implementation of the Fertiliser Partnership
- a critical link between government and the community, disseminating information in response to the major fish kill in the Vasse–Wonnerup Wetlands in April.



Vasse–Wonnerup Wetlands



Actual results versus budget targets

Service areas – summary of audited key performance indicators

The details of the key performance indicators, including a description of the measures and variance analysis, are included in the section 'Detailed information in support of key performance indicators'.

Effectiveness indicators

Performance indicator	Target 2012–2013 ¹ %	Actual 2012–2013 %	Variance %
Proportion of water resource management areas that are planned appropriate to their water resource category	86	85	(1)
Proportion of water resources with licensed allocations that are within their allocation limit	85	80	(5)
Proportion of public water supplies covered by drinking water source protection plan	95	93	(2)

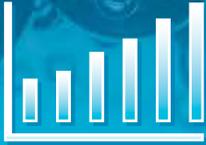
¹ As specified in the budget statements.

Service 1: Urban water management and industry services

Efficiency indicators

Performance indicator	Target 2012–2013 ¹ \$	Actual 2012–2013 \$	Variance \$
Average cost per industry water services policy instrument	40 599	34 535	(6064)
Average cost per drinking water source protection plan	643 619	382 162	(261 457)
Average cost per drainage and water management plan and assessment	5092	7407	2315
Average cost per square kilometre of designated proclaimed water supply catchments where salinity and water resource recovery measures are implemented	442	45	(397)

¹ As specified in the budget statements.



Actual results versus budget targets

Service 2: Water use allocation and optimisation

Efficiency indicators

Performance indicator	Target 2012–2013 ¹	Actual 2012–2013	Variance
Average cost per allocation plan completed (\$)	1 172 868	1 776 789	603 921
Average time taken (days) to process a licence by water category grouping			
Category 1 (C1), zero to 30 per cent allocated	40	45	5
Category 2 (C2), >30 to 70% allocated	40	45	5
Category 3 (C3), >70 to 100% allocated	50	47	(3)
Category 4 (C4), >100% allocated	60	65	5
Expenditure on water licence administration			
Average cost per water licence (all categories) (\$)	2149	2506	357
Total number of licences processed by category grouping			
Category 1 (C1), zero to 30 per cent allocated	1000	804	(196)
Category 2 (C2), >30 to 70% allocated	2200	1447	(753)
Category 3 (C3), >70 to 100% allocated	5000	3336	(1664)
Category 4 (C4), >100% allocated	3600	4389	789

¹ As specified in the budget statements.

Service 3: Catchment and waterways health

Efficiency indicators

Performance indicator	Target 2012–2013 ¹	Actual 2012–2013	Variance \$
Average cost per square kilometre of designated inland rural catchments where dryland salinity management measures are implemented	200	183	(17)
Average cost per waterway management plan developed	503 823	456 576	(47 247)

¹ As specified in the budget statements.



Significant issues impacting the agency

The department's science-based water resource assessment and investigation is the foundation for information about available water resources and allocation planning across the state.

Significant issues impacting the agency

The state's population and economic growth relies on access to sufficient water of the right quality, now and for the future.

Planning for, and meeting, increasing demand continues to be challenging in the context of a highly variable climate including a drying climate in the state's south-west.

The department's science-based water resource assessment and investigation is the foundation for information about available water resources and allocation planning across the state.

A program of groundwater investigation is underway in major centres including the Dampier Peninsula, West Canning Basin (Pilbara), Hamersley Ranges (Bungaroo), South Coast and Scott River.

These projects are delivering information about water availability for public drinking water supply, agriculture and mining to support regional development.

Groundwater investigations are also taking place in the Murray–Peel and North Gingin areas. The Perth Region Confined Aquifer Capacity Project will assess the capacity of the groundwater aquifers as a continuing long-term water source for Perth's Integrated Water Supply Scheme.

Industrial, agricultural and urban development is becoming more complex in parts of the state with limited access to water or where issues such as competition, drainage and impacts on water quality are constraints.

The department has increased its capacity in the provision of strategic advice on water resource and supply options, and works closely with state planning agencies, local governments and urban developers to ensure land use planning is supported by scientific water expertise.

Opportunities to reduce the overall regulatory burden are being pursued by ensuring that water licence applications and

approvals are processed quickly low-volume, low-risk water use activities are subject to reduced regulation and the number and type of water licence conditions are reduced – without compromising good regulation.

Further support for the licensing function is provided through the continuation of a training program for field officers, especially those in high-risk, fully allocated areas.

This training promotes consistency across the state in water licence assessment decision-making and the application of risk-based water use compliance activities.

Significant upgrades to the department's information and communications technology are ongoing and will support improved data collection and provision, water allocation and licensing.

This will reduce processing and waiting time as users will be able to access data immediately through self-service online delivery.

To ensure the efficient use of available water, the department is working with industry and the community to identify innovative and productive opportunities for water use including recycling, stormwater reuse and use of mine dewater for alternative beneficial uses.

Review and development of legislative and policy frameworks that reflect contemporary practice and changing conditions remains a priority for the department.

The *Water Services Act 2012* replaced and consolidated existing legislation and will benefit water customers and service providers. It will do this by facilitating easier entry of new water service providers to the market, allowing some of the state's water service providers to offer new services and enable the creation of a water ombudsman to help resolve disputes between customers and water utilities.



Disclosures and legal compliance

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Financial statements



Auditor General

INDEPENDENT AUDITOR'S REPORT

To the Parliament of Western Australia

DEPARTMENT OF WATER

Report on the Financial Statements

I have audited the accounts and financial statements of the Department of Water.

The financial statements comprise the Statement of Financial Position as at 30 June 2013, 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 Water at 30 June 2013 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 Water during the year ended 30 June 2013.

Controls exercised by the Department of Water 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 Water 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 Water 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 2013.

Report on the Key Performance Indicators

I have audited the key performance indicators of the Department of Water for the year ended 30 June 2013.

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 Water are relevant and appropriate to assist users to assess the Department's performance and fairly represent indicated performance for the year ended 30 June 2013.

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 Water for the year ended 30 June 2013 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.

GLEN CLARKE
DEPUTY AUDITOR GENERAL
Delegate of the Auditor General for Western Australia
Perth, Western Australia
24 September 2013



Government of Western Australia
Department of Water



Looking after all our water needs

Certification of financial statements for the year ended 30 June 2013

The accompanying financial statements of the Department of Water 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 2013 and the financial position as at 30 June 2013.

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.

Maree De Lacey
Director General
Department of Water

20 September 2013

Glenn Nordsvan
Chief Finance Officer
Department of Water

20 September 2013

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Statement of comprehensive income for the year ended 30 June 2013

	Note	2013 \$'000	2012 \$'000 Re-stated
Cost of services			
Expenses			
Employee benefits expense	6	46 704	52 930
Supplies and services	7	21 111	23 770
Depreciation and amortisation expense	8	5814	5720
Accommodation expenses	9	4924	5093
Grants and subsidies	10	8558	10 827
Loss on disposal of non-current assets	15	167	-
Other expenses	11	2698	2020
Total cost of services		89 976	100 360
Income			
Revenue			
User charges and fees	12	68	58
Commonwealth grants and contributions	13	5315	11 889
Other revenue	14	3221	2817
Total revenue		8604	14 764
Gains			
Gain on disposal of non-current assets	15	-	651
Total gains		-	651
Total income other than income from State Government		8604	15 415
Net cost of services		81 372	84 945
Income from State Government	16		
Service appropriation		64 314	78 769
Services received free of charge		1192	1488
Royalties for regions fund		3476	6368
State grant ^(a)		4695	3278
Total income from State Government		73 677	89 903
Surplus/(deficit) for the period		(7695)	4958


Statement of comprehensive income for the year ended 30 June 2013

	Note	2013 \$'000	2012 \$'000 Re-stated
Other comprehensive income			
Items not reclassified subsequently to profit or loss			
Changes in asset revaluation surplus ^(b)		297	6009
Total other comprehensive income		297	6009
Total comprehensive income for the period		(7398)	10 967

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

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

^(a) The line item State Grants is included for the first time in 2012–2013. In prior years, the amounts in this line item were included in the line item 'Other revenue'.

^(b) The asset revaluation surplus re-stated to gross amount.



Statement of financial position as at 30 June 2013

	Note	2013 \$'000	2012 \$'000 Re-stated	2011 \$'000 Re-stated
Assets				
Current assets				
Cash and cash equivalents	29	7894	11 229	4899
Restricted cash and cash equivalents	17, 29	12 052	17 565	14 021
Receivables	18	1591	1470	2028
Amounts receivable for services	19	8873	4465	4996
Other current assets	20	860	969	878
Non-current assets classified as held for sale	21	3041	3458	3695
Total current assets		34 311	39 156	30 517
Non-current assets				
Restricted cash and cash equivalents	17, 29	1287	1077	928
Amounts receivable for services	19	13 560	14 800	12 505
Property plant and equipment	22, 24	239 048	239 560	237 605
Intangible assets	23, 24	3259	623	979
Total non-current assets		257 154	256 060	252 017
Total assets		291 465	295 216	282 534
Liabilities				
Current liabilities				
Payables	25	4185	6647	4551
Provisions	26	13 373	12 720	11 586
Other current liabilities	27	71	69	224
Total current liabilities		17 629	19 436	16 361
Non-current liabilities				
Provisions	26	2767	2973	4786
Other non-current liabilities	27	-	97	97
Total non-current liabilities		2767	3070	4883
Total liabilities		20 396	22 506	21 244
Net assets		271 069	272 710	261 290
Equity	28			
Contributed equity		238 544	232 787	232 334
Reserves		45 047	45 012	40 333
Accumulated surplus/(deficit)		(12 522)	(5089)	(11 377)
Total equity		271 069	272 710	261 290

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

The balance sheet has been re-stated to show the reclassification of unspent funds received from external organisations for specific purpose projects from Cash and cash equivalents to Restricted cash and cash equivalents.

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



Statement of changes in equity for the year ended 30 June 2013

	Note	Contributed equity	Reserves Re-stated	Accumulated surplus/ (deficit) Re-stated	Total equity Re-stated
		\$'000	\$'000	\$'000	\$'000
Balance at 1 July 2011	28	232 334	40 333	(11 377)	261 290
Surplus/(deficit)		-	-	4958	4958
Other comprehensive income		-	6009	-	6009
Derecognised revaluation assets ^(a)		-	(1330)	1330	-
Total comprehensive income for the year		-	4679	6288	10 967
Transactions with owners in their capacity as owners:					
Capital appropriations		2791	-	-	2791
Other contributions by owners		1963	-	-	1963
Distribution to owners		(4301)	-	-	(4301)
Total		453	-	-	453
Balance at 30 June 2012		232 787	45 012	(5089)	272 710
Balance at 1 July 2012		232 787	45 012	(5089)	272 710
Surplus/(deficit)		-	-	(7695)	(7695)
Other comprehensive income		-	297	-	297
Derecognised revaluation assets ^(a)		-	(262)	262	-
Total comprehensive income for the period		-	35	(7433)	(7398)
Transactions with owners in their capacity as owners:					
Capital contributions		6139	-	-	6139
Other contributions by owners		1500	-	-	1500
Distribution to owners		(1882)	-	-	(1882)
Total		5757	-	-	5757
Balance at 30 June 2013		238 544	45 047	(12 522)	271 069

^(a) This represents the increment/ (decrement) in the asset revaluation reserves on derecognition of land, buildings and infrastructure transferred directly to accumulated funds per AASB 116, para 41.

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



Statement of cash flows for the year ended 30 June 2013

	Note	2013	2012
		Inflows (Outflows) \$'000	Inflows (Outflows) \$'000
Cash flows from State Government			
Service appropriation		56 681	72 071
Capital contributions		6139	2791
Holding account drawdowns		4465	4996
Royalties for regions fund		4976	6368
State grants ^(b)		4695	3278
Net cash provided by State Government		76 956	89 504
Utilised as follows:			
Cash flows from operating activities			
Payments			
Employee benefits		(46 114)	(53 499)
Supplies and services		(21 783)	(19 680)
Accommodation		(4964)	(5041)
Grants and subsidies		(8558)	(11 045)
GST payments on purchases		(3728)	(3474)
Other payments		(1662)	(1996)
Receipts			
User charges and fees		126	71
Commonwealth grants and contributions		5144	11 889
GST receipts on sales		812	1007
GST receipts from taxation authority		2462	2204
Other receipts		3250	3232
Net cash (used in) operating activities	29	(75 015)	(76 332)
Cash flows from investing activities			
Payments			
Purchase of non-current physical assets		(13 000)	(3159)
Receipts			
Proceeds from sale of non-current physical assets		2324	1274
Net cash (used in) investing activities		(10 676)	(1885)



Statement of cash flows for the year ended 30 June 2013

	Note	2013	2012
		Inflows (Outflows) \$'000	Inflows (Outflows) \$'000
Cash flows from financing activities			
Transfer of developer bonds to special purpose account		97	-
Net proceeds on sale of land remitted to Treasury ^(a)		-	(1264)
Net cash (used in) financing activities		97	(1264)
Net increase/(decrease) in cash and cash equivalents		(8638)	10 023
Cash and cash equivalents at the beginning of period		29 871	19 848
Cash and cash equivalents at the end of period	29	21 233	29 871

^(a) Payments into the consolidated account include net proceeds on sale of land collected 2011-2012 financial year.

