



GOVERNMENT OF  
WESTERN AUSTRALIA

DEPARTMENT OF WATER



# ANNUAL REPORT

2013-2014

## Department of Water

168 St Georges Terrace  
Perth Western Australia 6000  
Telephone +61 8 6364 7600  
Facsimile +61 8 6364 7601  
National Relay Service 13 36 77  
www.water.wa.gov.au

© Government of Western Australia

September 2014

This work is copyright. You may download, display, print and reproduce this material in unaltered form only (retaining this notice) for your personal, non-commercial use or use within your organisation. Apart from any use as permitted under the *Copyright Act 1968*, all other rights are reserved. Requests and inquiries concerning reproduction and rights should be addressed to Department of Water.

ISBN 978-1-925174-04-5 (print)  
ISBN 978-1-925174-05-2 (online)

### Disclaimer

This document has been published by Department of Water. Any representation, statement, opinion or advice expressed or implied in this publication is made in good faith and on the basis Department of Water and its employees are not liable for any damage or loss whatsoever which may occur as a result of action taken or not taken, as the case may be in respect of any representation, statement, opinion or advice referred to herein. Professional advice should be obtained before applying the information contained in this document to particular circumstances.

*This publication is available at our website <www.water.wa.gov.au> or for those with special needs it can be made available in alternative formats such as audio, large print, or Braille.*

# Statement of compliance

---

For the year ended 30 June 2014

Hon. Mia Davies, 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 2014.

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



**Tadas Bagdon**  
A/Director General

25 September 2014

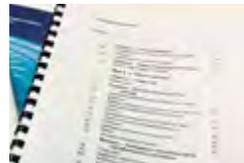
# Contents

 CLICK TO VISIT SECTIONS

From the Director General	2	Report on operations	22	Details significant issues that impact on the achievement of outcomes, policies and associated performance targets and describes how the department is addressing them. These issues include economic and population growth, increased water consumption and climate trends. Eighty per cent of the state's licensed water supports industry and development while 20 per cent is used in homes. Urban and industry growth places increased pressure on the state's water resources.	44	Financial statements	49
Year in review	4	Service 1: Urban water management and industry services	22			Notes to the financial statements	58
Executive summary	5	Service 2: Water use allocation and optimisation	27			Detailed key performance indicators	99
Operational structure	8	Service 3: Catchment and waterways health	37			Ministerial directives	108
The role of the department	8	Actual results versus budget targets	41			Other financial disclosures	108
Organisational chart	18	Service areas – Summary of audited key performance indicators	41			Other legal requirements	109
Responsible Minister	19						
Administered legislation	19						
Performance management framework	20						
Contact us	113						



## HIGHLIGHTS



### CONTEMPORARY LEGISLATION

Water service provision in the 21st century page 22



### CARNARVON FLOOD MITIGATION

Protecting the state government's investment page 26



### WATER FOR GROWTH

Region by region information about the state's water resources page 28



### REFOCUS

Removing red tape and streamlining approval processes for licensees page 35



### WATER ONLINE

Providing instant online data to our stakeholders page 39



### AWARDS

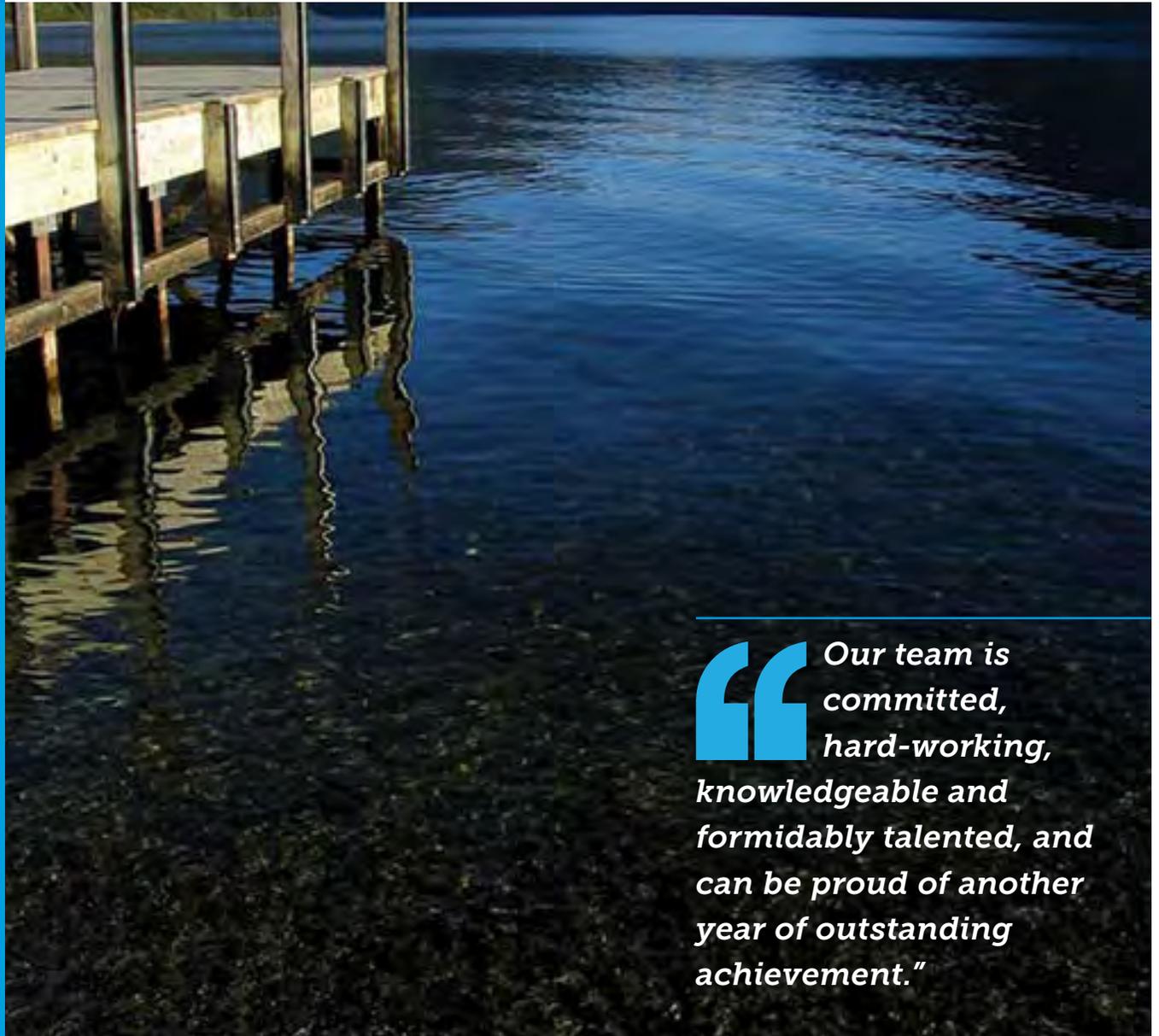
Projects recognised for outstanding achievement page 40



# Overview of the agency

## In this section

From the Director General	2
Year in review	4
Executive summary	5
Operational structure	8
The role of the department	8
Our goals	11
Our values	12
Organisational structure	13
Organisational chart	18
Responsible Minister	19
Administered legislation	19
Performance management framework	20
Changes from the 2012–13 reporting year	20
Shared responsibility with other agencies	20



**“Our team is committed, hard-working, knowledgeable and formidably talented, and can be proud of another year of outstanding achievement.”**



## From the Director General

The year 2013–14 was defined by the completion of several major initiatives, and the delivery of major milestones in water investigations and discovery, information provision, and policy and regulation reform.

Western Australia has a solid economy and exciting opportunities in agriculture, mining, tourism, urban development and the business sector. We have, and are continuing to build, liveable towns and cities with accessible, water-smart parks and sports fields.

All of this needs water – of the right quality, in the right place, at the right time.

While there are plenty of opportunities, we also have our fair share of challenges – climate trends, growing demand and competition for water resources, an increasing number of fully-allocated water resources, and the scientific and logistic complexity of a large, mainly groundwater-dependent state.

The Department of Water is on the front foot in meeting the state's water challenges, not just today, but for the long-term.

We are delivering on investments by government in three key foundations:

- building on the science that underpins all of the decisions we make
- improving information technology and making information more accessible
- reviewing and reforming policy, regulation and legislation to meet 21st century challenges.

It isn't just about what we do; it's also about how we work. Our collaboration with water users, government agency partners and other stakeholders continues to strengthen. These relationships are delivering important breakthroughs in innovation and water reform.

### Investing in science

2013–14 marked the halfway point of a four-year program of enhanced water investigation and assessment across the state. More than \$25 million has been allocated from Royalties for Regions to enable Western Australia to build the best and most up-to-date knowledge bank of its water stocks.

The results of these investigations have already been significant, including the potential for up to 50 gigalitres (GL) of new water in the Sandfire area of the West Canning Basin north-east of Port Hedland; a sustainable allocation volume of 30 GL per year in the Hamersley Ranges aquifers; and potentially enough groundwater for Albany town supplies to meet scheme requirements beyond 2030.

On top of this, the program also included an investment of around \$7 million to refine the scientific investigation of the important Gnangara deeper aquifers under Perth. This work will guide the ongoing sustainable use of water from this system, which underpins agriculture, businesses, public open space and scheme supplies in the growing metropolitan area.

The information from these investigations – in addition to the department's already extensive modelling – data and experience, is the foundation that gives the community and industry confidence in our regulation decisions about the amount of water that can be sustainably licensed for use.

Of equal importance is maintaining a comprehensive and up-to-date knowledge bank that gives confidence in the high quality of our technical advice to other agencies as part of the government's approvals process for urban development and industry projects.

This year, there has been a focus on agencies' roles in the government's regulation of the shale and tight gas industry, including community concerns about potential risks to local water resources used for drinking, agriculture and the environment.

The Department of Mines and Petroleum is the government's lead agency in approvals for mining projects. The Department of Water provides expert advice about avoiding or managing risks to water resources from proposed projects, including avoiding impacts on public drinking water sources.

In 2013–14 the department assessed 316 statutory mining referrals relating to projects managed through mining legislation, and assessed 51 mining-related referrals from the Environmental Protection Authority and Appeals Convenor.

We work with the Department of Mines and Petroleum to ensure the regulatory framework for onshore shale and tight gas projects is robust, and for clear referral protocols between the agencies. All agencies agree that the protection of the state's water resources is of the highest priority.

Drinking water source protection reports are an important foundation of the department's role in protecting public drinking water sources. These reports are informed by the *Australian Drinking Water Guidelines* and use complex scientific modelling to define the resource, identify contamination risks and guide whole-of-government decisions to protect water quality and public health.

This year saw the delivery of a significant milestone when all 129 public drinking water sources in Western Australia were covered by a drinking water source protection report.

Another milestone was the completion of the \$60 million Carnarvon flood mitigation works and their opening by the Minister for Water and Minister for Regional Development in June 2014. Funded by the Royalties for Regions program with a \$15 million

contribution from the Australian Government, this network of levees protects Carnarvon's important horticulture district.

The department's team is looking forward to 2014-15, and our leadership of the state's \$40 million Water for Food program, funded through Royalties for Regions.

### Improving information technology and making information more accessible

The department's knowledge of the state's water resources is a foundation for all of our work.

It becomes even more valuable when it is made accessible – giving industry greater investment confidence and reducing time and costs, and supporting more integrated whole-of-government planning and decision-making.

In May 2014, we celebrated the launch by the Premier and Minister for Water of *Water for Growth*, which outlines, region by region, the state's knowledge of water resources, along with plans for meeting demand into the future.

The *Water Resources Inventory 2014* was launched at the same time. This landmark document captured,

for the first time in Western Australia, extensive and detailed information about the state's main water resources – the location, amount and quality of water in the natural surface and groundwater sources – in one document.

The department also took a big step forward on our four-year program to upgrade our information technology, now known as Water Online.

The Water Information Reporting portal was launched, bringing together millions of records about water resources that were previously held in paper copies all across the state – important and valuable information about quantity, quality and location. It was an immediate success, with data requests from industry multiplying up to five-fold, and turnaround times for the provision of this information reducing from a minimum of 10 days to less than five minutes.

### Reviewing and reforming policy, regulation and legislation

We delivered on our commitment to improving regulation processes, and supporting the development of more contemporary legislation and policy.

The *Water Services Act 2012* came into effect and subsidiary legislation was completed.

This was a major achievement and involved detailed policy and legislation expertise over a number of years, along with invaluable collaboration with many stakeholders.

In 2013-14 the government's position paper on water resource management reform – *Securing Western Australia's water future* – was released. This will ensure the state has the most efficient and effective legislative framework to meet the 21st century challenges of climate change, more fully-allocated resources and increased competition for water.

We also continued to deliver our part in the government's commitment to the reform of regulation processes.

REFOCUS is our five-year plan that will reduce red tape and streamline regulation by using an improved risk-based approach to water licensing applications. Reforms have seen a substantial increase in the number of applications processed, while a review of licence conditions removed over 400 unnecessary licence conditions, without compromising good water management.

## Our partnerships

None of our achievements would be possible without the collaboration of industry stakeholders, water users and other government agencies.

Our work with agencies such as the Department of Planning, the Western Australian Planning Commission and local governments brings together our technical expertise and their planning expertise. This includes our input to the state's strategic assessment of Perth-Peel, planning for a population of 3.5 million people, as well as advice on water supply, drainage, flood protection and the avoidance of impacts from development on important waterways and estuaries. Our shared commitment to an approach that integrates water planning with land use planning will continue to ensure Western Australia builds liveable, water smart, sustainable and resilient towns and cities.

I particularly thank our local water advisory groups who work with us to finalise robust and well-understood water allocation plans and innovations in water management. The Warren-Donnelly Water Advisory Group marked its 50th anniversary

this year, a testimony to a long-standing commitment to excellent local water management decisions.

The Horticulture and Agriculture Industry Reference Group and the Water Resources Reform Reference Group have provided essential input, debate, and guidance to help make sure Western Australia has the best framework for policy and legislation for water management and regulation into the future.

I also thank the Department of Water's people – our team is committed, hard-working, knowledgeable and formidably talented, and can be proud of another year of outstanding achievement.



**Maree De Lacey**  
Director General  
Department of Water

## Year in review



**more than \$25 million**

*has been allocated from Royalties for Regions to enable Western Australia to build the best and most up-to-date knowledge bank of its water stocks*



**the Water Services Act 2012** came into effect and subsidiary legislation was completed



**launched the Water for Growth program**

*to provide region by region information about water resources across Western Australia*



**all 129 public drinking water sources** in WA were covered by a drinking water source protection report



**working with our stakeholders** bringing together our expertise in the strategic assessment for Perth-Peel planning to support a population of 3.5 million



**the Water Information Reporting portal** was launched, reducing data request turnaround times from a minimum of 10 days to five minutes

## Executive summary

The *Water Services Act 2012* came into effect this year and subsidiary legislation was completed. Together with amendments to the *Water Corporations Act 1995*, the legislation introduced the state's first Customer Code of Conduct and the state's first water ombudsman to resolve disputes between customers and utilities, and removed outdated obstacles to new service providers entering the market.

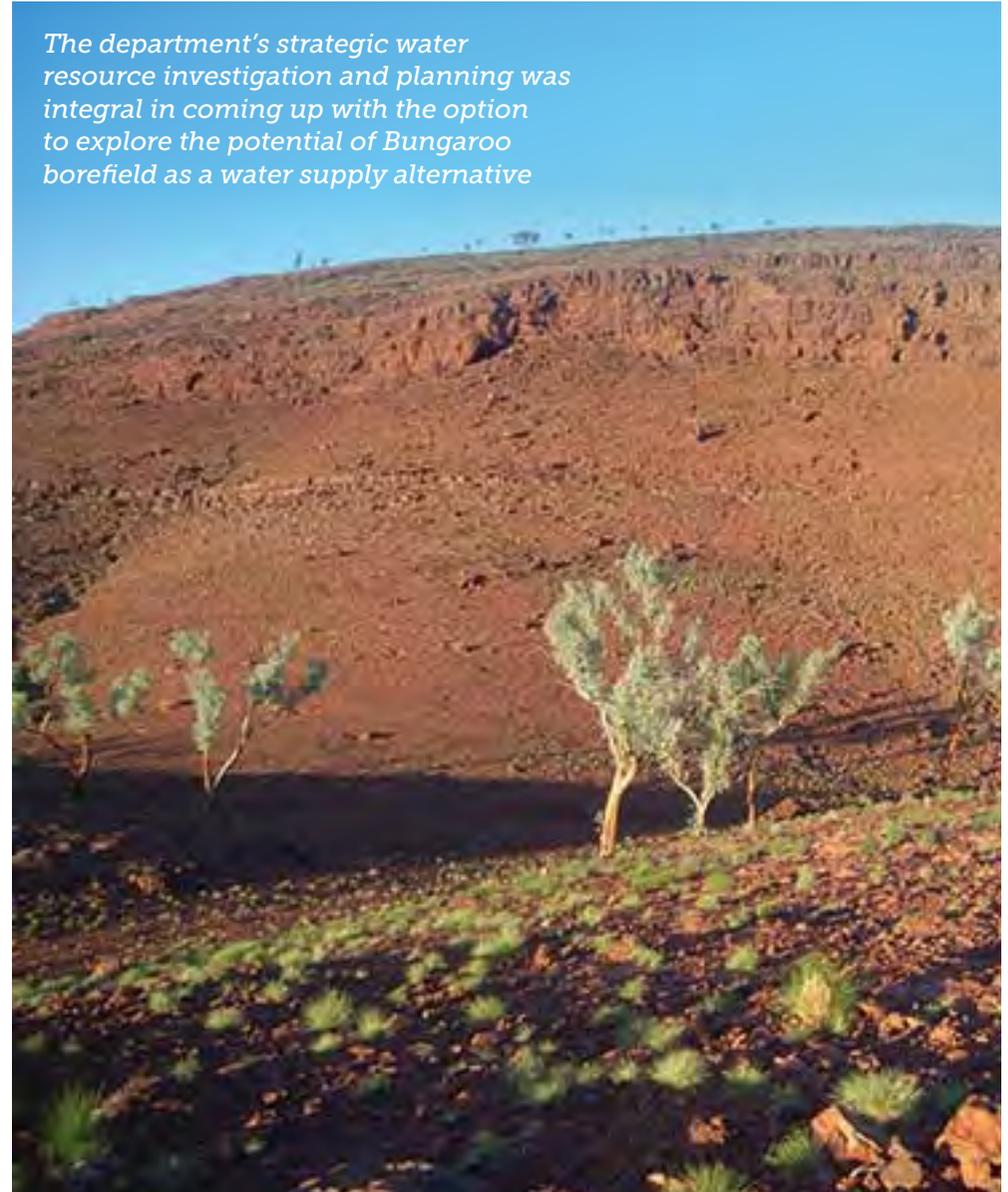
The state government's position paper on water resource management reform – *Securing Western Australia's water future* – was released. This defined the government's proposed reform of water resource management legislation and policy – the framework for planning, managing and regulating the use of the state's water resources. Ninety-eight responses were received and the Minister for Water is considering these and other advice before the framework is finalised in 2014–15.

The protection of water resources, including public drinking water, is of the highest priority. The Department of Water uses complex scientific

modelling and cross-government collaboration to identify resources that will be needed for current and future drinking water, define their boundaries, and guide and direct the ongoing protection of these resources. Ten new public drinking water source areas were proclaimed this year. For the first time, all of the state's public drinking water source areas are covered by drinking water source protection reports which guide and direct their protection.

Nine former public drinking water source areas were previously determined to be no longer needed, and this year the department finalised deproclamation, or amendment of by-laws consistent with the government's commitments in response to the *Legislative Council's Standing Committee on Public Administration report 11: Recreation activities within public drinking water source areas 2010*. This allows recreation activities in these areas, while ensuring continued restricted access to those resources still required for public drinking water.

*The department's strategic water resource investigation and planning was integral in coming up with the option to explore the potential of Bungaroo borefield as a water supply alternative*



## The department in partnership with its stakeholders

Assessed 2251  
statutory  
referrals with  
an average  
processing  
time of 14 days



Assessed 316  
statutory  
mining  
referrals

Provided approval  
to 109 water  
management plans  
to facilitate  
water-smart urban  
development



provided training  
to more than 350  
development  
industry and local  
government  
stakeholders on  
water sensitive  
urban design

The department provided technical expertise and advice to enable lead agencies to make well-informed decisions on urban and industrial development proposals that may impact on water resources. During the past 12 months, the department assessed 2251 statutory referrals, including 316 statutory mining referrals from the Department of Mines and Petroleum. Fifty-one mining-related referrals from the Environmental Protection Authority and Appeals convenor were assessed. The department worked closely with the Department of Planning, local governments and the urban development industry to better integrate water planning and management within urban planning.

The development of water-smart towns and cities was supported by providing training, with New WAterWays, to 350 industry and local government participants on water sensitive urban design. New guidelines were also published to streamline approval processes for non-drinking water systems.

The \$60 million Carnarvon flood mitigation works were opened by the Minister for Water and the Minister for Regional Development this year. A 16 km network of levees was designed using the department's engineering and flood management expertise and built by an industry partnership between Main Roads WA and MACA Civil. This complex work, completed on time and on budget, is a critical pillar in achieving the government's commitment to the growth and expansion of the Gascoyne Food Bowl.

The state's \$30 million investment in water investigation delivered targeted investigations across the state, identifying additional water and improved water management. Royalties for Regions funded \$25 million of the program – giving Western Australia the best and most up-to-date information about water stocks from the Kimberley to the Great Southern.

A milestone was achieved when the Premier and the Minister for Water launched two significant documents in May 2014. *Water for Growth* outlines the strategic

vision for the state's water future and, region by region, details water initiatives to support Western Australia's growth and development. *The Water Resources Inventory 2014* gives detailed information about the state's water resources, where each resource is located, how much water is available and its quality.

The *Ord surface water allocation plan*, *Pilbara groundwater allocation plan* and *Pilbara regional water supply strategy* were released this year, along with the release for public comment of the *Gingin groundwater allocation plan*. The allocation plans define the amount of water available for use and guide licensing decisions, while the water supply strategies set out the long-term plan for resource and supply options to meet demand.

The department coordinated grants of over \$350 000 to six dryland agricultural areas (Corrigin, Jerramungup, Kondinin, Kulin, Victoria Plains and Wagin) from the Community Water Supply Program to support innovative projects to secure improvements

to community water supplies in areas with limited rainfall.

The government's approvals reform agenda was again a major focus this year. Now in its second year, REFOCUS is a five-year plan designed to reduce red tape and streamline regulation by using an improved risk-based approach to water licensing applications.

The program is a direct response to the government's approvals reform agenda. A key highlight of 2013–14 has been the increased number of applications assessed compared with the previous year, mostly within target timeframes. This result is attributed directly to initiatives implemented under the REFOCUS program, such as fast track assessments for low risk applications and substantially improved systems-based management tools developed under the department's Water Online project.