Net proceeds from the sale of land collected in 2012–2013 have been retained to fund capital projects.

^(b) The line item State grants is included for the first time in 2012–2013. In prior years, the amounts in this line item were included in the line item 'Other receipts'.

The statement of cash flows should be read in conjunction with the accompanying notes.



Schedule of income and expenses by service for the year ended 30 June 2013

	Urban water management and industry services		Water use allocation and optimisation		Catchments and waterways health		Total	
	2013 (\$000)	2012 (\$000)	2013 (\$000)	2012 (\$000)	2013 (\$000)	2012 (\$000)	2013 (\$000)	2012 (\$000)
Cost of services								
Expenses								
Employee benefits expense	14 488	18 004	25 331	30 034	6885	4892	46 704	52 930
Supplies and services	6994	8378	10 354	13 125	3763	2267	21 111	23 770
Depreciation and amortisation	846	1050	4524	4389	444	281	5814	5720
Accommodation expenses	1919	1712	2274	2925	731	456	4924	5093
Grants and subsidies	2948	4500	5202	5603	408	724	8558	10 827
Loss on disposal of non-current assets	48	-	93	-	26	-	167	-
Other expenses	915	522	1390	1118	393	380	2698	2020
Total cost of services	28 158	34 166	49 168	57 194	12 650	9000	89 976	100 360
Income								
User charges and fees	3	5	64	52	1	1	68	58
Commonwealth grants and contributions	2579	3759	2157	6913	579	1217	5315	11 889
Other revenue	941	778	1576	1222	704	817	3221	2817
Gain on disposal of non-current assets	-	219	-	373	-	59	-	651
Total income other than income from State Government	3523	4761	3797	8560	1284	2094	8604	15 415
Net cost of services	24 635	29 405	45 371	48 634	11 366	6906	81 372	84 945
Income from State Government								
Service appropriation	18 727	27 320	35 747	43 676	9840	7773	64 314	78 769
Resources received free of charge	347	502	663	852	182	134	1192	1488
Royalties for regions fund	1021	2185	1949	3601	506	582	3476	6368
State grants	2106	1198	803	1797	1786	283	4695	3278
Total income from State Government	22 201	31 205	39 162	49 926	12 314	8772	73 677	89 903
Surplus/(deficit) for the period	(2434)	1800	(6209)	1292	948	1866	(7695)	4958

The schedule of income and expenses by service should be read in conjunction with the accompanying notes.



Schedule of assets and liabilities by service as at 30 June 2013

	Urban water management and industry services		Water use allocation and optimisation		Catchments and waterways health		Total	
	2013 (\$000)	2012 (\$000)	2013 (\$000)	2012 (\$000)	2013 (\$000)	2012 (\$000)	2013 (\$000)	2012 (\$000)
Assets								
Current assets	9 991	13 205	19 070	22 420	5 250	3 531	34 311	39 156
Non-current assets	74 883	86 354	142 926	146 614	39 345	23 092	257 154	256 060
Total assets	84 874	99 559	161 996	169 034	44 595	26 623	291 465	295 216
Liabilities								
Current liabilities	5 134	6 541	9 798	11 107	2 697	1 749	17 629	19 397
Non-current liabilities	806	1 048	1 538	1 781	423	280	2 767	3 109
Total liabilities	5 940	7 589	11 336	12 888	3 120	2 029	20 396	22 506
Net assets	78 934	91 970	150 660	156 146	41 475	24 594	271 069	272 710

The schedule of assets and liabilities by service should be read in conjunction with the accompanying notes.


Summary of consolidated account appropriations and income estimates for the year ended 30 June 2013

	2013 Estimate \$'000	2013 Actual \$'000	Variance \$'000	2013 Actual \$'000	2012 Actual \$'000	Variance \$'000
Delivery of services						
Item 105 Net amount appropriated to deliver services	71 158	64 061	(7097)	64 061	78 536	(14 475)
Amount authorised by other statutes						
- <i>Salaries and Allowances Act 1975</i>	240	253	13	253	233	20
Total appropriations provided to deliver services	71 398	64 314	(7084)	64 314	78 769	(14 455)
Capital						
Item 163 Capital appropriation	4382	6139	1757	6139	2791	3348
Administered Transactions						
Item 106 Administered grants and subsidies and other transfer payments	161	175	14	175	1869	(1694)
Total administered transactions	161	175	14	175	1869	(1694)
Grand total	75 941	70 628	(5313)	70 628	83 429	(12 801)
Details of expenses by service						
Urban water management and industry services	30 148	28 158	(1990)	28 158	34 166	(6008)
Water use allocation and optimisation	50 770	49 168	(1602)	49 168	57 194	(8026)
Catchment and waterways health	7537	12 650	5113	12 650	9000	3650
Total cost of services	88 455	89 976	1521	89 976	100 360	(10 384)
Less total income	(5410)	(8604)	(3194)	(8604)	(15 415)	6811
Net cost of services	83 045	81 372	(1673)	81 372	84 945	(3573)
Adjustments	(11 647)	(17 058)	(5411)	(17 058)	(6176)	(10 882)
Total appropriations provided to deliver services	71 398	64 314	(7084)	64 314	78 769	(14 455)
Capital expenditure						
Purchase of non-current physical assets	14 817	13 000	(1817)	13 000	3159	9841
Adjustments for other funding sources	(10 435)	(6861)	3574	(6861)	(368)	(6493)
Capital contribution (appropriation)	4382	6139	1757	6139	2791	3348
Details of income estimates						
Income disclosed as administered income	186	178	(8)	178	1881	(1703)
	186	178	(8)	178	1881	(1703)

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

Note 34 'Explanatory statements' provides details of any significant variations between estimates and actual results for 2013 and between the actual results for 2013 and 2012.



Notes to the financial statements for the year ended 30 June 2013

1 Australian accounting standards

General

The department's financial statements for the year ended 30 June 2013 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 2013.

2 Summary of significant accounting policies

(a) General statement

The department is a not-for-profit reporting entity that prepares general purpose financial statements that have been prepared in accordance with the 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* 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 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, buildings and infrastructure which have 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 'Judgements made by management in applying accounting policies' discloses judgements 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

(c) Reporting entity

The reporting entity is comprised of the Department of Water. There are no related or affiliated bodies as disclosed in **Note 38**.

Mission

The department supports Western Australia's growth and development by managing the availability and quantity of water sustainably - now and for the future.

The department is predominantly funded by Parliamentary appropriation, and is supplemented by funds received from other sources to provide specialist related services.

Services

Service 1: Urban water management and industry services

Facilitates urban development within the state and provides a policy framework for efficient, reliable, quality and competitive water services to the community via water service providers.



Service 2: Water use allocation and optimisation

Ensuring the State's water resources are managed and shared to meet social, economic and environmental needs through the development of water allocation plans, water supply planning, water licensing, water accounting and trading. The department manages water use and efficiency by allocating water volume according to its availability and managing the conditions by which water is extracted.

Service 3: Catchment and waterways health

This service contributes to the management and restoration of the State's waterways to meet community aspirations and needs, and plans for salinity recovery catchments.

The department administers assets, liabilities, income and expenses on behalf of Government which are not controlled by, nor integral to the function of the department. These administered balances and 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 41** 'Administered expenses and income' and **note 42** 'Administered assets and liabilities'.

(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.

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 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 determination specified in the 2012-2013 Budget Statements, the department retained \$8.604 million in 2013 (\$14.764 million in 2012) from the following:

- proceeds from fees and charges;
- specific grants from other state government agencies;
- Commonwealth specific purpose grants and contributions; and
- other departmental 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 and infrastructure costing \$5000 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 and infrastructure costing less than \$5000 are immediately expensed direct to the Statement of Comprehensive Income.

Initial recognition and measurement

Property, plant and equipment and infrastructure are initially recognised at cost.

For items of property, plant and equipment and infrastructure acquired at no cost or for nominal cost, the cost is the 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, buildings and measurement sites and historical cost for all other property, plant and equipment. Land, buildings and measurement sites are carried at fair value less accumulated depreciation on buildings and measurement sites and accumulated impairment losses. All other items of property, plant and equipment and infrastructure are stated at historical cost less accumulated depreciation and accumulated impairment losses.

Where market-based evidence is available, the fair value of land and buildings is determined on the basis of current market buying values determined by reference to recent market transactions. When buildings are revalued by reference to recent market transactions, the accumulated depreciation is eliminated against the gross carrying amount of the asset and the net amount restated to the revalued amount.

In the absence of market-based evidence, fair value of land and buildings is determined on the basis of existing use. This normally applies where buildings are specialised or where land use is restricted. Fair value for existing use assets is determined by reference to the cost of replacing the remaining future economic benefits embodied in the asset, i.e. the depreciated replacement cost. Where the fair value of buildings is determined on the depreciated replacement cost basis, the gross carrying amount and the accumulated depreciation are restated proportionately.

Land and buildings are 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.

When buildings are revalued, the accumulated depreciation is eliminated against the gross carrying amount of the asset and the net amount re-stated to the revalued amount.

Fair value for measurement sites has been determined by reference to the cost of replacing the remaining future economic benefits embodied in the asset. This depreciated replacement cost method is used as the measurement sites are specialised and no market based evidence of value is available.

Measurement sites are to be revalued at least every third year following a formal revaluation with an assessment being conducted annually to ascertain if the measurement sites require revaluation earlier than its rotational revaluation.

When the measurement sites are revalued, the accumulated depreciation is restated proportionately with the change in the gross carrying amount of the asset so that the carrying amount of the asset after revaluation equals its revalued amount.

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

Refer to **Note 22** 'Property, plant and equipment' for further information on revaluations.

Derecognition

Upon disposal or derecognition of an item of property, plant and equipment and infrastructure, any revaluation reserve relating to that asset is transferred to the retained earnings within equity.

Asset revaluation surplus

The asset revaluation surplus is used to record increments and decrements on the revaluation of non-current assets as described in **Note 22** 'Property, plant and equipment'.

Depreciation

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



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

Buildings	20 years
Infrastructure	20 years
Plant and equipment	5-20 years
Computer equipment (software and hardware)	3-5 years
Furniture and fittings	7-10 years
Leasehold improvements	20 years
Measurement sites	20-40 years

Works of art controlled by the department are classified as property, plant and equipment. These are anticipated to have indefinite useful lives. Their service potential has not, in any material sense, been consumed during the reporting period and consequently no depreciation has been recognised.

Land is not depreciated.

(g) Intangible assets

Capitalisation/expensing of assets

Acquisitions of intangible assets costing \$5000 or more and internally generated intangible assets costing \$5000 or more are capitalised. The cost of utilising the assets is expensed (amortised) over their useful life. 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	3-5 years
Computer software ^(a)	3-5 years
Software licences	3-5 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 \$5000 is expensed in the year of acquisition.

Software licences

Software licences are charged as expenses when they are incurred unless they are for a period of greater than one year. Software licences are capitalised when the probable future economic benefits can be reliably measured.

(h) Impairment of assets

Property, plant and equipment, infrastructure and intangible assets 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 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/amortisation reflects the level of consumption or expiration of asset's future economic benefits and to evaluate any impairment risk from falling replacement costs.

Intangible assets with an indefinite useful life and intangible assets not yet available for use are tested for impairment at the end of each reporting period irrespective of whether there is any indication of impairment.

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) classified as held for sale are recognised at the lower of carrying amount and 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 Regional Development and Lands (DRDL) is the only agency with the power to sell Crown land. The department transfers the Crown land and any attached buildings to DRDL when the land becomes available for sale.

(j) Leases

Finance lease rights and obligations are initially recognised, at the commencement of the lease term, as assets and liabilities equal in amount to the fair value of the leased item or, if lower, the present value of the minimum lease payments, determined at the inception of the lease. The assets are disclosed as plant, equipment and vehicles under lease, and are depreciated over the period during which the department is expected to benefit from their use. Minimum lease payments are apportioned between the finance charge and the reduction of the outstanding lease liability, according to the interest rate implicit in the lease.

The department holds operating leases for head office and a number of branch office buildings. Lease payments are expensed on a straight line basis over the lease term as this represents the pattern of benefits derived from the leased properties.

(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

Financial liabilities

- Payables
- Other borrowings

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 equivalent (and restricted cash and cash equivalent) assets comprise cash on hand and short-term deposits with original maturities of three months or less that are readily convertible to a known amount of cash and which are subject to insignificant risk of changes in value.