The department has continued to work with licensees to ensure there is a clear understanding of obligations and licence conditions. However, where there are repeated or deliberate breaches of licence conditions, compliance action is taken. This approach is supported by industry partners who also

recognise the importance of water resources being managed fairly and sustainably. This year two parties were prosecuted for breaches of the *Rights in Water and Irrigation Act 1914*.

Ecological assessments were conducted on 13 systems across the Integrated Water Supply System with separate assessments in five tributaries of the Lower Blackwood, the Collie, Brunswick and Canning rivers and Gingin Brook. This informed changes to water releases from dams (volume and timing) and has improved water efficiency through maximising water for productive use while still protecting downstream environments.

The Minister for Water established an independent review to help identify governance options to address water quality issues in the Vasse-Wonnerup and Geographe Bay catchment following a fish kill in early 2012–13.

The department contributed its substantial technical water science and management expertise to the Strategic Assessment of the Perth-Peel Region, developing estuary condition assessments for the Peel-Harvey estuary. Using modelling and risk assessment techniques

the department provided advice on enabling a future population of 3.5 million people in the Perth-Peel region, while preventing or managing potential impacts on unprotected waterways.

This year also saw the completion of a three-year \$8.5 million urban waterways renewal project in Perth, funded by the state and Commonwealth governments. This project restored 11 degraded sections of metropolitan urban streams along the Bannister Creek, Bickley Brook and Southern Rivers, improving water quality and reducing impacts of nutrient inflows.

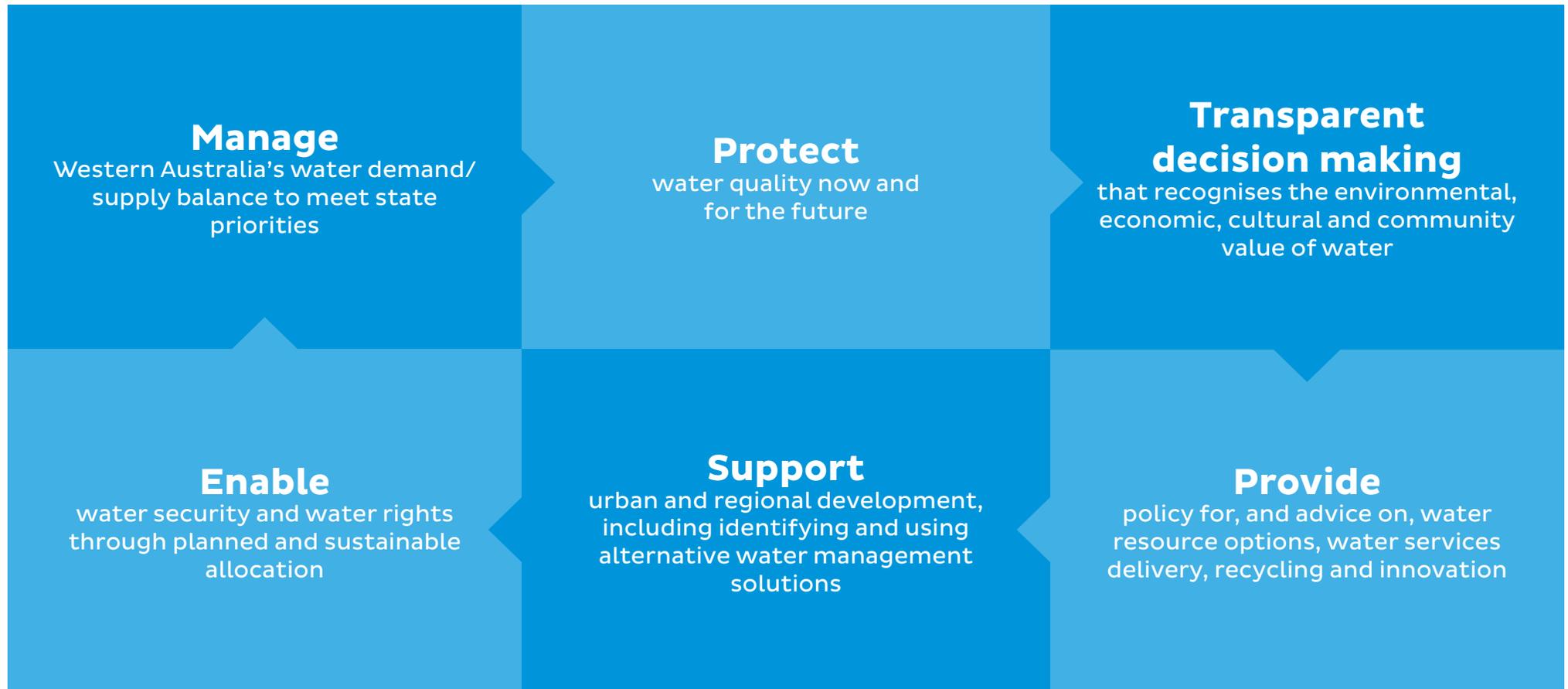
On an administrative level, the department operated within its expense limit, including the salary cap and leave liability targets. Full details of performance against key performance indicators can be found in the body of the report.

## Operational structure

### The role of the Department of Water

The Department of Water's purpose is to support Western Australia's growth and development by managing the availability and quality of water sustainably – now and for the future.

### What we deliver



## What we do

### Policy advice

As the state's water resources 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 use 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.

## What we do

### Protect

### Regulation

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 effective drainage and protection from flooding
- measuring, evaluating and managing the impacts of water use on rivers, streams, wetlands and aquifers
- collaborating with government agencies and other stakeholders to improve water quality management and inform the management or avoidance of impacts of land uses.

Establish and ensure compliance with licences to take and use water, permit works to be undertaken 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, and compliance with, 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

As detailed in the department's Strategic Plan 2010–2015



### 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 and its quality, using the latest science
- recommend options to meet shortfalls in water in the immediate and long term, including demand management
- protect public drinking water sources
- work with industry and other government agencies to effectively integrate water planning with land use planning.



### Goal 2

WA has contemporary and adaptive water management

To achieve this we:

- develop transparent and contemporary approaches to water resource and water services policy and legislation, enabling effective management in changing circumstances
- support private sector competition and innovation where it is cost effective and in the public interest
- improve regulation and risk management
- protect water in identified areas for long-term environmental and community benefits
- enable and support effective water markets.



### Goal 3

WA 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.



download a copy of the Strategic Plan [here](#)

## Our values



Photo courtesy Nathan Dyer



### Lead

We raise the bar for excellence in water resource management and water services provision



### Respond

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



### Innovate

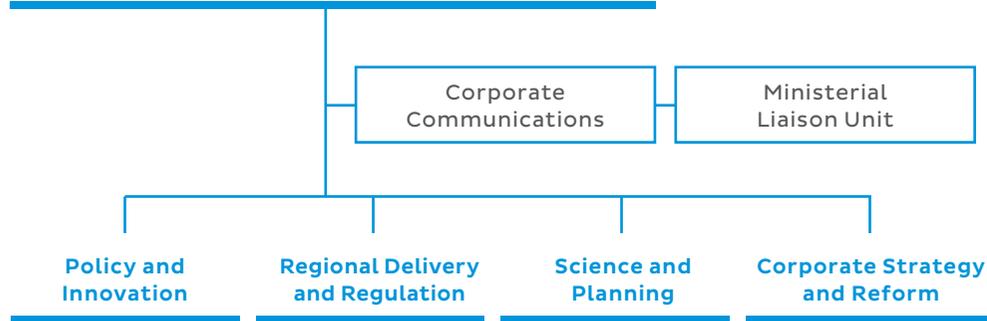
We make smart use of water by thinking differently



### Commit

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

## Organisational structure



### Department of Water, Director General

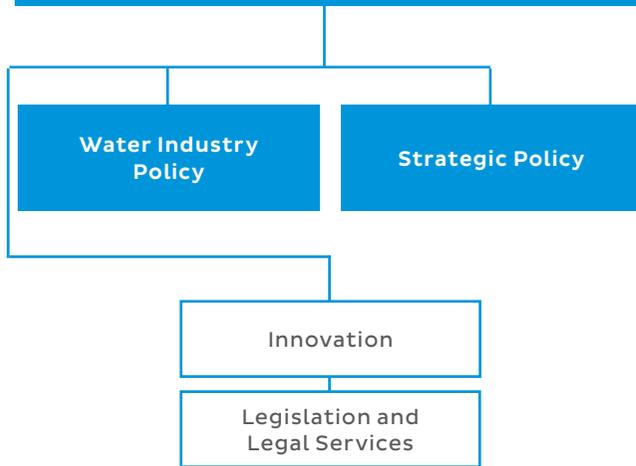
Maree De Lacey

Maree De Lacey has been Director General of the Department of Water since 2010. She has had more than 30 years' experience in the non-government and state and Commonwealth government sectors in metropolitan and regional areas of Queensland and Western Australia, including more than 15 years at executive levels.

Her most recent previous positions were as Chief Executive Officer of Peel Development Commission and Executive Director for Regional WA with what is now the Department for Child Protection.

A defining feature of her work has been the development of policy and delivery of infrastructure and services through partnerships with government, industry and the community. Maree has a Bachelor of Social Work from the University of Queensland.

Department staff work across four directorates



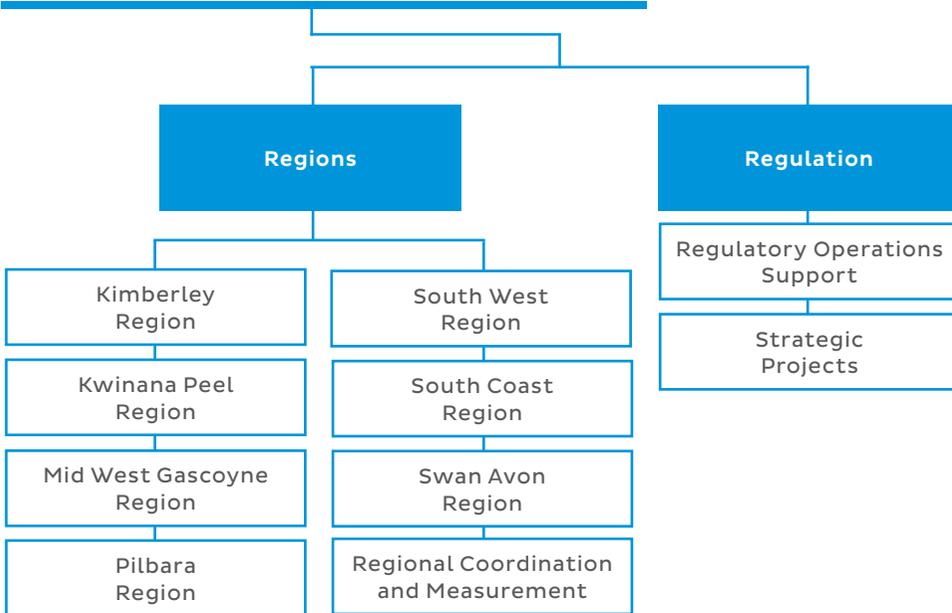
## Policy and Innovation

Tadas Bagdon Executive Director

Before joining the department in November 2012, Tad held a senior water planning and policy role in Queensland’s Department of Energy and Water Supply. His experience includes roles in water resources planning, water supply planning, demand management and water recycling. He has extensive experience in both the public and private sectors across a range of areas including defence, transport, energy, advanced manufacturing technology and environmental management. Tad holds degrees in electrical engineering and economics.

**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 the 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.



## Regional Delivery and Regulation

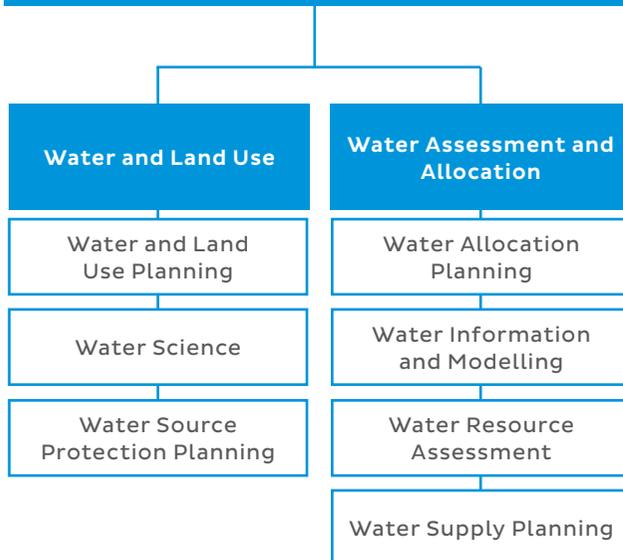
Paul Brown Executive Director

Paul has been an Executive Director with the Department of Water for more than three years. He has extensive experience in regulation and 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, to Merredin and 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).

**Regional Delivery and Regulation** ensures on-ground delivery of water licensing, regulation, integration of land use and water planning, and water measurement across the state. The Regulation division ensures that water licensing, compliance and enforcement practices are transparent, effective, logical, timely and consistent. The directorate provides advice for stakeholders delivering industry projects; works with government agencies at a regional and state level to deliver regional benefits; 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 guides proponents through the water regulation procedures, streamlining government processes.

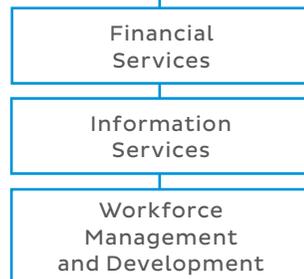


## Science and Planning

Greg Claydon Executive Director

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).

**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 protection and water recovery programs throughout the state and provides expert scientific advice on management of at-risk rivers and estuaries. This work includes extensive stakeholder consultation to enable population growth, economic development and sustainable productive use of available water resources.



## Corporate Strategy and Reform

Antonio Giometti A/Executive Director

Antonio has considerable experience in delivering large-scale business transformation initiatives within the private and public sectors. He has extensive experience in leadership, stakeholder engagement, commercial management, project and change management, and business reengineering. Antonio has a degree in business from Curtin University School of Business.

**Corporate Strategy and Reform** provides 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 about the department's activities and that the department is recognised by its stakeholders and the community as a responsible government agency that adds high value to the state.

# Organisational chart

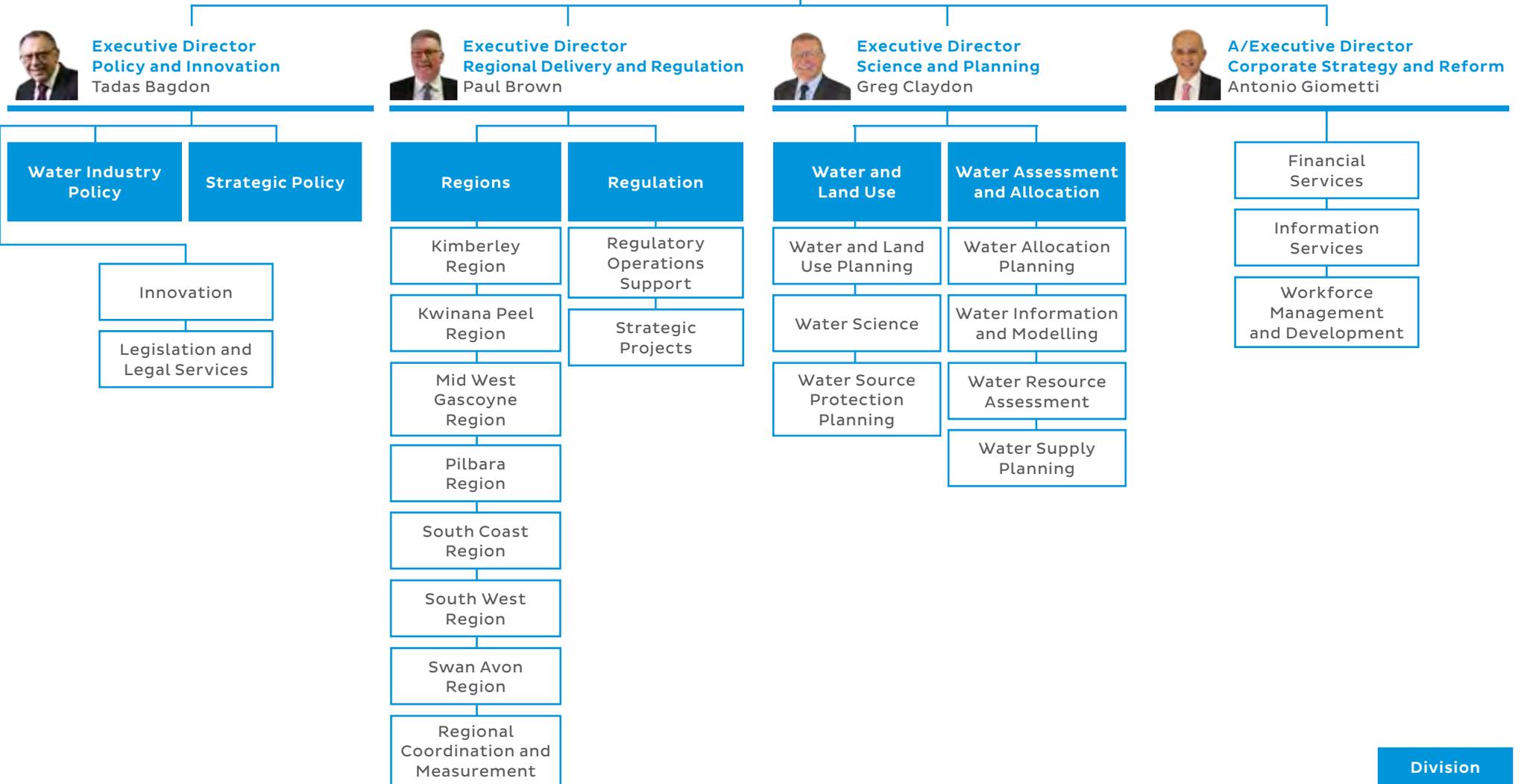
1 July 2013 – 30 June 2014



**Director General**  
Office of the Director General  
Maree De Lacey

Corporate Communications

Ministerial Liaison Unit



Division

Branch

## Responsible Minister

The Department of Water's responsibility from 1 July 2013 to 11 November 2013 was to the Minister for Training and Workforce Development; Water; Forestry, the Hon. Terry Redman MLA; and from 11 November 2013 to 30 June 2014 to the Minister for Water and Forestry, the Hon. Mia Davies MLA.

## Administered legislation

Legislation administered by the Department of Water as at 30 June 2014:

- *Country Areas Water Supply Act 1947*
  - *Metropolitan Arterial Drainage Act 1982*
  - *Metropolitan Water Supply, Sewerage and Drainage Act 1909*
  - *Rights in Water and Irrigation Act 1914*
  - *Water Agencies (Powers) Act 1984*
  - *Water Efficiency Labelling and Standards Act 2006*
  - *Water Services Act 2012*
  - *Waterways Conservation Act 1976*
  - *Plumbers Licensing Act 1995* (except part 5A which is administered by Department of Commerce)
  - *Water Corporations Act 1995*.
- Regulations and by-laws administered by the Department of Water as at 30 June 2014:
- Country Areas Water Supply By-laws 1957
  - Country Areas Water Supply (Clearing Licence) Regulations 1981
  - Metropolitan Water Supply Sewerage and Drainage By-laws 1981
  - 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 (Water Use) By-laws 2010
  - Water Services Regulations 2013
  - Water Services (Water Corporations Charges) Regulations 2013
  - Waterways Conservation Regulations 1981.

### Changes made in 2013–14 to legislation administered

The Water Services Regulations 2013 were passed by Parliament in 2013. The *Water Services Act 2012* was proclaimed and came into effect along with the regulations in November 2013. This Act and Regulations amended the legislative framework regulating the provision of water services.

Administered legislation that was amended or partially repealed in this financial year as a result of the introduction of this new legislation or otherwise was:

- *Country Areas Water Supply Act 1947*
- Country Areas Water Supply By-laws 1957
- *Metropolitan Water Authority Act 1982*
- *Metropolitan Water Supply, Sewerage, and Drainage Act 1909*
- Metropolitan Water Supply, Sewerage and Drainage By-laws 1981
- *Rights in Water and Irrigation Act 1914*

- *Water Agencies (Powers) Act 1984*
- *Water Services Licensing Act 1995*

### 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 Opportunity Act 1984*
- *Financial Management Act 2006*
- *Freedom of Information Act 1992*
- *Industrial Relations Act 1979*
- *Minimum Conditions of Employment Act 1993*
- *Occupational Safety and Health Act 1984*
- *Public Sector Management Act 1994*
- *Salaries and Allowances Act 1975*
- *State Records Act 2000*
- *State Supply Commission Act 1991*.

# Performance management framework

The Department of Water supports government goals across three service areas. The following illustrates the relationship between our agency-level desired outcome and the appropriate government goal.

## Changes from the 2012-13 reporting year

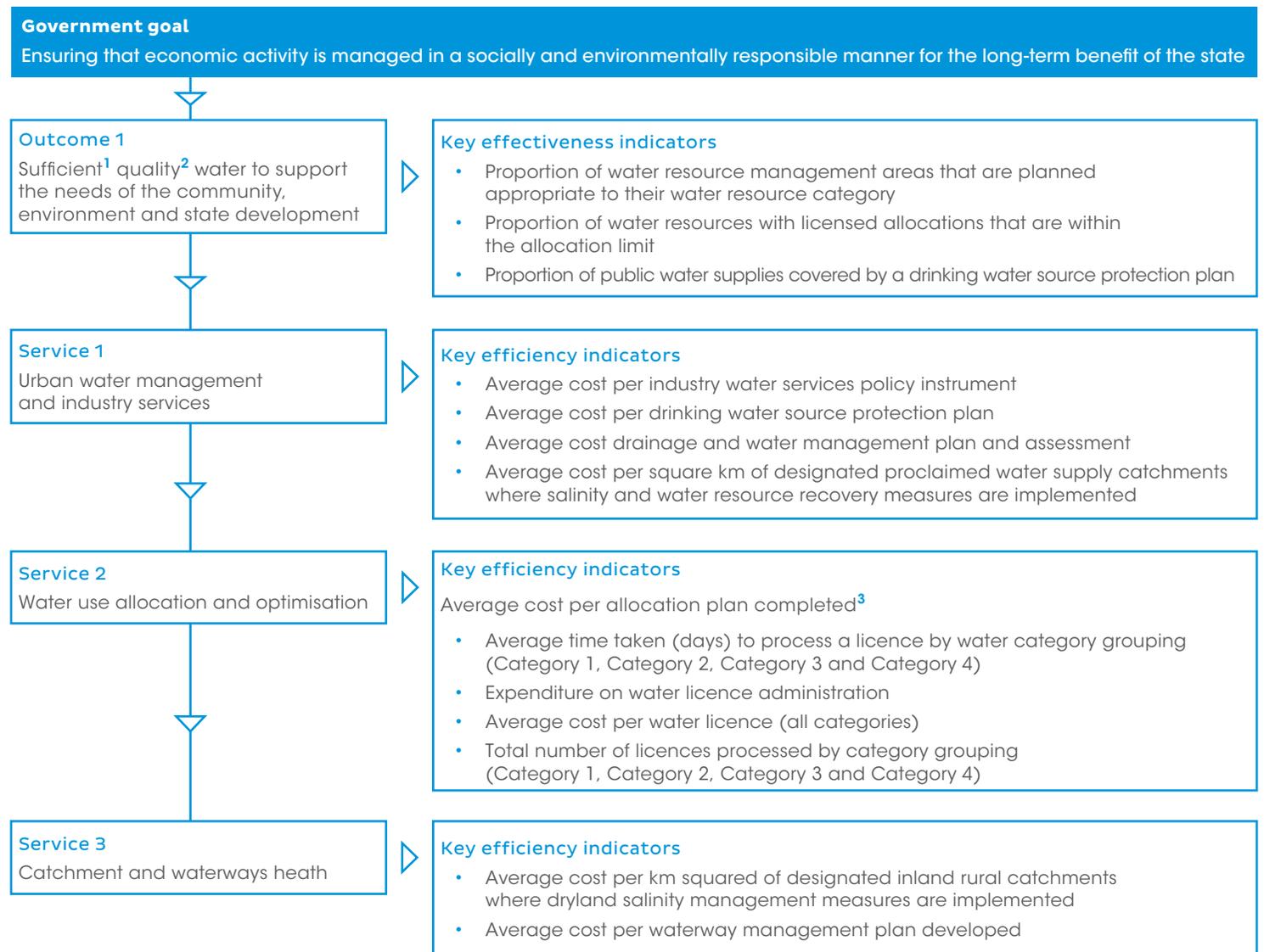
The Department of Water's Outcome based management framework did not change during 2013-14.