(m) Accrued salaries

Accrued salaries (see **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 (see **Note 17** 'Restricted cash and cash equivalents') consists of amounts paid annually into a suspense account over a period of 10 financial years to largely meet the additional cash outflow in each eleventh year when 27 pay days occur in that year 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. See **Note 35** 'Financial Instruments' and **Note 18** 'Receivables'.

(p) Payables

Payables are recognised at the amounts 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 each reporting period. See **Note 26** 'Provisions'.

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

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

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

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

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 four years of service based on remuneration rates current as at the end of the reporting period.

An actuarial assessment of long service leave undertaken by Pricewaterhouse Coopers at 30 June 2012 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 the 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.



Sick Leave

Liabilities for sick leave are recognised when it is probable that sick leave paid in the future will be greater than the entitlement that will accrue in the future.

Past history indicates that on average, sick leave taken each reporting period is less than the entitlement accrued. This is expected to continue in future periods. Accordingly, it is unlikely that existing accumulated entitlements will be used by employees and no liability for unused sick leave entitlements is recognised. As sick leave is non-vesting, an expense is recognised in the Statement of Comprehensive Income for this leave as it is taken.

Deferred leave

The provision for deferred leave relates to Public Service employees who have entered into an agreement to self-fund an additional twelve months leave in the fifth year of the agreement. The provision recognises the value of salary set aside for employees to be used in the fifth year. This liability is measured on the same basis as annual leave. Deferred leave is reported as a current provision as employees can leave the scheme at their discretion at any time.

Purchased leave

The provision for purchased leave relates to Public Service employees who have entered into an agreement to self-fund up to an additional ten weeks leave per calendar year. The provision recognises the value of salary set aside for employees and is measured at the nominal amounts expected to be paid when the liabilities are settled. This liability is measured on the same basis as annual leave.

Superannuation

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

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

The GSS is a defined benefit scheme for the purposes of employees and whole-of-government reporting. However, it is a defined contribution plan for agency purposes because the concurrent

contributions (defined contributions) made by the department to GESB extinguishes the agency's obligations to the related superannuation liability.

The department has no liabilities under the Pension Schemes 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 the GESB.

Employees commencing employment prior to 16 April 2007 who were not members of either the Pension Scheme or the GSS became non-contributory members of the West State Superannuation Scheme (WSS). Employees commencing employment on or after 16 April 2007 became members of the GESB Super Scheme (GESBS). From 30 March 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 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 in respect of employees who are not members of the Pension Scheme or GSS.

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

See also **Note 2(r)**

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'. See **Note 11** 'Other Expenses' and **Note 26** 'Provisions'.

Warranties

Provision is made for the estimated liability on all products still under warranty at the end of the reporting period. The amount of the provision is the present value of the estimated future cash outflows expected to settle the warranty obligations, having regard to the warranty experience over the last five years and the risks of the warranty obligations.



Restoration costs

A provision is recognised where the department has a legal or constructive obligation to undertake restoration work. Estimates are based on the present value of expected future cash outflows.

(r) Superannuation expense

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

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

Assets or services received free of charge or for nominal cost are recognised as income at the fair value of the assets and/or the fair value of those services that can be reliably measured and the department would otherwise pay. 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 Judgements made by management in applying accounting policies

The judgements that have been made in the process of applying accounting policies that have the most significant effect on the amounts recognised in the financial statements pertain to the revaluation of measurement sites. The department revalued its measurement sites assets on the gross basis of revaluation as per AASB 116 'Property, plant and equipment'.

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 all of the risks and rewards incidental to ownership. Accordingly, these leases have been classified as operating leases.

4 Key sources of estimation uncertainty

Key estimates and assumptions concerning the future are based on historical experience and various factors that have a significant risk of causing 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 future expected 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 for annual reporting periods beginning on or after 1 July 2012 that impacted on the department.



AASB 2011-9 Amendments to Australian Accounting Standards – Presentation of Items of Other Comprehensive Income [AASB 1, 5, 7, 101, 112, 120, 121, 132, 133, 134, 1039 & 1049]

This Standard requires to group items presented in other comprehensive income on the basis of whether they are potentially reclassifiable to profit or loss subsequently (reclassification adjustments). There is no financial impact.

Future impact of Australian Accounting Standards not yet operative

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

		Operative for reporting periods beginning on or after
AASB 9	Financial Instruments The Standard supersedes AASB 139 Financial Instruments: Recognition and Measurement, introducing a number of changes to accounting treatments. AASB 2012-6 Amendments to Australian Accounting Standards – Mandatory Effective Date of AASB 9 and Transition Disclosures amended the mandatory application date of this Standard to 1 January 2015. The department has not yet determined the application or the potential impact of the Standard.	1 Jan 2015

		Operative for reporting periods beginning on or after
AASB 10	Consolidated Financial Statements This Standard supersedes AASB 127 Consolidated and Separate Financial Statements and Int 112 Consolidation – Special Purpose Entities, introducing a number of changes to accounting treatments. Mandatory application of this Standard was deferred by one year for not-for-profit entities by AASB 2012-10 Amendments to Australian Accounting Standards – Transition Guidance and Other Amendments. The department has not yet determined the application or the potential impact of the Standard.	1 Jan 2014
AASB 11	Joint Arrangements This Standard supersedes AASB 131 Interests in Joint Ventures, introducing a number of changes to accounting treatments. Mandatory application of this Standard was deferred by one year for not-for-profit entities by AASB 2012-10. The department has not yet determined the application or the potential impact of the Standard.	1 Jan 2014
AASB 12	Disclosure of Interests in Other Entities This Standard supersedes disclosure requirements under AASB 127 Consolidated and Separate Financial Statements, AASB 128 Investments in Associates and AASB 131 Interests in Joint Ventures. Mandatory application of this Standard was deferred by one year for not-for-profit entities by AASB 2012-10. The department has not yet determined the application or the potential impact of the Standard.	1 Jan 2014



		Operative for reporting periods beginning on or after
AASB 13	<p>Fair Value Measurement</p> <p>This Standard defines fair value, sets out a framework for measuring fair value and requires additional disclosures about fair value measurements. The department has liaised with the Western Australian Land Information Authority (Valuation Services) to ensure that sufficient information will be provided to meet the disclosure requirements of this Standard. There is no financial impact.</p>	1 Jan 2013
AASB 119	<p>Employee Benefits</p> <p>This Standard supersedes AASB 119 (October 2010), making changes to the recognition, presentation and disclosure requirements.</p> <p>The department does not have any defined benefit plans, and therefore the financial impact will be limited to the effect of discounting annual leave and long service leave liabilities that were previously measured at the undiscounted amounts.</p>	1 Jan 2013
AASB 127	<p>Separate Financial Statements</p> <p>This Standard supersedes requirements under AASB 127 Consolidated and Separate Financial Statements, introducing a number of changes to accounting treatments.</p> <p>AASB 2012-10 amends the mandatory application date of this Standard to 1 January 2014 for not-for-profit entities. The department has not yet determined the application or the potential impact of the Standard.</p>	1 Jan 2013

		Operative for reporting periods beginning on or after
AASB 128	<p>Investments in Associates and Joint Ventures</p> <p>This Standard supersedes AASB 128 Investments in Associates, introducing a number of changes to accounting treatments.</p> <p>AASB 2012-10 amends the mandatory application date of this Standard to 1 January 2014 for not-for-profit entities. The department has not yet determined the application or the potential impact of the Standard.</p>	1 Jan 2013
AASB 1053	<p>Application of Tiers of Australian Accounting Standards</p> <p>This Standard establishes a differential financial reporting framework consisting of two tiers of reporting requirements for preparing general purpose financial statements. There is no financial impact.</p>	1 Jul 2013
AASB 1055	<p>Budgetary Reporting</p> <p>This Standard specifies the nature of budgetary disclosures, the circumstances in which they are to be included in the general purpose financial statements of not-for-profit entities within the GGS. 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.</p>	1 Jul 2014



		Operative for reporting periods beginning on or after
AASB 2010-2	<p>Amendments to Australian Accounting Standards arising from Reduced Disclosure Requirements [AASB 1, 2, 3, 5, 7, 8, 101, 102, 107, 108, 110, 111, 112, 116, 117, 119, 121, 123, 124, 127, 128, 131, 133, 134, 136, 137, 138, 140, 141, 1050 & 1052 and Int 2, 4, 5, 15, 17, 127, 129 & 1052]</p> <p>This Standard makes amendments to Australian Accounting Standards and Interpretations to introduce reduced disclosure requirements for certain types of entities. There is no financial impact.</p>	1 Jul 2013
AASB 2010-7	<p>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]</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>AASB 2012-6 amended the mandatory application date of this Standard to 1 January 2015. The department has not yet determined the application or the potential impact of the Standard.</p>	1 Jul 2015

		Operative for reporting periods beginning on or after
AASB 2011-2	<p>Amendments to Australian Accounting Standards arising from the Trans-Tasman Convergence Project - Reduced Disclosure Requirements [AASB 101 & 1054]</p> <p>This Standard removes disclosure requirements from other Standards and incorporates them in a single Standard to achieve convergence between Australian and New Zealand Accounting Standards for reduced disclosure reporting. There is no financial impact.</p>	1 Jan 2013
AASB 2011-6	<p>Amendments to Australian Accounting Standards - Extending Relief from Consolidation, the Equity Method and Proportionate Consolidation - Reduced Disclosure Requirements [AASB 127, 128 & 131]</p> <p>This Standard extends the relief from consolidation, the equity method and proportionate consolidation by removing the requirement for the consolidated financial statements prepared by the ultimate or any intermediate parent entity to be IFRS compliant, provided that the parent entity, investor or venturer and the ultimate or intermediate parent entity comply with Australian Accounting Standards or Australian Accounting Standards - reduced Disclosure Requirements. There is no financial impact.</p>	1 Jul 2013



		Operative for reporting periods beginning on or after
AASB 2011-7	<p>Amendments to Australian Accounting Standards arising from the Consolidation and Joint Arrangements Standards [AASB 1, 2, 3, 5, 7, 9, 2009-11, 101, 107, 112, 118, 121, 124, 132, 133, 136, 138, 139, 1023 & 1038 and Int 5, 9, 16 & 17]</p> <p>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. For not-for-profit entities it applies to annual reporting periods beginning on or after 1 January 2014. The department has not yet determined the application or the potential impact of the Standard.</p>	1 Jan 2013
AASB 2011-8	<p>Amendments to Australian Accounting Standards arising from AASB 13 [AASB 1, 2, 3, 4, 5, 7, 9, 2009-11, 2010-7, 101, 102, 108, 110, 116, 117, 118, 119, 120, 121, 128, 131, 132, 133, 134, 136, 138, 139, 140, 141, 1004, 1023 & 1038 and Int 2, 4, 12, 13, 14, 17, 19, 131, & 132]</p> <p>This Standard replaces the existing definition and fair value guidance in other Australian Accounting Standards and Interpretations as the result of issuing AASB 13 in September 2011. There is no financial impact.</p>	1 Jan 2013

		Operative for reporting periods beginning on or after
AASB 2011-10	<p>Amendments to Australian Accounting Standards arising from AASB 119 [September 2011] [AASB 1, 8, 101, 124, 134, 1049 & 2011-8 and Int 14]</p> <p>This Standard makes amendments to other Australian Accounting Standards and Interpretations as a result of issuing AASB 119 in September 2011. There is limited financial impact.</p>	1 Jul 2013
AASB 2011-11	<p>Amendments to AASB 119 (September 2011) arising from Reduced Disclosure Requirements.</p> <p>This Standard gives effect to Australian Accounting Standards - Reduced Disclosure Requirements for AASB 119 (September 2011). There is no financial impact.</p>	1 Jul 2013
AASB 2012-1	<p>Amendments to Australian Accounting Standards - Fair Value Measurement - Reduced Disclosure Requirements Measurement [AASB 3, 7, 13, 140 & 141]</p> <p>This Standard establishes and amends reduced disclosure requirements for additional and amended disclosures arising from AASB 13 and the consequential amendments implemented through AASB 2011-8. There is no financial impact.</p>	1 Jul 2013



		Operative for reporting periods beginning on or after
AASB 2012-2	<p>Amendments to Australian Accounting Standards – Disclosures – Offsetting Financial Assets and Financial Liabilities [AASB 7 & 132]</p> <p>This Standard amends the required disclosures in AASB 7 to include information that will enable users of an entity's financial statements to evaluate the effect or potential effect of netting arrangements, including rights of set-off associated with the entity's recognised financial assets and recognised financial liabilities, on the entity's financial position. There is no financial impact.</p>	1 Jan 2014
AASB 2012-3	<p>Amendments to Australian Accounting Standards – Offsetting Financial Assets and Financial Liabilities [AASB 132]</p> <p>This Standard adds application guidance to AASB 132 to address inconsistencies identified in applying some of the offsetting criteria, including clarifying the meaning of "currently has a legally enforceable right of set-off" and that some gross settlement systems may be considered equivalent to net settlement. There is no financial impact.</p>	1 Jan 2014
AASB 2012-5	<p>Amendments to Australian Accounting Standards arising from Annual Improvements 2009-11 Cycle [AASB 1, 101, 116, 132 & 134 and Int 2]</p> <p>This Standard makes amendments to the Australian Accounting Standards and Interpretations as a consequence of the annual improvements process. There is no financial impact.</p>	1 Jan 2013