## Shared responsibility with other agencies

The Department of Water did not share any responsibilities with other agencies in 2013-14.

- 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.

## Outcome based management framework



# Agency performance

## Report on operations

Service 1: Urban water management and industry services 22

Service 2: Water use allocation and optimisation 27

Service 3: Catchment and waterways health 37

Actual results versus budget targets 41

Service areas – Summary of audited key performance indicators 41

Service 1: Urban water management and industry services 42

Service 2: Water use allocation and optimisation 42

Service 3: Catchment and waterways health 43

## Highlights

Contemporary legislation 22

Carnarvon flood mitigation 26

Water for growth 28

REFOCUS 35

Water Online 39

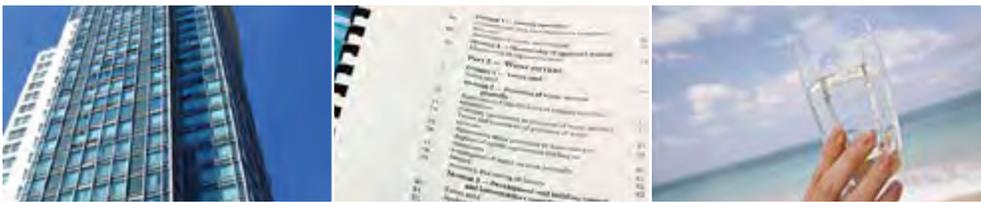
Awards 40



**“** *The Department of Water is on the front foot in meeting the state’s water challenges, not just today, but for the long-term.* **”**

# Service 1

## Urban water management and industry services



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

Water is a major enabler of liveable, progressive and sustainable towns and cities. Safe, reliable public drinking water and wastewater services are paramount.

Water is also essential for the green parks and recreation spaces that are important to liveability. The efficient use of all water resources is even more necessary in light of the drying climate in Western Australia's south-west and the variability in the north. This includes treated wastewater, stormwater, and recharging of aquifers.

Many areas are also challenged by drainage issues, and cost-effective sustainable solutions are being sought.

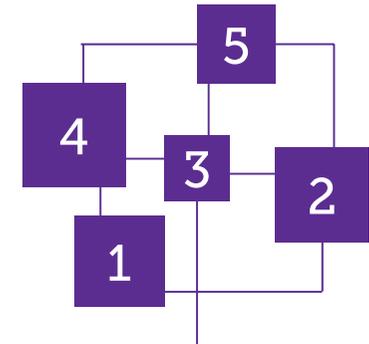
Flood management is critical to safe, sustainable urban growth.

Ensuring and enabling the protection of water resources, including drinking water sources, from the impacts of development is also an essential part of creating sustainable, liveable towns and cities for current and future generations.

## Contemporary legislation for the provision of water services

Western Australia has 33 water service providers who deliver drinking water and wastewater services across the state. They include the Water Corporation, Busselton Water Corporation, Aqwest (Bunbury Water Corporation), and local government and private sector operators.

The *Water Services Act 2012* came into effect in November 2013. In conjunction with the amended *Water Corporations Act 1995*, it consolidated five Acts dating as far back as 1904 into legislation reflecting the requirements of water service provision in the 21st century. This includes customer protection provisions; removing outdated obstacles to new providers entering the market; and allowing greater flexibility for existing operators in the geographic area they can service, as well as the services they can provide.



*The Water Services Act 2012 came into effect and subsidiary legislation was completed, consolidating five Acts dating as far back as 1904 into a modern framework for the provision of water services.*



*Water Services Act 2012*



visit [Water services](#)

This year subsidiary legislation was finalised, including the strengthening of consumer rights by introducing the state's first Water Services Customer Code of Conduct and establishing the state's first water ombudsman to resolve disputes between customers and utilities. Customer codes ensure water service providers meet minimum service standards in relation to billing, payment, complaints and provision of services. From 1 January 2014, the resolution of complaints is being managed by the Energy and Water Ombudsman.

## Protecting the state's drinking water

The protection of public drinking water resources is of the highest priority – safe, good-quality drinking water is of paramount importance to everyone.

The proclamation of a resource as a public drinking water source alerts stakeholders to the location and importance of these areas and allows the department to prevent, minimise and manage risks to water quality and public health.

This year, the department completed proclamations of public drinking water source areas for Yerecoin and Seabird in the Swan Avon; Mungilup, Nannup, Australind, Eaton, Picton, and Busselton in the South West; Coral Bay in the Mid West; and Bungaroo in the Pilbara.

By the end of the year, all 129 public drinking water sources in Western Australia were covered by a drinking water source protection report. These public reports use complex scientific modelling to define the resource, identify contamination risks and guide whole-of-government decisions to protect water quality and public health.

Technical assessments and reviews, informed by the *Australian Drinking Water Guidelines*, enable robust whole-of-government decision making to ensure the protection of drinking water resources when considering applications for major urban development or industry projects.

Those assessments include statutory referrals from the Department of Mines and Petroleum (DMP), the Environmental Protection Agency (EPA) and the Appeals Convenor.

The DMP and the EPA are approvals agencies and decision-makers in relation to major projects. The Department of Water provides expert technical advice about avoiding or managing impacts of proposed projects on water resources, including avoiding impacts on public drinking water sources. This work is based on complex modelling and technical assessments and draws on the department's decades of experience and understanding of water resources across the state.

In 2013–14 the department assessed 316 statutory mining referrals relating to projects managed through mining legislation, and assessed 51 mining-related referrals from the EPA and Appeals Convenor.

These included shale and tight gas proposals. The department is working with the DMP and other regulatory agencies to ensure the robustness of regulatory frameworks and to develop agreed referral processes for exploration and potential hydraulic fracture stimulation. The department also provided advice to an Upper House Committee on shale and tight gas operations.

All agencies agree that the protection of water resources is of the highest priority and the regulatory and referral processes are being developed reflecting that.

## Balancing water source protection with tourism and recreation opportunities

The Department of Water delivered on the government's commitment to remove barriers to recreation and tourism opportunities in public drinking water source areas that are no longer required for drinking water supplies.

Removing the restrictions allows increased recreation and tourism and is consistent with the government's response to the *Legislative Council's Standing Committee on Public Administration report 11: Recreation activities within public drinking water source areas 2010*.

The protection of catchments used for drinking water is a priority. The kinds of recreation that can occur in these catchments are restricted, and guided by the department's *Operational policy 13: Recreation within public drinking water source areas on Crown land* (September 2012).

By-law changes were finalised in December 2013 to remove barriers to recreation activities at Wellington Dam near Collie, recognising its primary purpose as an important industrial and agricultural water supply.



By 30 June 2014, Harvey Dam, Bickley Brook, Gooralong Brook, Dirk Brook, Boddington Dam, Murray River, Bancell Brook and Brunswick public drinking water source areas had been deproclaimed as public drinking water sources. All of these dams are no longer needed for public drinking water.

## Bringing water science and urban planning together – creating liveable, progressive and sustainable towns and cities

The Department of Water provides technical guidance and information about water resources, drainage and flood management to guide and enable the sustainable development of towns and cities.

This supports the productive and sustainable use of water in urban landscapes and enables urban spaces to be more liveable and resilient. It outlines how to maximise the use of water resources while protecting urban areas from the impacts of flood and a drying climate, and includes advice on the potential for stormwater harvesting, recharging of aquifers and improving water quality in rivers and estuaries (which are highly valued in urban developments).

### Technical advice for statutory referrals

This advice is sought by other agencies as a requirement of their own legislation and by urban developers and other industry

organisations as part of their approvals processes.

In 2013-14, the department:

- 1 Assessed 2251 statutory referrals with an average processing time of just 14.35 days (target 45 days). Of these 1935 were statutory planning referrals primarily from local government, the Western Australian Planning Commission and the Department of Planning.
- 2 Provided final approval to 109 water management plans and strategies from developers to facilitate water-smart urban development. In addition, another 197 draft versions were assessed and feedback given to proponents.

### Sharing expertise and building industry capacity

In partnership with New WaterWays, 350 development industry and local government stakeholders received training on water sensitive urban design and better urban water management. These workshops inform urban developers and local government planners and engineers about best-practice water planning and efficient water management as

they create or assess development plans for new greenfield and infill urban developments.

The department also published new guidelines for non-drinking water systems in December 2013. This initiative has been welcomed by local governments and urban developers as a step-by-step tool to simplify and streamline the processes for establishing non-drinking water systems in urban developments. The guidelines were developed alongside, and used to support, the establishment of innovative projects such as managed aquifer recharge using stormwater at Hartfield Park, Kalamunda.

### Cooperative Research Centre for Water Sensitive Cities

The Department of Water is actively involved in developing leading-edge science and water policy through its involvement with the Cooperative Research Centre (CRC) for Water Sensitive Cities, which has a local research hub at the University of Western Australia. The department is an essential participant (major funding partner) of the CRC, contributing \$150 000 in cash per year, plus in-kind staff resources, data and information.

In collaboration with more than 80 research, industry and government partner organisations located across the globe, the CRC's goal is to influence the way we create and build future water sensitive cities that are liveable and use less water.

The Department of Water is involved in several research projects, including research to improve understanding and management of urban surface water and groundwater hydrology and nutrient flow pathways in areas with shallow groundwater, which is a high priority to inform urban development on the Swan Coastal Plain.

### North West corridor water supply strategy

The City of Wanneroo's North-West corridor, between Quinns Rock and Yanchep, is Perth's fastest growing urban development area, and a sustainable water supply for public open space is critical to its liveability.

The *North West corridor water supply strategy*, released by the Minister for Water in January 2014, has set a new benchmark for water sustainability and maximising water efficiency while ensuring Perth's fast-growing north-western suburbs will have enough water for sporting and

recreation spaces. A 'business as usual' approach was not enough for this area where there is considerable competition for groundwater resources that are already being affected by the drying climate.

The strategy uses the department's leading-edge water science and modelling to ensure the planners and developers have certainty and access to the water volumes and quality needed to support efficient suburban growth, while taking account of fluctuations in water availability due to the drying climate trend. It includes planning for equitable allocation and scheduling allocations as developments come on stream over time.

Developed by the Department of Water in partnership with the City of Wanneroo and urban developers, the strategy supports innovation – including improved use of stormwater and clustering of plants and public gardens into 'hydro-zones' that require minimal water.