		Operative for reporting periods beginning on or after
AASB 2012-6	<p>Amendments to Australian Accounting Standards – Mandatory Effective Date of AASB 9 and Transition Disclosures [AASB 9, 2009-11, 2010-7, 2011-7 & 2011-8]</p> <p>This Standard amends the mandatory effective date of AASB 9 Financial Instruments to 1 January 2015. Further amendments are also made to consequential amendments arising from AASB 9 that will now apply from 1 January 2015 and to consequential amendments arising out of the Standards that will still apply from 1 January 2013. There is no financial impact.</p>	1 Jan 2013
AASB 2012-7	<p>Amendments to Australian Accounting Standards arising from Reduced Disclosure Requirements [AASB 7, 12, 101 & 127]</p> <p>This Standard adds to or amends the Australian Accounting Standards to provide further information regarding the differential reporting framework and the two tiers of reporting requirements for preparing general financial statement. There is no financial impact.</p>	1 Jul 2013
AASB 2012-10	<p>Amendments to Australian Accounting Standards – Transition Guidance and Other Amendments [AASB 1, 5, 7, 8, 10, 11, 12, 13, 101, 102, 108, 112, 118, 119, 127, 128, 132, 133, 134, 137, 1023, 1038, 1039, 1049, & 2011-7 and Int 12]</p>	1 Jan 2013



		Operative for reporting periods beginning on or after
AASB 2012-10	<p>This Standard makes amendments to AASB 10 and related Standards to revise the transition guidance relevant to the initial application of those Standards, and to clarify the circumstances in which adjustments to an entity's previous accounting for its involvement with other entities are required and the timing of such adjustments.</p> <p>The Standard was issued in December 2012. The department has not yet determined the application or the potential impact of the Standard.</p>	1 Jan 2013
AASB 2012-11	<p>Amendments to Australian Accounting Standards – Reduced Disclosure Requirements and Other Amendments [AASB 1, 2, 8, 10, 107, 128, 133, 134 & 2011-4]</p> <p>This Standard makes various editorial corrections to Australian Accounting Standards – Reduced Disclosure Requirements (Tier 2). These corrections ensure that the Standards reflect decisions of the AASB regarding the Tier 2 requirements.</p> <p>This Standard also extends the relief from consolidation and the equity method (in the new Consolidation and Joint Arrangements Standards) to entities complying with Australian Accounting Standards – Reduced Disclosure Requirements. There is no financial impact.</p>	1 Jul 2013



Notes to the financial statements for the year ended 30 June 2013

	2013 \$000	2012 \$000
6 Employee benefits expense		
Wages and salaries	35 943	41 583
Superannuation - defined contribution plans ^(a)	3059	3255
Superannuation - defined benefits plans ^(b)	857	933
Annual leave ^(c)	3524	4728
Long service leave ^(c)	2309	1427
Other related expenses ^(d)	1012	1004
Total employee benefits expense	46 704	52 930
<p>^(a) Defined contribution plans include WestState, Gold State, GESB Schemes and other eligible funds.</p> <p>^(b) Defined benefit plans are the Pension Scheme and Gold State Scheme (pre-transfer benefit).</p> <p>^(c) Includes a superannuation contribution component.</p> <p>^(d) Includes the value of the fringe benefit to the employee plus the fringe benefits tax component and staff housing expenses for regional employees.</p> <p>Employment on-costs such as workers compensation insurance are included at Note 11 'Other expenses'. The employment on-costs liability is included at Note 26 'Provisions'.</p>		
7 Supplies and services		
Communications	762	867
Consultants and contractors	12 818	13 194
Consumables	973	1533
Materials	13	9
Vehicle lease and hire	1843	2027
Minor plant, machinery and equipment	646	961
Plant, machinery and equipment lease	79	138
Chemical analysis expense	858	932
Software licences, fees & registration	785	1610
Other staff related expenses	494	707
Travel	702	787
Other	1138	1005
Total supplies and services	21 111	23 770



Notes to the financial statements for the year ended 30 June 2013

	2013 \$000	2012 \$000
8 Depreciation and amortisation expense		
Depreciation		
Furniture and fittings	5	8
Buildings	608	620
Infrastructure	40	31
Plant and equipment	1263	1329
Computing equipment	339	409
Leasehold improvements	45	46
Measurement sites	3172	2843
Total depreciation	5472	5286
Amortisation		
Intangible assets	342	434
Total amortisation	342	434
Total depreciation and amortisation expense	5814	5720
9 Accommodation expenses		
Lease rentals	3266	3441
Repairs and maintenance	568	595
Power and water consumption	567	515
Security	3	4
Rates and taxes	249	233
Cleaning	271	305
Total accommodation expense	4924	5093
10 Grants and subsidies		
Recurrent	8558	10 827
Total grants and subsidies	8558	10 827



Notes to the financial statements for the year ended 30 June 2013

	2013 \$000	2012 \$000
11 Other expenses		
Audit fees	187	173
Employment on-costs ^(a)	383	529
Bad and doubtful debts expense	3	-
Equipment repairs and maintenance	346	209
Transfer of expense from capital work in progress ^(b)	927	902
Refund of prior year revenue	66	98
Other	786	109
Total other expenses	2698	2020
^(a) Includes workers' compensation insurance and other employment on-costs. The on-costs liability associated with the recognition of annual and long service leave liability is included at Note 26 'Provisions'. Superannuation contributions accrued as part of the provision for leave are employee benefits and are not included in employment on-costs		
^(b) Transfer of items held in the capital works in progress account in prior years that will not be capitalised.		
12 User charges and fees		
User charges	68	58
13 Commonwealth grants and contributions		
Bureau of Meteorology	-	753
Department of Agriculture and Food	-	580
Department of Sustainability, Environment, Water, Population and Communities	4195	8435
National Water Commission	1120	2121
Total commonwealth grants and contributions	5315	11 889
14 Other revenue		
Lease of commercial land and buildings	81	181
Other grants	627	1252
Other miscellaneous revenues	989	1297
Initial recognition of assets previously not recognised ^(a)	1415	-
Recoups from other private/commercial agencies	109	87
Total other revenue	3221	2817
^(a) Infrastructure assets not previously recognised in prior year financial statements and which the department had control during the reporting period were taken up as revenue in 2012–2013.		



Notes to the financial statements for the year ended 30 June 2013

	2013 \$000	2012 \$000
15 Net gain/(loss) on disposal of non-current assets		
Proceeds from disposal of non-current assets		
Plant and equipment	2175	1422
Costs of disposal of non-current assets		
Plant and equipment	2342	771
Net gain/(loss)	(167)	651
See also Note 22 'Property, plant and equipment'.		
16 Income from State Government		
Appropriation received during the period		
Service appropriation ^(a)	64 314	78 769
	64 314	78 769
Services received free of charge ^(b)		
Determined on the basis of estimates provided by agencies		
State Solicitors Office	236	130
Landgate	701	1111
Department of Finance	255	247
	1192	1488
Royalties for regions fund		
Regional infrastructure and headworks account ^(c)	3225	6178
Regional Community Services Account	251	190
	3476	6368
State grants		
State grants	4695	3278
Total revenues from government	73 677	89 903

^(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 depreciation expense for the year and any agreed increase in leave liability during the year.

^(b) Assets or services received free of charge or for nominal cost are recognised as revenue at fair value of the assets and/or services that can be reliably measured and which would have been purchased if they were not donated. Contributions of assets or services in the nature of contributions by owners are recognised direct to equity.

^(c) This is a sub-fund within the over-arching 'Royalties for Regions fund'. The recurrent funds are committed to projects and programs in WA regional areas.



Notes to the financial statements for the year ended 30 June 2013

		2013 \$000	2012 \$000 Re-stated	2011 \$000 Re-stated
17	Restricted cash and cash equivalents			
	Current			
	Developer bonds ^(a)	-	97	98
	Net proceeds from the sale of freehold land	-	1	10
	Royalties for Regions fund ^{(b) (e)}	114	1127	1104
	Specific purpose grants ^{(c) (e)}	11 938	16 340	12 809
		12 052	17 565	14 021
	Non-current			
	Accrued salaries suspense account ^(d)	1287	1077	928
	^(a) As at 30 June 2013, developer bonds are included under other monies (refer note 39 'Special Purpose accounts').			
	^(b) These unspent funds are committed to projects and programs in Western Australia regional areas.			
	^(c) Amount unspent on the Collie River Salinity Recovery Project and other externally funded projects.			
	^(d) Amount held in the suspense account is only to be used for the purpose of meeting the 27th pay in a financial year that occurs every 11 years.			
	^(e) Cash for 2011–2012 has been re-stated due to the re-classification of unspent funds, received from external organisations for specific purpose projects, from 'Cash and cash equivalents' to 'Restricted cash and cash equivalents'.			
18	Receivables			
	Current receivables	489	556	
	Allowance for impairment of receivables	(4)	(17)	
	GST receivable	1106	931	
	Total current receivables	1591	1470	
	Reconciliation of changes in the allowance for impairment of receivables:			
	Balance at start of period	17	80	
	Amounts written off during the period	2	-	
	Amount recovered during the period	(15)	(63)	
	Balance at end of period	4	17	
	The department does not hold any collateral or other credit enhancements as security for receivables.			
19	Amounts receivable for services			
	Current	8873	4465	
	Non-current	13 560	14 800	
	Total amounts receivable for services	22 433	19 265	
	Represents the non-cash component of service appropriations (see Note 2(n) 'Amounts receivable for services (Holding Account)'). It is restricted in that it can only be used for asset replacement or payment of leave liability.			
20	Other current assets			
	Current			
	Prepayments	860	969	
	Total current	860	969	



Notes to the financial statements for the year ended 30 June 2013

	2013 \$000	2012 \$000
21 Non current assets classified as held for sale		
Opening balance		
Land at fair value ^(a)	3640	3890
Less write down from cost to fair value less selling cost.	(182)	(195)
	3458	3695
Assets reclassified to held for sale		
Land at fair value ^(a)	-	5
Less write down from cost to fair value less selling cost	-	-
Plant and equipment at fair value	595	-
	595	5
Total assets classified as held for sale		
Land at fair value ^(a)	3640	3895
Less write down from cost to fair value less selling cost	(182)	(195)
Plant and equipment at fair value	595	-
	4053	3700
Less assets sold		
Land at fair value ^(a)	1065	255
Less write down from cost to fair value less selling cost	(54)	(13)
	1011	242
Closing balance		
Land at fair value ^(a)	2575	3640
Less write down from cost to fair value less selling cost	(129)	(182)
Plant and equipment at fair value	595	-
	3041	3458

^(a) During the 2012–2013 year, the Minister agreed to the sale of a series of land parcels owned by the department, but are no longer required. It is anticipated that these parcels of land will be sold in the 2014 financial year.



Notes to the financial statements for the year ended 30 June 2013

	2013 \$000	2012 \$000
22 Property, plant and equipment		
Land at fair value ^(a)	144 281	146 126
	144 281	146 126
Works of art	10	10
	10	10
Buildings at fair value ^(a)	5099	5158
Accumulated depreciation	-	-
	5099	5158
Infrastructure at cost	2852	2852
Accumulated depreciation	(2283)	(2242)
	569	610
Computing equipment at cost	2514	2446
Accumulated depreciation	(2148)	(1870)
	366	576
Furniture and fittings at cost	48	48
Accumulated depreciation	(34)	(29)
	14	19
Measurement sites at fair value/cost	198 570	195 395
Accumulated depreciation	(118 823)	(115 477)
	79 747	79 918
Plant and equipment at cost	9009	8792
Accumulated depreciation	(5550)	(4358)
	3459	4434
Leasehold improvements at cost	861	708
Accumulated depreciation	(211)	(171)
	650	537
Capital works in progress at cost	4853	2172
	4853	2172
Total Property, Plant and Equipment	239 048	239 560

^(a) Land and buildings were revalued as at 1 July 2012 by the Western Australian Land Information Authority (Valuation Services). The valuations were performed during the year ended 30 June 2013 and recognised at 30 June 2013. In undertaking the revaluation, fair value was determined by reference to market values for land, \$34 227 350 (2012: \$36 462 400) and buildings \$3 735 000 (2012: \$3 560 000). For the remaining balance, fair value of land and buildings was determined on the basis of depreciated replacement costs.



Notes to the financial statements for the year ended 30 June 2013

Reconciliations

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

2013	Capital works in progress \$'000	Furniture and fittings \$'000	Computer equipment \$'000	Plant and equipment \$'000	Buildings \$'000	Leasehold improvements \$'000	Measurement sites \$'000	Infrastructure \$'000	Works of Art \$'000	Land \$'000	Total \$'000
Carrying amount at start of year	2172	19	576	4434	5158	537	79 918	610	10	146 126	239 560
Additions	6579	-	226	326	191	-	1597	-	-	618	9537
Disposals	-	-	(97)	(38)	(297)	(24)	(816)	-	-	(1888)	(3160)
Reclassification	-	-	-	-	-	-	-	-	-	-	-
Transfers in/(out)	(3303)	-	-	-	-	182	2191	-	-	-	(930)
Classified as held for sale	(595)	-	-	-	-	-	-	-	-	-	(595)
Revaluation increments/(decrements)	-	-	-	-	655	-	29	-	-	(575)	109
Depreciation	-	(5)	(339)	(1263)	(608)	(45)	(3172)	(41)	-	-	(5473)
Carrying amount at end of year	4853	14	366	3459	5099	650	79 747	569	10	144 281	239 048
2012	Capital works in progress \$'000	Furniture and fittings \$'000	Computer equipment \$'000	Plant and equipment \$'000	Buildings \$'000	Leasehold improvements \$'000	Measurement sites \$'000	Infrastructure \$'000	Works of Art \$'000	Freehold land \$'000	Total \$'000
Carrying amount at start of year	2701	26	619	5805	5689	583	70 727	1266	10	150 179	237 605
Additions	2933	-	347	8	19	-	-	-	-	2481	5788
Disposals	-	-	-	(209)	(69)	-	-	(14)	-	(3514)	(3806)
Reclassification	-	-	-	9	295	-	705	(705)	-	(304)	-
Transfers in/(out)	(3462)	-	19	150	53	-	2250	-	-	-	(990)
Classified as held for sale	-	-	-	-	-	-	-	-	-	(5)	(5)
Revaluation increments/(decrements)	-	-	-	-	(209)	-	9079	94	-	(2711)	6253
Depreciation	-	(7)	(409)	(1329)	(620)	(46)	(2843)	(31)	-	-	(5285)
Carrying amount at end of year	2172	19	576	4434	5158	537	79 918	610	10	146 126	239 560



Notes to the financial statements for the year ended 30 June 2013

	2013 \$000	2012 \$000
23 Intangible assets		
Computer software		
At cost	1243	1335
Accumulated amortisation	(957)	(782)
Accumulated impairment losses	-	-
	286	553
Software licences		
At cost	345	310
Accumulated amortisation	(263)	(240)
Accumulated impairment losses	-	-
	82	70
Work in progress		
At cost	2891	-
Accumulated amortisation	-	-
Accumulated impairment losses	-	-
	2891	-
Total intangible assets	3259	623
Reconciliations		
Computer software		
Carrying amount at start of period	553	869
Additions	44	37
Transfers in/(out)	(9)	-
Amortisation expense	(302)	(353)
Carrying amount at end of period	286	553
Software licences		
Carrying amount at start of period	70	110
Additions	52	41
Amortisation expense	(40)	(81)
Carrying amount at end of period	82	70
Work in progress		
Carrying amount at start of period	-	-
Additions	2891	-
Amortisation expense	-	-
Carrying amount at end of period	2891	-



Notes to the financial statements for the year ended 30 June 2013

	2013 \$'000	2012 \$'000
24 Impairment of assets		
There were no indications of impairment of property, plant and equipment as at 30 June 2013.		
The department held no goodwill or intangible assets with an indefinite useful life during the reporting period. At the end of the reporting period there were no intangible assets not yet available for use.		
All surplus assets at 30 June 2013 have either been classified as assets held for sale or written off.		
25 Payables		
Current		
Trade payables	1823	3608
Accrued expense	1301	1998
Accrued salaries	991	977
Accrued fringe benefits tax	70	64
Total current payables	4185	6647
26 Provisions		
Current		
Employee benefits provision		
Annual leave ^(a)	5190	5727
Long service leave ^(b)	8038	6861
Purchased leave ^(c)	87	93
Deferred salary scheme ^(d)	58	39
Total current provisions	13 373	12 720
Non-current		
Employee benefits provision		
Long service leave ^(b)	2767	2973
Total non-current provisions	2767	2973
^(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 settlements will occur as follows:		
Within 12 months of the end of the reporting period	3180	3164
More than 12 months after the end of the reporting period	2010	2563
	5190	5727
^(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 settlements will occur as follows:		
Within 12 months of the end of the reporting period	2879	2337
More than 12 months after the end of the reporting period	7926	7497
	10 805	9834



Notes to the financial statements for the year ended 30 June 2013

		2013 \$000	2012 \$000
26	(a) Purchased leave scheme 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. Actual settlement of the liabilities is expected to occur as follows:		
	Within 12 months of the end of the reporting period	87	93
	More than 12 months after the end of the reporting period	-	-
		87	93
	(a) Deferred salary scheme 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. Actual settlement of the liabilities is expected to occur as follows:		
Within 12 months of the end of the reporting period	29	-	
More than 12 months after the end of the reporting period	29	39	
	58	39	
27	Other liabilities		
	Current		
	Revenue received in advance	24	21
	Stale cheque holding account	47	48
	Total current other liabilities	71	69
	Non-current		
	Developer bonds	-	97
Total non-current other liabilities	-	97	



Notes to the financial statements for the year ended 30 June 2013

	2013 \$000	2012 \$000
28 Equity		
The 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.		
Contributed Equity		
Balance at start of reporting period	232 787	232 334
Contributions by owners		
Capital contribution	6139	2791
Other Contributions by owners		
Initial recognition of crown land assets	-	1963
Regional infrastructure and headworks account	1500	-
Total Contributions by owners	7639	4754
Distribution to owners		
Transfer of net assets to other agencies		
Land for sale transferred to the Department of Regional Development and Lands	5	-
Net assets transferred to Government		
Transfer of net assets to other government agencies ^(a)	(1887)	(3037)
Proceeds for disposal of assets paid to Consolidated Account ^(b)	-	(1264)
Total distribution to owners	(1882)	(4301)
Balance at end of reporting period	238 544	232 787
^(a) The department transferred parcels of land to the State of Western Australia at nil consideration. The loss on disposal of these assets is accounted for as a distribution to owners/withdrawal of capital as required by Treasurer's Instruction 955.		
^(b) As part of the land disposal program, the department completed the settlement process for the sale of land. In 2011-2012, the net proceeds of the land sales were paid to the consolidated account. In 2012–2013, the proceeds were held to fund capital projects.		
Reserves		
Asset revaluation reserve:		
Balance at start of reporting period	45 012	40 333
Net revaluation increments/(decrements):		
Land	(831)	(3746)
Buildings	797	(239)
Measurement sites	28	8910
Non-current assets classified as held for sale	41	(246)
Balance at end of reporting period	45 047	45 012



Notes to the financial statements for the year ended 30 June 2013

		2013 \$000	2012 \$000
28	Accumulated surplus/(deficit)		
	Balance at start of reporting period	(5089)	(11 377)
	Derecognised revaluation assets ^(a)	262	1330
	Result for the period surplus/(deficit)	(7695)	4958
	Balance at end of reporting period	(12 522)	(5089)
	Total equity at end of the period	271 069	272 710
^(a) This represents the deficit in the asset revaluation reserve on derecognition of land which has been transferred directly to accumulated funds.			



Notes to the financial statements for the year ended 30 June 2013

		2013 \$000	2012 \$000 Re-stated	2011 \$000 Re-stated
29	Notes to the Statement of cash flows			
	Reconciliation of cash			
	Cash at the end of the financial year as shown in the Statement of cash flows is reconciled to the related items in the Statement of financial position as follows:			
	Cash and cash equivalents ^(d)	7894	11 229	4899
	Restricted cash and cash equivalents (refer to Note 17 'Restricted cash and cash equivalents') ^(d)	13 339	18 642	14 949
		21 233	29 871	19 848
	Reconciliation of net cost of services to net cash flows provided by operating activities			
	Net cost of services	(81 372)	(84 945)	
	Non-cash items:			
	Depreciation expense (Note 8 'Depreciation and amortisation expense')	5814	5720	
	Net loss on disposal of non-current assets (Note 15 'Net gain/(loss) on disposal of non current assets')	167	(651)	
	Resources received free of charge (Note 16 'Resources received free of charge')	1192	1488	
	(Increase)/decrease in assets:			
	Current receivables ^(a)	(95)	671	
	Other current assets	246	(92)	
	Other non current assets	598	991	
	Increase/(decrease) in liabilities:			
	Current payables ^(a)	(1842)	1347	
	Current provisions	653	1095	
	Other current liabilities	3	(156)	
	Non-current provisions	(206)	(1774)	
	Other non-current liabilities	-	-	
	Net GST receipts/(payments) ^(b)	2462	2204	
	Change in GST in (receivables)/payables ^(c)	(2635)	(2230)	
	Net cash provided by/(used in) operating activities	(75 015)	(76 332)	

^(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.

^(d) Cash for 2011 and 2012 has been re-stated due to the reclassification of unspent funds received from external organisations, for specific purpose projects, from Cash and cash equivalents to Restricted cash and cash equivalents.



Notes to the financial statements for the year ended 30 June 2013

		2013 \$000	2012 \$000
30	Resources provided free of charge		
	During the period the following resources were provided to other agencies free of charge for functions outside the normal operations of the department:		
	Swan River Trust	3	2
	Department of Agriculture and Food	0	2
	Department of Environment and Conservation	3	3
	Department of Planning and Infrastructure	46	7
	Department of Fire and Emergency Services	104	0
	Department of Mines and Petroleum	3	0
	Department of Transport	2	0
	Water Corporation	7	-
	Western Australian Planning Commission	2	1
	Other agencies	2	9
	Total resources provided free of charge ^(a)	172	24
^(a) A change in the pricing method of water data provided to these agencies, coupled with increased requests for data has resulted in higher figures.			



Notes to the financial statements for the year ended 30 June 2013

	2013 \$000	2012 \$000
31 Commitments		
Non-cancellable operating lease commitments		
Commitments in relation to leases contracted for at the end of the reporting period but not recognised as liabilities, are payable as follows:		
Within 1 year	4263	4375
Later than 1 year and not later than 5 years	13 143	12 080
Later than 5 years	4448	6850
	21 854	23 305
Capital expenditure commitments		
Capital expenditure commitments, being contracted capital expenditure additional to the amounts reported in the financial statements, are payable as follows:		
Within 1 year	9615	2787
Later than 1 year and not later than 5 years	4170	10 753
Later than 5 years	-	-
	13 785	13 540
The capital commitments include amounts for:		
Groundwater bores	3801	4871
Surface water infrastructure	7512	8526
Information technology infrastructure	2454	20
Metering	18	123
Total	13 785	13 540
Other expenditure commitments		
Other expenditure commitments at the end of the reporting period but not recognised as liabilities, are payable as follows:		
Within 1 year ^(a)	-	733
Later than 1 year and not later than 5 years	-	-
Later than 5 years	-	-
	-	733
^(a) The department in 2011-2012 came to an agreement with a third party to remove saline water from a mine void known as Chicken Creek 4 in the Collie region. This was completed in 2012–2013.		



Notes to the financial statements for the year ended 30 June 2013

32	<p>Contingent liabilities and contingent assets</p> <p>Contingent liabilities</p> <p>The following contingent liabilities are additional to the liabilities incorporated in the financial statements:</p> <p>Litigation in progress</p> <p>(A) Claim for compensation under the <i>Country Areas Water Supply Act 1947</i> after being declined a clearing licence in 1986. Potential compensation of \$56 200 may apply.</p> <p>(B) Claim for compensation in relation to taking by consent of that part of Lot 511 on Deposited Plan 29022 now shown as Lot 514 on Deposited Plan 70844 required for the purpose of the Jurien Water Reserve and associated Public Water Supply.</p> <p>The claim is for the amount of \$2 796 119.70 plus further legal and consultants costs. A solatium of 10% is included in the amount claimed however the claimants have indicated that they will lead evidence as to exceptional circumstances and seek a solatium greater than 10%.</p> <p>An advance payment of \$517 000 plus associated interest was paid in 2012. The balance of the claim is currently being considered in the State Administration Tribunal, with an outcome expected during the 2013–2014 financial year.</p> <p>Contaminated sites</p> <p>Under the <i>Contaminated Sites Act 2003</i>, the department is required to report known and suspected contaminated sites to the Department of Environment and Conservation (DEC). In accordance with the Act, DEC classifies these sites on the basis of risk to human health, the environment and environmental values. Where sites are classified as contaminated - remediation required or possibly contaminated - investigation required, the department may have a liability in respect of investigation or remediation expenses.</p> <p>The department has reported one suspected contaminated site to DEC. It is yet to be classified. To date there has been no evidence of contamination found, however scientific investigation is required before concluding whether or not a level of contamination exists. The department is unable to access the likely outcome of the classification process, and accordingly, it is not practicable to estimate the financial effect or to identify the uncertainties relating to the amount or timing of any of the outflows. Whilst there is no possibility of reimbursement of any future expenses that may be incurred in the remediation of these sites, the department may apply for funding from the Contaminated Sites Management Account to undertake further investigative work or to meet remediation costs that may be required.</p> <p>Contingent assets</p> <p>The department has no contingent assets at 30 June 2013.</p>
33	<p>Events occurring after the end of the reporting period</p> <p>The department has no adjusting or non adjusting events after the end of the reporting period.</p>



Notes to the financial statements for the year ended 30 June 2013

34 Explanatory statements

Significant variations between estimates and actual results for income and expense as presented in the financial statement titled 'Summary of consolidated account appropriations and income estimates' are shown below. Significant variations are considered to be those greater than 10% or \$5 million.