The 10 000 ha development will ultimately house around 230 000 new residents. Playing fields and recreation spaces are a key component of the new development, with more than 400 ha of sporting fields allocated for community and

school activities and an additional 180 ha of public open space for community recreation.

### More Waterwise Councils

The Waterwise Council program began in 2009 and continues to grow.

The City of Vincent became the state's 22nd Waterwise Council in September 2013, following its successful lake restoration program that reduced the volume of water needed to refill Hyde Park's two lakes by 20 per cent.

In March 2014 the Shire of Merredin was awarded Waterwise Council status for reducing its water use from 2008 to 2013 by a quarter. The shire used a range of measures to do this, including increased wastewater recycling, a water audit of shire facilities and improved irrigation systems in parks and gardens.

The shires of Kalgoorlie-Boulder and Leonora were endorsed as Waterwise Councils in May and June 2014 respectively to bring the total to 25 Waterwise Councils.

The Waterwise Council program was developed in partnership with the Water Corporation, and is provided by the International Council for Local Environmental Initiatives.

## Carnarvon flood mitigation



*MACA Civil inspection  
of the Nickol Bay Levee*

The \$60 million Stage 2 Carnarvon flood mitigation works were completed and opened by the Minister for Water and Minister for Regional Development in June 2014.

Completion of the works is an essential part of achieving the state government's commitment to the growth and expansion of the Gascoyne Food Bowl.

Carnarvon's horticultural district provides 70 per cent of Perth's winter fruit and vegetables and contributes on average more than \$80 million to the state's economy.

A 16 km network of levees was designed using the department's engineering and flood management expertise and built by an industry partnership between Main Roads WA and MACA Civil.

The levees protect the district and key regional infrastructure from the scale of floods experienced in December 2010, which caused extensive damage and losses of around \$90 million to the Carnarvon industry.



They will mitigate any further large-scale floods in the area and minimise damage and disruption to regional transport and the newly upgraded \$19.9 million Gascoyne Irrigation Pipeline.

The design strikes a balance between protecting against flood damage and ensuring maximum aquifer recharge during flood events, as the aquifers are crucial water supplies for the town and its horticultural industry.

The project was funded with \$45 million from the state government's Royalties for Regions program and \$15 million from the Australian Government's Regional Development Australia Fund.



visit [Carnarvon flood mitigation](#)

## 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 licensing, water accounting and trading.*

Western Australia's water industry is in a strong position.

Excellent science is identifying additional resources and planning is in place for resource and supply options to meet demand for the long-term.

However, increasing demand and competition for water along with a drying climate means water management decisions are becoming more complex, particularly in the increasing number of fully-allocated systems.

Reliability of supply for all users is an important part of managing water resources for productive and sustainable use – whether it

is for scheme or industry use, or by local governments for parks and recreation. Ensuring the sustainability of water resources and their dependent environments is also essential for the state's economy and community now and in the future.

The department is responding to this challenge on a number of fronts: working on the development of contemporary legislation and policy; finding additional water resources; incorporating cutting-edge climate science into allocation planning that determines how much water can be sustainably used; reforming licensing and

regulation processes; and planning for resource and supply options over a 30-year horizon.

### Securing our water future

Water underpins our lifestyles, the productivity of industry, mining, agricultural development and the liveability of our towns and cities. However, more of the state's groundwater and surface water resources are becoming fully allocated as a result of increased demand combined with a changing climate.

In September 2013 the state government's position paper on water resource management reform was released, which described an improved framework for managing the state's water into the future.

*Securing Western Australia's water future* outlines how changes in water resource management will provide increased security of access to water, improved clarity of rules and greater transparency in decision making. This gives government a more responsive framework for water resource management in increasingly

The position paper will give water users more confidence in making investment decisions through increased **security** of **access** to water



complex environments, and gives water users more certainty when making investment decisions. It includes new mechanisms as well as improvements to those already in existence.

The Minister for Water is considering input from the public consultation period and the direction of detailed reforms.

## Water for growth

Minister for Water  
Mia Davies, Brett Ward  
and Maree De Lacey at  
the launch in Albany



In May 2014 the Premier and the Minister for Water released *Water for Growth*, the department's water investigation and supply planning information, brought together into one public document.

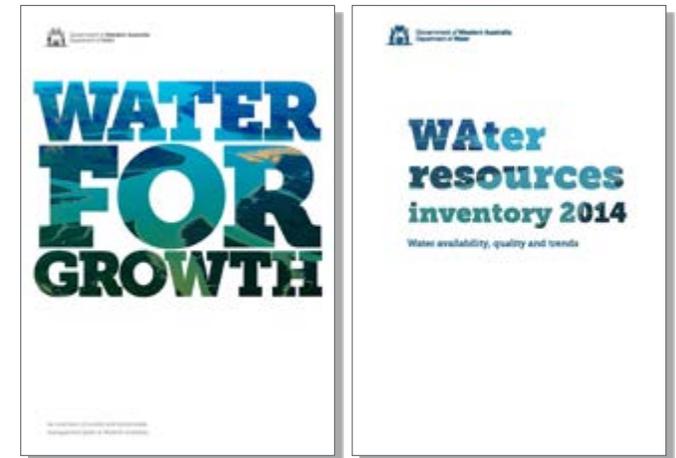
*Water for Growth* outlines the strategic vision for the state's water future and, region by region, details water initiatives to support Western Australia's growth and development.

A companion publication, the *Water Resources Inventory*, was also published in May 2014 and provides detailed information about the state's groundwater and surface water resources, where each resource is located, how much water is available, its quality and the level of technical information about it.

These sources of information outline the department's current knowledge of water resources and its plans for future investigations to ensure sufficient, sustainable water supplies to meet demand into the long-term in each region.

The publications also enable industry to plan and invest with greater confidence, having access to valuable information about the state's water resources that was previously only available by reviewing multiple sources, or even duplicating work that had already been done.

Both documents are available on the department's website.



### Investment in groundwater exploration

The government has significantly increased its investment in water investigation and assessment around the state to ensure Western Australia has the best and most up-to-date information about all of its water stocks.

More than \$25 million has been allocated from Royalties for Regions for water investigations, on top of \$7 million to refine the scientific investigation of the important Gnamptara deeper aquifers in metropolitan Perth.



visit [Water for growth](#)



### The results this year:

#### West Canning Basin

Test drilling in progress shows good-quality fresh water with potential for 50 GL/year of new water in the Sandfire area of the West Canning Basin, 200 km from Port Hedland. Mining, agriculture, industry and towns can all be expanded using the vast underground resources of the West Canning Basin to sustainably supply 100 GL/year of water in the Pilbara.

#### Hamersley Range

The preliminary assessment has shown potential for around 10 GL/year from two sources to

be piped to Onslow and 20 GL/year from four sources to be piped to the West Pilbara scheme. This information will be shared with industry to stimulate new ventures and investment. This is sufficient to meet even the most optimistic demand projections in these areas for the next 30 years.

#### Murchison paleochannel investigation

Currently more than 200 GL/year of water is extracted from paleovalleys in outback Western Australia, but further information is required to determine its full potential for the mining and pastoral industry in

the potential growth areas of the Gascoyne and Mid West regions.

#### Gnangara – Perth Regional Confined Aquifer Capacity Project

The deep aquifers of the Gnangara system support around 50 per cent of Perth's total water use – including horticulture, industry, recreation and public water supplies. Investigations are underway to determine the best location for water to be drawn sustainably, as well as the best location to inject water back into the system from the state's major groundwater replenishment project (implemented by the Water Corporation). This is crucial information to support the project that is another smart, safe and sensible part of the state's drought-proofing of Perth's scheme water supplies.

#### Scott and Swan Coastal Plain (South West)

Aerial Electromagnetic (AEM) surveys are being used to locate bores away from the coast on both the Swan and Scott coastal plains to prevent saltwater intrusion. This means sustainable supplies of water for scheme use for Bunbury and Busselton, and irrigated agriculture in this important area.

#### Albany and the South Coast

AEM surveys are being used to direct hydrogeological drilling, which is suggesting that up to an additional 1 GL/year is likely to be available for the town, deferring any need for infrastructure such as a desalination plant.



## Delivering water security

The department has delivered water allocation plans, supply plans, and innovative solutions to provide greater certainty for major growth areas of the state.

### Ord irrigation

The state has invested \$322 million, mainly through Royalties for Regions funds, to increase the irrigated agricultural land in the Ord from 14 000 to approximately 28 000 hectares. This is a major state building project for Western Australia and potentially the Northern Territory.

The department undertook two major pieces of work this year to ensure a reliable supply of water to existing and potential future water users in the area.

A water allocation plan detailing water sharing arrangements for the existing Ord Stage 1 area and the 13 400 hectare Ord Stage 2 irrigation expansion project was released in October.

The *Ord surface water allocation plan* shows how surface water will be allocated and licensed to achieve highly reliable water supplies for irrigation and hydro-electricity generation linked to reservoir storage levels.



*Kununurra Diversion Dam on the Ord River*

At the same time, the plan ensures sufficient water flows in the lower Ord to maintain the viability of the dependent environment. This plan provides enough water from existing infrastructure for current and projected irrigation demand in Western Australia, with high water use crops such as sugar cane.

The department, in partnership with a multi-agency senior officers' group, also undertook water supply planning to identify options to meet potential water demand for expansion into the Northern Territory, including with

high water use crops. This work ensures enough information will be available to support investment decisions by private sector proponents, the Northern Territory or Commonwealth governments.

### Pilbara

Two strategies were released in October 2013 to guide water supply options and allocation limits in the Pilbara and provide investment confidence to industry and service providers. The strategies outline long-term plans for future water use and supply

needs, and provide a pathway to ensuring reliable water supplies to deliver the Pilbara Cities vision of transforming Karratha and Port Hedland into major regional centres.

The *Pilbara groundwater allocation plan* is underpinned by more than three years of scientific investigations by the Department of Water and documents how groundwater in the region will be allocated and regulated.

The *Pilbara regional water supply strategy* will guide future planning, investigations and decisions on the water supply options that will be needed over the next 30 years to support mining growth, diversify the regional economy and ensure towns are liveable and sustainable.

### Carnarvon

The Ministers for Water and Agriculture and Food established the Carnarvon Ministerial Advisory Committee in October 2013, in response to concerns about the impact of low water availability on the horticulture industry during the summer of 2013–14. The committee reports to both Ministers on short-term actions and long-term solutions to water supply issues in the Gascoyne irrigation district.

The committee is chaired by Dr Des Lord, a former National Water Commissioner, with representation from the Department of Water, Department of Agriculture and Food WA (DAFWA), Department of Regional Development, Water Corporation, Gascoyne Water Asset Mutual Co-operative, Carnarvon Water Allocation Advisory Committee, Gascoyne Water Co-operative, Gascoyne Development Commission, and the Shire of Carnarvon.

Immediate actions to alleviate the shortage of water for irrigation included the fast-tracking of drilling and licensing new production bores. One bore was drilled by DAFWA as part of the Gascoyne Food Bowl project and three others were drilled by the Gascoyne Water Asset Mutual Co-operative, making an extra 1.5 GL of water available.

Following rainfall associated with Tropical Cyclone Christine in early 2014, the Lower Gascoyne River experienced its first significant flow in two years between February and March 2014.

This enabled lifting of the water restrictions that had been placed on the Carnarvon horticulture industry for the previous 16 months. The restrictions were a result of low river flows and high levels of aquifer salinity caused by salt mobilisation in the catchment following the 2010–11 floods.

The Advisory Committee will provide its report to the Ministers in 2014–15.