Total appropriations provided to deliver services

Significant variations between estimates and actual results for 2013

	2013 Estimate \$000	2013 Actual \$000	Variance \$000
Item 105 Net amount appropriated to deliver services ^(a)	71 158	64 061	(7097)

Significant variations between actual results for 2013 and 2012

	2013 Actual \$000	2012 Actual \$000	Variance \$000
Item 105 Net amount appropriated to deliver services ^(b)	64 061	78 536	(14 475)

^(a) The variance relates to appropriation adjustments in 2013, mainly associated with adjustments for reduction in the full time equivalent ceiling, organisation reform and efficiency and rural water grants program deferral.

^(b) The variance relates to increase in appropriation received in 2012 for the voluntary severance scheme and an reduction in appropriation received in 2013 for adjustments to the full time equivalent ceiling, organisation reform and efficiency and rural water grants program deferral.

Service expenditure

Significant variations between estimates and actual results for 2013

	2013 Estimate \$000	2013 Actual \$000	Variance \$000
Catchment and waterways health ^(a)	7537	12 650	5113

Significant variations between actual results for 2013 and 2012

	2013 Actual \$000	2012 Actual \$000	Variance \$000
Urban water management and industry services ^(b)	28 158	34 166	(6008)
Water use allocation and optimisation ^(c)	49 168	57 194	(8026)
Catchment and waterways health ^(d)	12 650	9000	3650

^(a) The variation relates to organisational restructure resulting in an increase in the number of full time equivalents associated with this service and the distribution of overhead costs.

^(b) The variance relates to reduction in appropriation received in 2013 for adjustments to the full time equivalent ceiling, organisation reform and efficiency and rural water grants program deferral.

^(c) The variance relates to reduction in appropriation received in 2013 for adjustments to the full time equivalent ceiling, organisation reform and efficiency and rural water grants program deferral.

^(d) The variance is mainly due to organisational restructure resulting in an increase in the number of full time equivalents associated with this service and the distribution of overhead costs.



Notes to the financial statements for the year ended 30 June 2013

34	Capital contribution	2013 Actual \$000	2012 Actual \$000	Variance \$000
	Significant variations between actual results for 2013 and 2012			
	Item 163 Capital appropriation ^(a)	6139	2791	3348
	^(a) Variation is mainly associated with additional funding received for groundwater resource investigation and monitoring and the decommissioning from the Office of Shared Services.			
	Capital expenditure			
	Significant variations between estimates and actual results for 2013			
	No significant variances in capital transactions.			
	Significant variations between actual results for 2013 and 2012	2013 Actual \$000	2012 Actual \$000	Variance \$000
	Purchase of non-current physical assets ^(a)	13 000	3159	9841
	^(a) Variation is mainly associated with an increase in capital investment activities associated with groundwater investigation and monitoring and replacement of legacy water management systems.			
	Total administered transactions			
	Significant variances between estimate and actual for 2013			
	No significant variances in total administered transactions.			
	Significant variances between actual results for 2013 and 2012	2013 Actual \$000	2012 Actual \$000	Variance \$000
	Item 106 Administered grants and subsidies ^(a)	175	1869	(1694)
	^(a) The variance is due to the reduction in grant payment related to the Carnarvon Irrigation scheme.			
	Administered Income			
	Significant variances between estimate and actual for 2013			
	No significant variances in administered income.			
	Significant variances between actual results for 2013 and 2012	2013 Actual \$000	2012 Actual \$000	Variance \$000
	Income disclosed as Administered Income ^(a)	178	1881	(1703)
	^(a) Due to the reduction in the total administered transactions payable, Department of Treasury has therefore appropriated lesser funds to the Department of Water's Administered entity in 2012.			



Notes to the financial statements for the year ended 30 June 2013

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, loans and 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 end of 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 instruments 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 resulting in the department's exposure to bad debts is minimal. At the end of the reporting period, there are 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 drawdowns of appropriations by monitoring forecast cash flows to ensure that sufficient funds are available to meet its commitments.

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. The department is not exposed to interest rate risk because all cash and cash equivalents cash are non-interest bearing and have no borrowings.

(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 as follows:

Financial assets	2013 \$000	2012 \$000
Cash and cash equivalents	7894	11 229
Restricted cash and cash equivalents	13 339	18 642
Loans and receivables	22 918	19 804
	44 151	49 675
Financial liabilities		
Financial liabilities measured at amortised cost	4185	6647
Developer bonds held in trust	-	97
	4185	6744



Notes to the financial statements for the year ended 30 June 2013

(c) Financial instrument disclosures

Credit risk

The following table discloses 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 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	Not past due and not impaired	Past due but not impaired					Impaired financial assets
			Up to 1 months	1–3 months	3 months to 1 year	1–5 years	More than 5 years	
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
2013								
Cash and cash equivalents	7894	7894	-	-	-	-	-	-
Restricted cash and cash equivalents	13 339	13 339	-	-	-	-	-	-
Receivables ^(a)	485	442	21	6	12	4	-	-
Amounts receivable for services	22 433	22 433	-	-	-	-	-	-
	44 151	44 108	21	6	12	4	-	-
2012								
Cash and cash equivalents	11 229	11 229	-	-	-	-	-	-
Restricted cash and cash equivalents	18 642	18 642	-	-	-	-	-	-
Receivables	539	210	136	170	-	19	-	4
Amounts receivable for services	19 265	19 265	-	-	-	-	-	-
	49 675	49 346	136	170	-	19	-	4

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



Notes to the financial statements for the year ended 30 June 2013

Liquidity risk and interest rate exposure

The following table discloses 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 amount for each item.

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

			Interest rate exposure			Maturity dates					
	Weighted average effective interest rate	Carrying amount	Fixed interest rate	Variable interest rate	Non-interest bearing	Nominal amount	Up to 1 months	1–3 months	3 months to 1 year	1–5 years	More than 5 years
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Financial assets											
2013											
Cash and cash equivalents		7894	-	-	7894	7894	7894	-	-	-	-
Restricted cash and cash equivalents		13 339	-	-	13 339	13 339	13 339	-	-	-	-
Receivables ^(a)		485	-	-	485	485	485	-	-	-	-
Amounts receivable for services		22 433	-	-	22 433	22 433	280	1000	7593	5159	8401
		44 151	-	-	44 151	44 151	21 998	1000	7593	5159	8401
Financial liabilities											
2013											
Payables		4185	-	-	4185	4185	4185	-	-	-	-
		4185	-	-	4185	4185	4185	-	-	-	-



Notes to the financial statements for the year ended 30 June 2013

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

	Weighted average effective interest rate	Carrying amount	Interest rate exposure			Maturity dates						
			Fixed interest rate	Variable interest rate	Non-interest bearing	Nominal amount	Up to 1 months	1–3 months	3 months to 1 year	1–5 years	More than 5 years	
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Financial assets												
2012												
Cash and cash equivalents		11 229	-	-	11 229	11 229	11 229	-	-	-	-	-
Restricted cash and cash equivalents		18 642	-	-	18 642	18 642	18 642	-	-	-	-	-
Receivables ^(a)		539	-	-	539	539	539	-	-	-	-	-
Amounts receivable for services		19 265	-	-	19 265	19 265	500	1454	2511	9873	4927	
		49 675	-	-	49 675	49 675	30 910	1454	2511	9873	4927	
Financial liabilities												
2012												
Payables		6647	-	-	6647	6647	6647	-	-	-	-	-
Developer bonds		97	-	-	97	97	97	-	-	-	-	-
		6744	-	-	6744	6744	6744	-	-	-	-	-
^(a) The amount of receivables excludes the GST recoverable from the ATO (statutory receivable)												

The amounts disclosed are the contractual undiscounted cash flows of each class of financial liabilities at the end of the reporting period.

Interest rate sensitivity analysis

Interest rate sensitivity has not been disclosed as the department is not exposed to interest rate risk as it has no assets or liabilities that are interest bearing.

Fair values

All 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.



Notes to the financial statements for the year ended 30 June 2013

36	Remuneration of senior officers		2013	2012
	The number of senior officers whose total fees, salaries, superannuation, non-monetary benefits and other benefits for the financial year, fall within the following bands are:			
		\$		
		20 001 - 30 000 ^(a)	-	1
		50 001 - 60 000 ^(a)	-	1
		70 001 - 80 000	1	-
		100 001 - 110 000	1	-
		110 001 - 120 000	1	-
		120 001 - 130 000	-	1
		140 001 - 150 000	1	1
		150 001 - 160 000	2	1
		160 001 - 170 000	3	4
		170 001 - 180 000	1	1
		190 001 - 200 000	1	1
		200 001 - 210 000	-	1
		220 001 - 230 000	-	1
		300 001 - 310 000	1	-
			2013 \$000	2012 \$000
	Base remuneration and superannuation		1988	1787
	Annual leave and long service leave accruals		(104)	135
	Other benefits		36	35
	The total remuneration of senior officers		1920	1957
	The total remuneration includes the superannuation expense incurred by the department in respect of senior officers.			
	^(a) Two senior officers left the agency part way through the financial year.			
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:			
	Auditing the accounts financial statements and performance indicators		63	60
38	Related and affiliated bodies			
	The department currently 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 "Related and Affiliated Bodies".			



Notes to the financial statements for the year ended 30 June 2013

39	Special purpose accounts		
	Developer bonds	2013 \$000	2012 \$000
	The purpose of the account is to hold funds paid by developers and held in trust. Amounts are refunded on completion of works per agreed contract.		
	Balance at start of period	97	-
	Receipts	-	-
	Payments	-	-
	Balance at end of period	97	-
40	Supplementary financial information		
	(a) Write offs		
	Public property written-off by the accountable authority during the financial year	(2)	(38)
	(b) Losses through theft defaults and other causes		
	Losses of public properties through theft or default	(2)	(38)
	Amounts recovered	11	18
		9	(20)
	(c) Gifts of public property		
	The department had no gifts of public property during the financial year.		



Notes to the financial statements for the year ended 30 June 2013

41	Administered income and expenses by service									
	Urban water management and industry services		Water use allocation and optimisation		Catchment and waterways health		General - not attributed		Total	
	2013 \$000	2012 \$000	2013 \$000	2012 \$000	2013 \$000	2012 \$000	2013 \$000	2012 \$000	2013 \$000	2012 \$000
Cost of services										
Expenses										
Grants and subsidies	-	-	-	-	-	-	158	593	158	593
Payments into the Consolidated account ^(a)							17	1276	17	1276
Total administered expenses	-	-	-	-	-	-	175	1869	175	1869
Income from State Government										
Income										
Service appropriation	-	-	-	-	-	-	161	605	161	605
For transfer:										
Regulatory fees and other charges	-	-	-	-	-	-	17	12	17	12
Proceeds on sale of land	-	-	-	-	-	-	-	1264	-	1264
Total administered income	-	-	-	-	-	-	178	1881	178	1881

In 2002, the Government of Western Australia (WA Govt) entered into an agreement to provide subsidies to the Ord Irrigation cooperative and the Gascoyne Water cooperative. The agreement specifies that Government pay diminishing instalments adjusted for CPI to the cooperatives on a yearly basis and for a limited period.

The department receives administered income (service appropriation) from government and administers the subsidies on their behalf.

^(a) In the 2012–2013 financial year, payments into the Consolidated account included water fines collected. In 2011–2012 payments into the Consolidated account included net proceeds on sale of land and water fines collected.



Notes to the financial statements for the year ended 30 June 2013

		2013 \$000	2012 \$000
42	Administered assets and liabilities		
	Asset		
	Current asset		
	Cash and cash equivalents	16	13
	Total administered current assets	16	13
	Total administered assets	16	13
	Liability		
	Current liability		
	Amounts owing to controlled entity	-	-
	Total administered non-current liabilities	-	-
	Total administered liabilities	-	-



Government of **Western Australia**
Department of **Water**



Looking after all our water needs

Certification of performance indicators for the year ended 30 June 2013

Financial Management Act 2006

I hereby certify that the performance indicators are based on proper records, are relevant and appropriate for assisting users to assess the Department of Water's performance, and fairly represent the performance of the Department of Water for the financial year ended 30 June 2013.

Maree De Lacey
Director General
Department of Water
20 September 2013

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www.water.wa.gov.au
wa.gov.au

20/09/2013



Detailed information in support of key performance indicators

Agency-level desired outcome: sufficient quality water to support the needs of the community, environment and state development.