### Extra water for South West growers

Following high rainfall in the Warren-Donnelly catchment during the winter of 2013, the department was able to issue temporary licences as part of an innovative trial allowing local growers in the Upper Lefroy area to take water above their regular entitlement.

The three-year 'variable take' trial will monitor the impact of taking extra water from waterways during high rainfall periods, and explore how surface water flows in wetter years can be used by growers without risking the environment and downstream growers. The trial will also look at how higher water flows can be harvested and stored, if made available to users.

The trial, which will end in the second half of 2014, has been undertaken in conjunction with the Warren-Donnelly Water Advisory Group, which marked its 50th anniversary during the year.



## Improving rural water supplies

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

This year six dryland agricultural areas (Corrigin, Jerramungup, Kondinin, Kulin, Victoria Plains and Wagin) received funds to develop community water supplies:

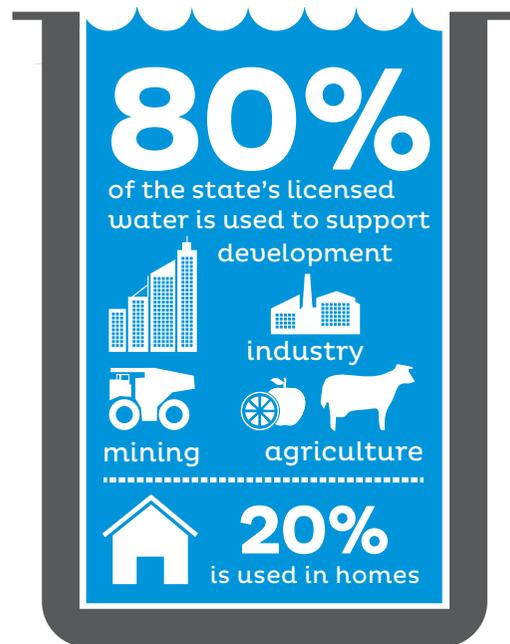


Area	Community Water Supply Program grant	Result
Corrigin	\$13 143	Funding helped the shire maximise its stormwater harvesting efforts and improve its resistance to the hardship caused by years of low rainfall. Installation of a 300 kL storage tank reduced the dependence on scheme water and saved the shire costs.
Jerramungup	\$65 000	The shire used the grant to build an emergency water supply dam to provide water for livestock during dry seasons. The new water source will also supplement existing fire-fighting supplies used in times of emergency to help protect one of the most botanically diverse regions in the world.
Kondinin	\$10 000	The shire received funding to install a high-volume pump at the Hyden CBH site to quickly transfer water to a large community storage dam with storage capacity of 20 000 kL. This will provide water for irrigation of playing fields and emergency farmland water supplies.
Kondinin	\$70 000	The Woorkakanin Dam was de-silted and resealed and its catchment was graded to improve harvesting and storage of rainwater. The dam will provide an important emergency water supply for farmers and reduce scheme water use for irrigation of ovals and public open space.
Kulin	\$52 500	Three 110 kL emergency water supply tanks fitted with standpipes enabled the shire to provide reliable and efficient emergency water supplies. A high-tech swipe card system controlling access to emergency water also helps the shire manage its new emergency water supply tanks more securely and efficiently.
Victoria Plains	\$100 000	New emergency water supply helped farmers around Bolgart, about 160 km north-east of Perth. The grant provided for development of a soak to supply storage tanks of non-potable water that can be used to water livestock during dry periods and for emergency fire-fighting and townscape irrigation.
Wagin	\$40 000	Funding helped the shire access an emergency water supply from a previously disused dam. Water can now be piped 6 km from the disused Puntapin dam to storage tanks in Wagin and will greatly ease the shire's reliance on scheme water to irrigate the town's sports oval, parks and gardens. A 47 kL tank was also funded for farmers for stock watering.

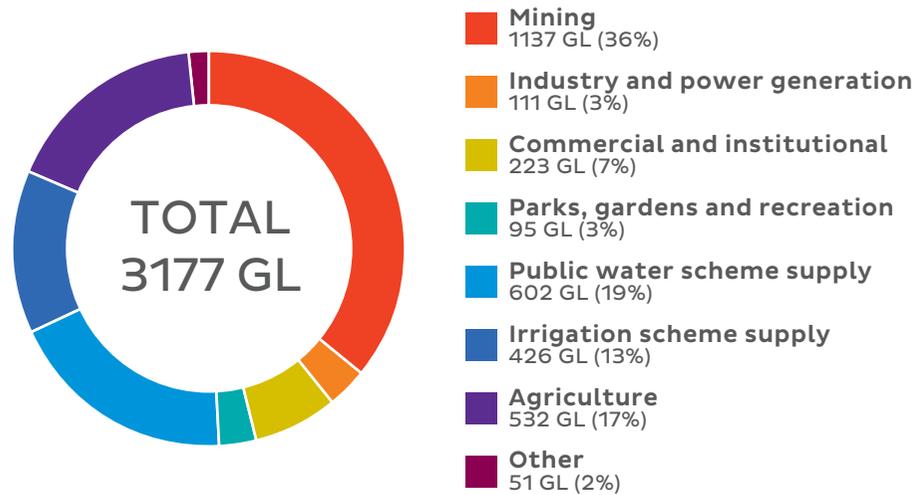
### Regulating for the sustainable, productive use of water

Western Australia’s growing prosperity depends on secure and sustainable water supplies. The Department of Water licenses water to private self-supply water users for purposes including mining, agriculture, horticulture, public parks and recreation spaces.

More than 80 per cent of the state’s licensed water supports industry and development while 20 per cent is used in homes. Mining and agriculture are the biggest consumers, enabling growth and development for the economy and the community.

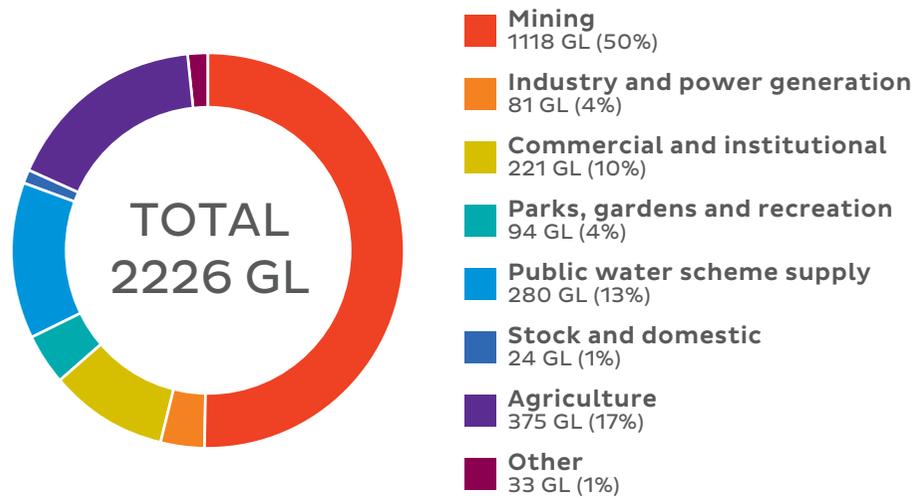


### Total combined licensed volumes by industry sector



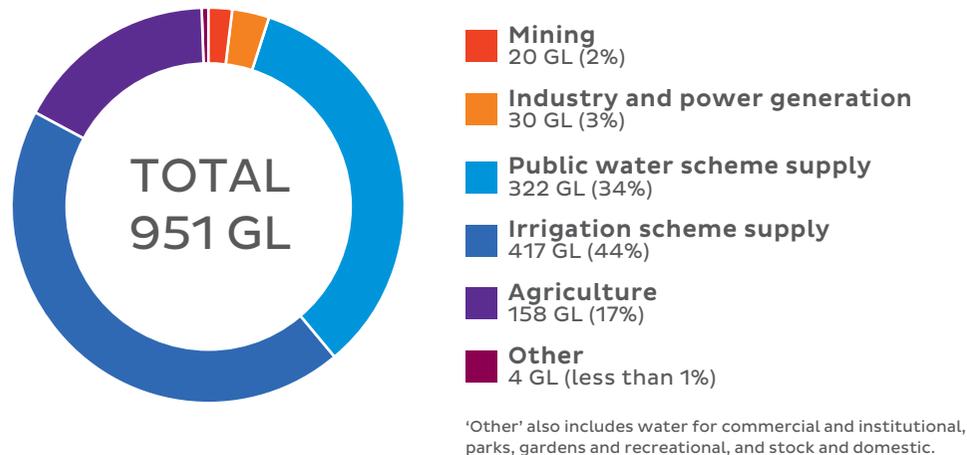
\*Other\* also includes water for stock and domestic use, and environment and conservation.

### Total groundwater licensed volumes by industry sector



\*Other\* also includes water for irrigation scheme supply, and environment and conservation.

## Total surface water licensed volumes by industry sector



Note: This volume includes large volumes of water in dam storage that is not always available due to climate conditions

At present the Department of Water administers 12 597 licences and permits across the state. These cover 769 groundwater and 289 surface water resources.

In 2013–14 a total of 3177 GL was licensed for use. This was made up of 2226 GL from groundwater resources and 951 GL from surface water resources. Surface water figures contain licensed dam storage volumes that are not always available for use due to climate and inflows.

A total of 117 private water entitlement trades between licensed water users occurred during the year, comprising 55 permanent trades and 62 temporary trades.



# REFOCUS

on water licensing

**R** educed red tape and risk-based approach

**E** fficient and effective processes

**F** aster approvals

**O** n-line applications and tracking

**C** ompliance monitoring in high risk areas

**U** nderstanding & accountability

**S** ustainable water use

Now in its second year, REFOCUS is a five-year program designed to reduce red tape and streamline regulation by using an improved risk-based approach to water licensing applications.

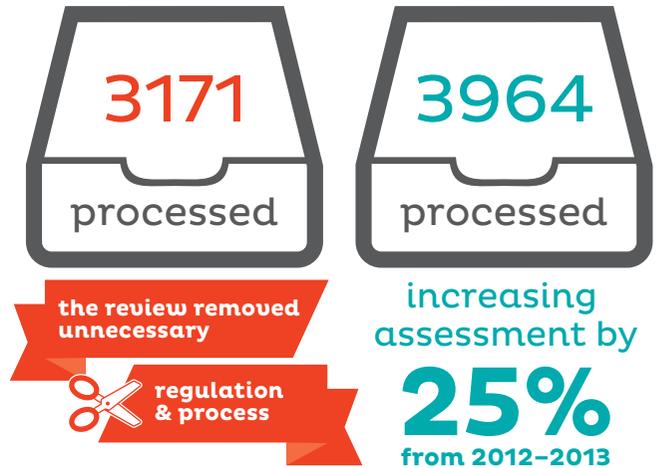
The program is a direct response to the government's approvals reform agenda.

A key highlight of 2013-14 has been the increased number of applications processed compared with the previous year and the achievement of a high rate of applications assessed within the department's timeframes. These results are attributed directly to initiatives implemented under the REFOCUS program, which include fast-track assessments for low-risk applications and substantially improved systems-based management tools which were developed under the department's Water Online project.

REFOCUS has seen a 25 per cent increase in the number of applications assessed compared with the previous year, with 85 per cent of all applications assessed within the department's timeframes

A water licence condition review was completed this year resulting in the deactivation of 421 redundant, superseded or inactive licence conditions.

Total number of licences processed  
**2012-2013** vs **2013-2014**



The review removed unnecessary regulation and processes without compromising good water resource management and strengthened the department's ability to ensure licensed water users are compliant with licence conditions. It has also seen the statewide distribution of information to licence holders outlining their rights, responsibilities and obligations.

 visit [Water licensing](#)

## Compliance and enforcement

A new strategic compliance and enforcement policy was finalised in December 2013 to ensure appropriate management of the state's water resources for all users. It provides for the protection of water resources and the water-dependent environment for the benefit of the state as a whole.