Effectiveness indicators

Proportion (%) of water resource management areas that are planned appropriate to their water resource category				
Actual 2009–2010 %	Actual 2010–2011 %	Actual 2011–2012 %	Target 2012–2013 %	Actual 2012–2013 %
57	60	85	86	85

Relevance to desired outcome

The department uses allocation limits, water licences and water resource monitoring to manage water resources for sustainable use and development. Water allocation plans include the water resource objectives agreed through the planning process for each management area as well as allocation limits, local licensing details and a monitoring program.

To inform a risk-based approach to managing water use, water resource management areas are categorised according to the current volume allocated as a percentage of the allocation limit. The higher the percentage allocation, the higher the level of management response.

The indicator is calculated by dividing the number of water resource management areas that are planned consistent with their water resource category compared with the total water resource management areas.

Variance analysis

The variation between the actual 2010–2011 and actual 2011–2012 was due to an increase in the number of water resource management areas that had completed plans. In 2012–2013, while work was ongoing, no additional water resource management areas had plans completed.

Proportion of water resources with licensed allocations that are within the allocation limit				
Actual 2009–2010 %	Actual 2010–2011 %	Actual 2011–2012 %	Target 2012–2013 %	Actual 2012–2013 %
86	85	81	85	80

Relevance to desired outcome

The department licenses and regulates water use to ensure water resources are managed in accordance with their allocation limit.

This indicator is relevant to the outcome because it shows how the department is managing water resources to ensure the long-term availability of the resource.

The indicator is measured by determining the number of groundwater resources in the state that are within the allocation limit.

Variance analysis

Variation between the actual 2010–2011 and actual 2011–2012 and between the target 2012–2013 and the actual 2012–2013 results were mainly due to a reduction to some allocation limits in the south-west of the state due to reduced rainfall and recharge, and total licensed allocation amounts remained at previously approved limits.



Proportion of public water supplies covered by drinking water source protection plans

Actual 2009–2010 %	Actual 2010–2011 %	Actual 2011–2012 %	Target 2012–2013 %	Actual 2012–2013 %
80	89	90	95	93

Relevance to desired outcome

Ensuring that the community has access to safe, quality drinking water is one of the department's key roles. Drinking water source protection plans (DWSPPs) help protect water quality in public drinking water sources in Western Australia.

This indicator shows the department's progress in completing DWSPPs for public drinking water source areas.

The indicator is calculated by dividing the number of completed drinking water source protection reports by the total number of public drinking water source areas in WA and multiplying by 100.

Reports are defined as being assessments, plans, and land use and water management strategies.

Variance analysis

Since 2000, water source protection plans have been introduced across most of the public drinking water sources. Variation between actual 2011–2012 and target 2012–2013 is because 122 plans were in place in 2011–2012 and it was expected that an additional eight plans would be in place in 2012–2013. In 2012–2013 an additional five protection plans were completed with a target in 2013–2014 to have all public water supplies covered by drinking water source protection plans.

Efficiency indicators

Service 1: Urban water management and industry services

This service ensures adequate urban water supplies and water services through water drainage planning, optimising available resources for urban use, drinking water source protection and the policy and regulation of water services.

This service facilitates urban development within the state and provides a policy framework for efficient, reliable, quality and competitive water services to the community via water service providers. The department also prepares plans to protect water quality.

This service is provided to urban, rural and remote areas. The term 'urban water management' refers to the improved management of our water resources by ensuring an appropriate level of consideration is given to the total water cycle at each phase of the planning system.

Average cost per industry water services policy instrument

Actual 2009–2010 \$	Actual 2010–2011 \$	Actual 2011–2012 \$	Target 2012–2013 \$	Actual 2012–2013 \$
53 192	39 466	50 976	40 599	34 535

The term 'industry water services policy instrument' refers to the tools that need to be developed to enable the department to provide a policy framework for efficient, reliable, quality and competitive water services to the community via water service providers such as water services subsidiary legislation, water services policies and statements and Economic Regulation Authority submissions, briefing notes and Ministerial advice.



Relevance to service

The department is responsible for the development of water services policy. The effective delivery of water services policy:

- ensures the safety, reliability, efficiency and quality of water services are maintained by means of regulatory and licensing requirements
- creates a competitive and sustainable water service industry that is responsive to the needs of all Western Australians and delivers water services at efficient prices.

The indicator is calculated by dividing the total cost of service for producing a water services policy instrument, divided by the total number of instruments produced.

Variance analysis

The downward trend since 2011–2012 reflects the department's implementation of structural reform and business improvements, and an increase in water policy instruments relating to the introduction of the *Water Services Act 2012* and policy reform in water resource management.

Average cost per drinking water source protection plan				
Actual 2009–2010	Actual 2010–2011	Actual 2011–2012	Target 2012–2013	Actual 2012–2013
\$	\$	\$	\$	\$
673 803	651 193	665 778	643 619	382 162

Relevance to service

One of the department's primary tools to ensure that the community has access to safe, quality drinking water is the use of drinking water source protection plans.

These plans ensure safe, quality water supplies that will require minimal treatment in order to meet the *Australian Drinking Water Guidelines* and public health requirements.

This indicator shows the average cost of producing a drinking water source protection plan. The indicator provides a measure of cost efficiency of the development of protection plans.

The indicator is derived by taking the total cost of service for water source protection, then dividing by the number of plans developed.

Variance analysis

The lower average cost in actual 2012–2013 was primarily due to the plans and reviews completed being for smaller and less complex drinking water source areas. This allowed resources and related overheads to be transferred to other key priority areas of the agency while still being able to deliver eight reports (five new plans and three reviews).

Average cost per drainage and water management plan and assessment				
Actual 2009–2010	Actual 2010–2011	Actual 2011–2012	Target 2012–2013	Actual 2012–2013
\$	\$	\$	\$	\$
7699	5802	5902	5092	7407

Relevance to service

Drainage and water management plans and assessments provide for the management of water in a landscape for viable and attractive communities.

The indicator is derived by dividing the total cost of service for drainage and water management plans or assessments, by the total number of plans or assessments completed. Multiple submissions may be received for the same development but each assessment received is counted in the calculation of this KPI as long as the assessment is completed.

Variance analysis

The movement in the average cost between 2011–2012 and 2012–2013 reflects the costs of additional resources allocated to accommodate the complexity of plans and assessments.



Average cost per square kilometre of designated proclaimed water supply catchments where salinity and water resource recovery measures are implemented

Actual 2009–2010 \$	Actual 2010–2011 \$	Actual 2011–2012 \$	Target 2012–2013 \$	Actual 2012–2013 \$
546	636	500	442	45

Relevance to service

The department uses a range of measures to manage water in catchments to improve water quality. The nature of the work involves managing the effects of salinity.

The indicator is derived by dividing the total cost of service for implementation of salinity management measures in designated proclaimed water supply catchments by the total area of recovery catchments.

Variance analysis

The movement in the average cost between actual 2011–2012 and target 2012–2013 reflects the department's implementation of structural reform and business improvements. The downward movement in actual 2012–2013 reflects a reduction in Commonwealth funding associated with salinity and water resource recovery measures together with the department's reallocation of resources in line with strategic priorities. Work in this area has progressed to the point where most items outlined in the 1996 *Salinity Action Plan* have been achieved or are being managed.

Service 2: Water use allocation and optimisation

This service seeks to ensure the state's water resources are managed to meet social, economic and environmental needs through the development of water allocation plans, water supply planning, water licensing, water accounting policy and water trading.

The department manages water use and efficiency by allocating water volume according to its availability and managing the conditions by which water is extracted.

Average* cost per allocation plan completed

Actual 2009–2010 \$	Actual 2010–2011 \$	Actual 2011–2012 \$	Target 2012–2013 \$	Actual 2012–2013 \$
1 399 813	1 350 663	1 419 826	1 172 868	1 776 789

* The term average refers to a three-year rolling average.

Relevance to service

The Department of Water manages and regulates Western Australia's water resources and uses water allocation plans to guide the sustainable use of water to provide for development and other public benefits.

The cost depends on the level of available information, the scale of the area, the value of the water for use and in situ benefits and the complexity of management solutions needed to meet competing needs.

To provide an efficiency indicator, the unit cost is calculated by dividing the total cost of the service for water allocation planning by the number of allocation planning reports developed each year. This is modified to a three-year rolling average to recognise the average planning timeframe.

Variance analysis

The higher average cost in the three years to 2012–2013 was primarily due to the added complexity of the plans that were developed, the additional scientific investigations that were needed to inform the plans and the additional stakeholder engagement undertaken to explain the additional science and resolve complex issues.



Average time taken to process a licence by water category grouping

	Actual 2009–2010 (days)	Actual 2010–2011 (days)	Actual 2011–2012 (days)	Target 2012–2013 (days)	Actual 2012–2013 (days)
Category 1	51	58	60	40	45
Category 2	41	56	68	40	45
Category 3	43	57	70	50	47
Category 4	46	60	64	60	65

Relevance to service

This indicator represents the average time taken, in days, to process a water licence by category grouping. The categories relate to the percentage of water allocated within the resource and are:

- Category 1 (C1), zero to 30 per cent allocated
- Category 2 (C2), >30 to 70 per cent allocated
- Category 3 (C3), >70 to 100 per cent allocated
- Category 4 (C4), >100 per cent allocated.

Licensing of Western Australia's water resources is the main tool used to enable sharing and allocation of those water resources. A water licence grants a licensee an entitlement to take a determined amount of water from a specific water resource under specified licence conditions.

Licensing processing times vary according to the complexity of the licence, with complex licences taking longer to administer.

Variance analysis

In 2011–2012 a specific one-off project cleared a backlog of applications from the system that had been there for more than 90 days. This led to an increase in the average processing times across all categories due to the greater number of licence applications being processed overall. Improvements in processing together with a catch-up on the backlog has led to a decrease in the time taken to process water licences in 2012–2013.

Expenditure on water licence administration

	Actual 2009–2010	Actual 2010–2011	Actual 2011–2012	Target 2012–2013	Actual 2012–2013
Average cost per water licence (all categories)					
	\$2211	\$2061	\$2436	\$2149	\$2506
Total number of licences processed by category grouping					
Category 1	1003	930	846	1000	804
Category 2	2184	2216	2204	2200	1447
Category 3	4225	4877	3293	5000	3336
Category 4	5251	4121	5473	3600	4389

Relevance to service

This indicator represents the expenditure on water licence administration across the department, defined by average cost per water licence (all categories) and reports on a total of 12 454 surface and groundwater licences as of 30 June 2013. Licensing costs will vary according to the category level of the licence being processed.



The total numbers of licences processed by category grouping are the total numbers of active groundwater (5C) licences in the department's system as of 30 June 2013. Only groundwater licences were included in the total number of licences per category, as surface water resources do not all have categories assigned to them. See the previous efficiency indicator for the category descriptions.

Variance analysis

The average cost per water licence (all categories) is consistent between 2011–2012 and 2012–2013.

The total numbers of groundwater licences processed in 2009–2010 were similar in total to 2010–2011 and 2011–2012 which was 12 663, 12 144 and 11 816, respectively. The total number in 2012–2013 was 9976.

The reduction in the number of licences post 2011–2012 was due to the imminent repeal of s57G of the *Metropolitan Water Supply Sewerage and Drainage Act 1909* arising from the introduction of the *Water Services Act 2012*. As a result around 1500 licences were abolished.

Service 3: Catchment and waterways health

This service ensures the protection of the state's waterways and catchments through river management and recovery programs.

This service contributes to the management and restoration of the state's waterways to meet community aspirations and needs, and implement plans for salinity recovery catchments.

Average cost per square kilometre of designated inland rural catchments where dryland salinity management measures are implemented

Actual 2009–2010 \$	Actual 2010–2011 \$	Actual 2011–2012 \$	Target 2012–2013 \$	Actual 2012–2013 \$
751	518	293	200	183

Relevance to service

The department, in partnership with local communities, develops and implements salinity abatement plans to respond to dryland salinity. The objective is to maintain and recover catchments to a quality fit for human consumptive use.

Unit cost is calculated by dividing the total cost of service for monitoring, evaluation and implementation of salinity engineering measures in designated inland rural catchments by the total area for which recovery catchments and engineering initiatives are in place.

Variance analysis

The movement between the actual 2011–2012 and target 2012–2013 relates to the ceasing of Commonwealth and state NRM funding for salinity and waterways, Water for the Future and catchment council-funded projects in 2011–2012 and 2012–2013, as well as the implementation of structural reform and business improvements. The variation between the target 2012–2013 and actual 2012–2013 relates to the effect of corrective measures on direct costs and overheads. Work in this area was largely driven by commitments associated with the National Action Plan for Salinity and Water Quality.



Work is practically finished with the completion of the \$6.8 million Engineering Evaluation Initiative and Wheatbelt Drainage Initiatives and through the endorsement of the Policy Framework for Inland Drainage.

Average cost per waterway management plan developed				
Actual 2009–2010 \$	Actual 2010–2011 \$	Actual 2011–2012 \$	Target 2012–2013 \$	Actual 2012–2013 \$
617 220	440 752	1 125 513	503 823	456 576

Relevance to service

The department contributes to the management of waterways health by partnering with the community to manage waterways. Policy development, management plans and assessment are essential to delivering this service.

The unit cost is calculated by dividing the total cost of service for developing and supporting implementation of waterway management plans by the total number of plans.

Variance analysis

The 2011–2012 average cost is significantly higher than 2010–2011 mainly as a result of a combination of the greater complexity of science required and the high level of community consultation required for the number plans developed. The decrease in average cost between actual 2011–2012 and target 2012–2013 reflect an additional five plans being produced. The decrease in average cost of plans developed in 2012–2013 is mainly due to an increase in the number of plans and reports completed.



Ministerial directives

There were no Ministerial directives in 2012–2013.

Other financial disclosures

Pricing policies of services provided

The department does not have fees for services.

Capital works

The Department of Water's capital works consist of asset replacement programs and new projects.

The on-going asset replacement program includes installing, replacing and upgrading groundwater monitoring bores and river gauging stations throughout the state and an asset replacement program associated with computer hardware and office equipment.

New projects in 2012–2013 include investment in the groundwater investigation and monitoring bore program across the state. The department is also replacing legacy water management systems through the Platform for Contemporary Water Management Project.

Governance disclosures

Contracts with senior officers

At the date of reporting, other than normal contracts of employment of service, 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 Water and its senior officers.

Recruitment of executive directors and directors

The department's structure has four executive director positions and five director positions, as approved by the Public Sector Commissioner in July 2012, consistent with the department's structure.

All executive director positions were publically advertised in 2012–2013 with appointments made for the Policy and Innovation and Science and Planning directorates. A short-term appointment for the Executive Director Regional Delivery and Regulation position was made. The recruitment process for the Corporate Strategy and Reform executive director position was in progress as of 30 June 2013. All director positions were filled with short-term appointments pending the outcome of any machinery of government changes.

Employee and industrial relations

The workforce profile of the department during the last financial year is shown in the attached table.

Occupation categories	30 June 2012	30 June 2013
Managers	57	57
Professionals	320.5	302
Technicians and trades workers	8	11
Community and personal service workers	0	0
Clerical and administrative workers	87.5	94
Sales workers	0	0
Machinery operators and drivers	0	0
Labourers	0	0
Total FTE	473	464



Staff development

The Department of Water recognises that the performance of an organisation is directly related to the skills and competency of its workforce. The department's employees are central to its endeavours and staff development is the means by which the department ensures that employees are fully equipped with the knowledge, understanding and skills required to achieve the department's goals and objectives as outlined in its strategic plan.

The department is committed to the ongoing training and development of staff to ensure they have the skills and competencies to meet both the current and future needs of the department and further to ensure they are in compliance with legislative and good governance requirements.

As a funding indicator, it is the department's intent that overall training and development spending will total between \$400 and \$1000 per full time equivalent (FTE) position. Last year the department met this target and spent \$773 per FTE.

Workers compensation

Workers compensation is covered in the section on occupational, safety, health and injury management.

Other legal requirements

Expenditure on advertising, market research, polling and direct mail (*Electoral Act 1907 s175ZE*)

Expenditure on advertising 2013–2014 financial year

Information advertising	Actual \$
Adcorp Australia Limited *	\$10 674
State Law Publisher	\$21 258
WA Newspapers Limited	\$230
Subtotal	\$32 161
Recruitment and tender advertisements	
Adcorp Australia Limited *	\$12 598
Subtotal	\$12 598
Total advertising costs 2013–2014	\$44 759

*Advertising includes the placement of press advertisements

Disability access and inclusion plan outcomes

The Department of Water is committed to ensuring people with disabilities, their families and carers can fully access its events, buildings, facilities, information and services, and it achieved this by meeting the outcomes of the *Disability access and inclusion plan 2009–2013*.

Through the coordination of the department's Disability Access Committee the plan achieved the following outcomes:

- 1 People with disabilities have the same opportunities as other people to access the services of, and any events organised by, a public authority.

In line with the Disability Services Commission's *Creating accessible events* publication and the Australian Federation of Disability Organisations' checklists, all department-hosted events were accessible for people with disabilities.

Information provided by the agency was available in alternative formats, upon request.



- 2 *People with disabilities have the same opportunities as other people to access the buildings and other facilities of a public authority.*

The department ensured all new and renewed leases considered the needs of people with disabilities.

- 3 *People with disabilities receive information from a public authority in a format that will enable them to access the information as readily as other people are able to access it.*

Access to information for people with disabilities was met by incorporating universal design principles into the department's documents and other publications. Publications, including forms and applications, are available electronically and can, upon request, be made available in alternative formats for those with special needs.

- 4 *People with disabilities receive the same level and quality of service from the staff of a public authority as other people receive from the staff of that public authority.*

All department staff were encouraged to access the agency's *Disability access and inclusion plan* and new staff were introduced to the plan and other information on working with people with disabilities through the formal induction process.

Staff in customer service roles received training packages from the Disability Services Commission.

- 5 *People with disabilities have the same opportunities as other people to make complaints to a public authority.*

The department maintained a complaints management system which is accessible to the public via the department website.

The department also provided for people with disabilities to lodge complaints by alternative methods, such as in person, telephone, email and online. No complaints relating to access were received in 2012–2013.

The department promoted and used the National Relay Service 13 36 77, allowing people with speech and hearing disabilities to contact the department.

- 6 *People with disabilities have the same opportunities as other people to participate in any public consultation by a public authority.*

Questions about access and inclusion were included in evaluation processes for consultation events.

On request, the department made written materials available in alternative formats for those with special needs.

Compliance with public sector standards and ethical codes

The agency's code of conduct was available to all staff on the department's intranet site. The code outlines ethical principles and expected standards of behaviour for all staff members.

Modules of the code formed the basis of the accountable and ethical decision-making training which must be undertaken by all employees. New employees were made aware of the code during the workplace induction process.

No compliance issues relating to the Western Australian Public Sector Code of Ethics or the department's code of conduct were received or identified during the financial year.

There was no breach of the Western Australian Public Sector Standards in Human Resource Management.

Record-keeping plans

In accordance with Section 61 of the *State Records Act 2000*, the agency provides the following information, complying with the State Records Commission's standard 2 (principle 6).

Activities undertaken this year included the development of a revised retention and disposal schedule. This document has been forwarded to the State Records Commission for approval.

Performance of the department's record management system, TRIM, was improved with the deployment of cache servers to isolated regional offices.



The record-keeping awareness training program was completed by 32 staff members (with one more in progress) for the year. The course is delivered to all new staff as a mandatory part of induction. Existing staff members must also complete the course.

The department's induction process directed new staff to the record-keeping manual and the TRIM training schedule. All staff members have access to the records management system.

Face-to-face TRIM training was provided to staff. This course included roles and responsibilities relating to obligations under the *State Records Act 2000*. The training modules addressed particular work practices (such as saving emails into TRIM) rather than describing all of TRIM's capabilities.

Training was also provided to regional offices through the use of video conferencing and remote access technology.

Record-keeping advice was provided through the internal news broadcast and the creation of intranet advice statements for particular processes, such as the saving of emails.

A regular newsletter, focused on record-keeping and other information matters, was produced and distributed electronically to all staff.

The efficiency and effectiveness of the record-keeping awareness program was assessed periodically through participant feedback received either in person or online. The program continues to produce satisfactory results.

Feedback from staff members indicated they improved their skills significantly as a result of the awareness program and the accessibility of advisory staff.

Other measures of performance included the number of records saved to the record-keeping system and the numbers of files created.

The revised retention and disposal schedule was submitted to the State Records Office for approval. The new schedule reflects business changes in-line with a new business classification scheme.

Government policy requirements

Substantive equality

The department is committed to implementing substantive equality. It strives to make its services available to all people in a form that meets the different needs of Western Australia's diverse community. The department has formed an internal reference group to ensure all policies developed conform with the substantive equality principles, and it continues to ensure all staff are exposed to these principles. Progress in implementing substantive equality is overseen by Corporate Executive.

The department has nominated its water allocation planning process for the next project for review under the substantive equality framework. Previous projects have involved our water licensing process, which allows customers to extract surface water or groundwater, and water services to Indigenous communities. In the licensing area, staff worked to enable all people applying to extract water to understand their commitments when granted a licence. As an example, staff worked with the Vietnamese community in the horticulture industry so they understood the conditions on the licence and their obligations.

Occupational safety, health and injury management

In accordance with the Public Sector Commissioner's Circular 2012–05: *Code of Practice: Occupational Safety and Health in the Western Australian Public Sector* (the 'Code'), the department complied with the requirements of the *Occupational Safety and Health Act 1984*, the *Workers' Compensation and Injury Management Act 1981* and the *Code of Practice: Occupational Safety and Health in the Western Australian Public Sector*.

Commitment to employees

The department recognises that its strength is in the many dedicated employees who deliver water planning, policy and management, and is committed to its employees by providing a safe and healthy workplace. The agency's executive team fully supports the department's occupational safety and health policy management system to ensure all employees of the department have a safe, healthy workplace.



Through the department's *Occupational safety and health policy* it ensured, so far as is practicable, employees, contractors, volunteers and others working with the department are protected from harm while at work. This goal is achieved through the implementation of the department's occupational safety and health (OSH) management system.

In the event that a workplace injury occurs, the agency has established a *Workers' compensation and injury management policy* to assist in the return of injured employees to work as soon as medically appropriate.

Both of these policies are available to employees on the department's intranet site. Workplace safety and health information is regularly communicated, as part of an online training program for both managers and staff, through articles on the OSH news section of the department's front page of its intranet and through the OSH steering committee and reference groups.

Mechanism for consultation with employees

Both management and employees are committed to effective consultation in the workplace to provide employees with an opportunity to participate in decisions which affect their working lives. The department has established a consultation system that includes an OSH steering committee, OSH reference group, area OSH committees and safety and health representatives. These groups comprise safety, health and management representatives and focus on continuous improvement of occupational safety and health performance.

The OSH committees and reference groups, including employee representatives, form the key to occupational safety and health consultation within the agency. The health and safety representative locations and details are communicated to all employees. The members are accessible, and effectively utilised by both management and the employees, in the discussion and resolution of occupational safety and health issues.

The department's OSH steering committee met regularly and the OSH reference group met on a quarterly basis. Local area OSH committees met more frequently. They communicated issues and initiatives to the reference group, discussed and resolved occupational safety and health issues, reviewed hazard and incident reports and reviewed progress against the OSH Action plan 2009–2013. The OSH Steering Committee has responsibility for ensuring the OSH Action plan is implemented and meeting its targets. In June 2013 the OSH Steering Committee endorsed the new *Safety and wellbeing strategic plan 2013–2014* with the following objectives:

- ensure a safe and healthy workplace within the office and working in the field
- ensure staff practice and develop safe driving awareness and skills
- maintain a wellbeing program.

Commitment to return employees back to work after injury

In the event that a workplace injury occurs, the *Workers' compensation and injury management policy* enables creation of an injury management system that is directed

at enabling injured employees to return to work as soon as medically appropriate.

The system ensures injury management intervention occurs promptly and effectively, so injured employees can remain at work or return to work at the earliest appropriate time. The injury management system and return to work programs are compliant with the requirements of the *Workers' Compensation and Injury Management Act 1981* and have been reviewed and approved by RiskCover, the department's insurer.

Information about the injury management system and return to work after injury was available to employees through the department's intranet.

In March 2012, the Office of Shared Services devolved responsibility for provision of workers' compensation and injury management back to the department.

Assessment of the occupational health and safety system

The department's occupational health and safety management system was audited externally in 2008 and by its internal auditors in December 2010. As a result of these assessments, the OSH management system was reviewed to reflect the recommendations and agreed actions resulting from this audit.

The OSH management system is regularly monitored for continuous improvement, and revisions will be made to reflect the harmonisation of state and federal work health and safety legislation, as it comes into effect.



Performance

The department's performance against the targets set in the government circular is demonstrated below.

Safety health and injury management performance reporting				
Measure	Actual results*		Results against target	
	2010–2011	2012–2013	Target	Comment on result
Number of fatalities	0	0	0	Target achieved
Lost time injury and/or disease incidence rate	0.56%	0.43%	Less than or equal to 0.5%	Target achieved
Lost time injury and/or disease severity rate	0.33%	0	Less than or equal 0.3%	Target achieved
Percentage of injured workers returned to work:				
(i) within 13 weeks	N/A	100%	100%	Target achieved
(ii) within 26 weeks	66%	100%	Greater than or equal to 80%	Target achieved
Percentage of managers trained in occupational safety, health and injury management responsibilities	33%	84%	Greater than or equal to 80%	Target achieved

* A three-year comparison 2010–2013



Office locations

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Hydrologic technology centre

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Kwinana Peel regional office

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