The policy reinforces the department's proportional and risk-based approach to compliance monitoring activities. All state water resources have been categorised according to risk and monitoring effort is directed accordingly. Individual licences are also prioritised for compliance monitoring according to risk, including the size of the annual water entitlement and compliance history.

The department has continued to improve the enforceability of water licence conditions in high-risk areas in alignment with the National Framework for Compliance and Enforcement Systems for Water Resource Management.

The department successfully prosecuted two parties for breaches of the *Rights in Water and Irrigation Act 1914* during the year. 2012-13 was the first time a licensee was prosecuted for breaches of the Act, with three prosecutions that year.

In July 2013, a commercial driller was convicted and fined on charges relating to the construction of two illegal bores on properties that accessed the Gnamangara groundwater system.

In December 2013, a vegetable grower in the Myalup horticultural precinct was prosecuted for taking water in excess of the licensed entitlement. The grower was convicted of unauthorised taking of water and fined.

In addition, during 2013-14 the department undertook 2295 licence compliance checks.

<b>The department's response to non-compliance</b>	<b>2012-13</b>	<b>2013-14</b>
Total water licence compliance checks	1324	2295
Total incidents of suspected non-compliance identified	771	544
Total incidents of suspected non-compliance resolved	582	390
Total education letter	106	83
Total licence amendment	23	13
Total warning notice	140	106
Total infringement notice	25	15
Total direction notice	19	8
Total prosecution	3	2



## Service 3

### Catchment and waterways health



*Protecting the state's waterways and catchments through river management and recovery programs.*

The department brings its leading-edge science to the table to inform multi-agency approaches to keeping priority rivers, estuaries and catchments healthy.

#### River and estuary water quality management

The department conducts river health assessments in priority areas to determine the impacts of water and land use on rivers and estuaries and to assess the adequacy of existing environmental flows. This research is critical given continued declines in streamflow due to the drying climate and increased demand for water.

Ecological assessments conducted during 2013–14 included 13 systems across the Integrated Water Supply Scheme network and separate assessments in five tributaries of the Lower Blackwood, the Collie, Brunswick and Canning rivers and Gingin Brook. Resulting changes in the delivery of environmental water (volumes and timing of dam releases) have and will continue to improve efficiency of water use in Western Australia.

The detailed catchment and land use modelling to support the Hardy Inlet water quality improvement plan, stage 2 – the lower Blackwood, was completed with priority management interventions and actions identified to improve water

quality in the Hardy Inlet. The plan complements work already underway in the Scott catchment based on the *Hardy Inlet water quality improvement plan, stage 1 – the Scott River catchment*.

Also in the South West, the department installed state-of-the-art monitoring equipment to allow opening of the Vasse weir gates, based on an oxygen-level trigger, to help reduce fish deaths.

The Minister for Water established an independent review to help identify governance options to address water quality issues in the Vasse-Wonnerup and Geographe Bay catchment. The department supported the review with scientific and technical data on wetland and estuary condition

and remedial options. The review's recommendations are being considered by the Minister for Water.

#### Science for the Swan

The department continued to deliver high-level science to support the management of the Swan and Canning estuaries, funded and led by the Swan River Trust (SRT).

Oxygenation has proven to be an effective method of improving water quality in the Canning River above Kent Street Weir and in the upper Swan River Estuary.

In collaboration with the SRT, the department successfully operated two oxygenation plants in the Swan River, as well as two



*State-of-the-art monitoring equipment was installed at the opening of the Vasse weir gates to help reduce fish deaths*

in the Canning, to keep water oxygenated, reduce nutrient supply for algal growth and prevent fish deaths.

A third plant, using a new and more efficient design, was installed in the Canning River near Nicholson Road bridge in 2014 to improve oxygen conditions over an additional 2.2 km in an area of chronically poor water quality.

### Science supporting urban development

The department worked as part of an across-government team, led by the Department of the Premier and Cabinet, on the Strategic Assessment of the Perth-Peel Region (SAPPR). The project developed estuary condition assessments for the Peel-Harvey estuary using modelling and risk assessment techniques to provide advice on enabling a future population of 3.5 million people in the Perth-Peel region.

To reduce excess phosphorus in brackish to saline water, such as the riverine parts of estuaries, the department is working with the CSIRO on a new, simple clay formulation to bind phosphorus in fresh water and thus improve water quality. If successful, and cost competitive, this clay can be used across Western Australia's south-west where excess phosphorus leads to algal blooms and fish deaths. This builds on the department's previous work, in partnership with the CSIRO, which developed Phoslock™ clay which is now available as a commercial product and used worldwide.

In another long-term collaboration with the CSIRO, mining by-products were evaluated and found to be effective as soil amendments to reduce phosphorus runoff from agricultural fields. A novel application of these materials is treating high phosphorus levels in low-lying and high groundwater areas of new urban developments.

In collaboration with the City of Gosnells, SRT and Department of Housing, the department started testing the mining by-product, Iron Man Gypsum, in subsurface drains in the Abington Estate in Gosnells in 2013–14. These drains prevent flooding of the new urban development and the soil amendment material, wrapped around the subsurface drain, will intercept phosphorus before it enters the drain and hence protect water quality.

If successful, this material could be used widely in urban settings to reduce nutrient flows to urban streams.

### Invigorating urban waterways

In 2013–14 the three-year \$8.5 million urban waterways renewal project in Perth, which was funded by the state and Commonwealth governments, was completed.

Using modern river restoration techniques, the department led the project which restored 11 degraded sections of metropolitan urban streams along the Bannister Creek, Bickley Brook and Southern Rivers. The project, designed to improve the health of Perth's urban waterways, was undertaken with nine partner organisations: the Australian Government (Department of Environment), SRT, Department of Water, local governments of Canning, Gosnells and Armadale, Water Corporation, Bannister Creek Catchment Group and Armadale Gosnells Landcare Group.

The knowledge from this project will be used to improve how urban waterways are designed and managed for economic, ecological, social and community benefits.

# Water Online

for quick and easy information access

During 2013–14, the Department of Water began rolling out state-of-the-art e-business systems to transform the way the water business is managed and delivered.

The department’s Water Online project started with the launch of the Water Information Reporting portal (WiR), an automated data collection and reporting tool that provides reliable, customised water information quickly and easily.

This information brings together millions of records about water resources that were previously held in paper copies across the state – important and valuable information about quantity, quality and location.

Before the portal was introduced, users of the water information provision service had wait times of up to three months for turnaround on requests during peak demand times.

Since launching, the Water Information Reporting portal has slashed waiting times for information and assessments and given business and community decision-makers direct access to the Department of Water’s extensive water knowledge base.

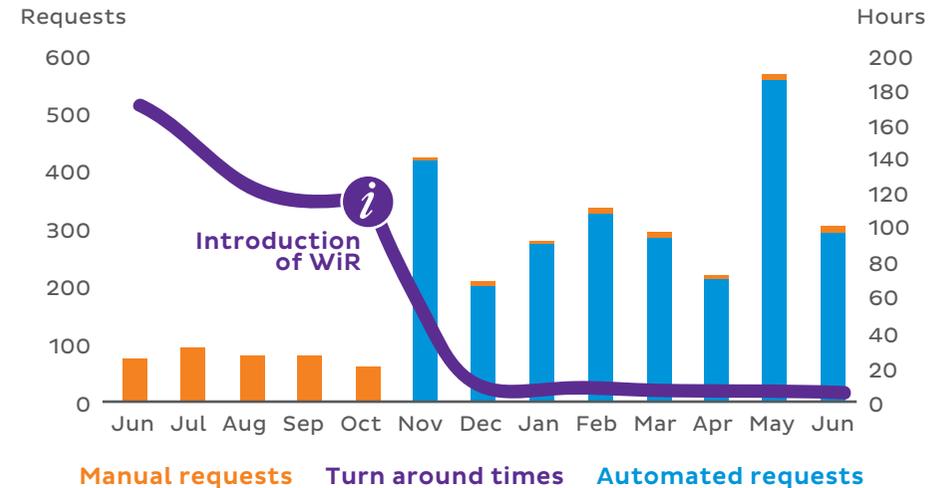
Now this free, fully automated online service provides instant access to more than 115 000 water monitoring sites and about 60 million measurements at the click of a computer mouse.

The number of data requests serviced each month has more than doubled as people in the mining industry, agricultural and horticultural sectors, businesses, researchers, urban developers and local governments discover that critical information is easily available to inform their decision-making processes.

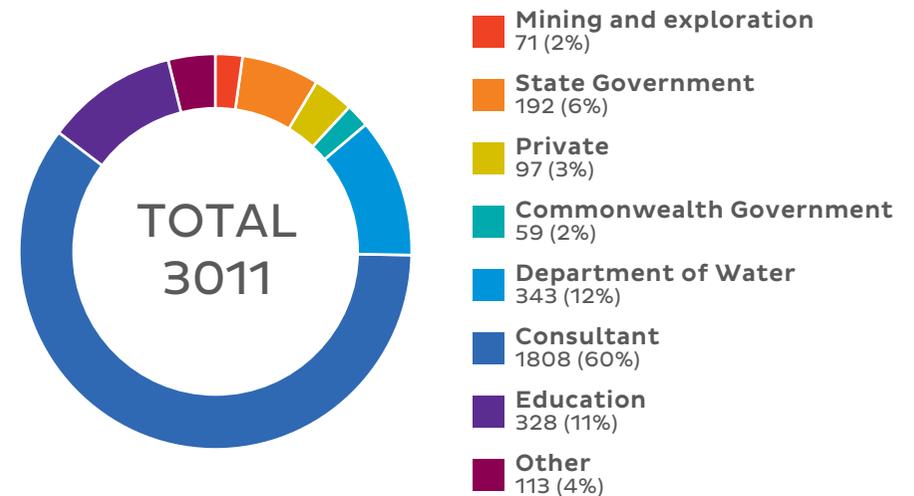
Access to this online information strengthens the department’s ability to apply robust assessments to support the management of any impacts from industry and urban projects on the state’s water resources.

It also means that industry does not need to duplicate work efforts, cutting project time and costs.

## Data requests completed



## Data requests by sector



visit the [Water Information Reporting portal](#)

## Awards recognise outstanding achievements

Three Department of Water projects were recognised for their outstanding achievements during the year.

The *Denmark River water resource recovery plan*, which has reduced salinity levels in the river from an average of more than 700 mg/litre to 470 mg/litre, won an Australian Business Award and state and national Australian Water Association Water Awards.

This project was also a finalist in the Premier's Awards and Banksia Awards.

Another project, the Farm Dam Planning and Allocation Tool – which for the first time enables farmers and resource planners to accurately determine the impact of farm dams on river systems, downstream water users and the environment – also won an Australian Water Award.

The department was also a co-winner, with the Department of Sport and Recreation, of the Sustainable Initiative Award in the



*Executive Director Science and Planning Greg Claydon (right) accepting national award for Denmark River recovery plan*

2014 Parks and Leisure Australia WA Awards for Excellence for the *Public Parkland Planning and Design Guide* launched in April 2014.

The guide provides a single, clear and concise reference point to deliver public parklands that best meet community needs, while making the best use of available water supplies.

By using the guidelines, urban planners and councils can maximise the social and community benefits of public parklands, while minimising water use through innovative planning,

smart design and effective use of water resilient plants.

The department's groundwater science and management expertise was highlighted at the International Association of Hydrogeologists Congress in Perth in September 2013, which is the world's premier conference devoted to hydrogeology and groundwater management.

The congress attracted world-leading groundwater scientists, researchers and practitioners and provided opportunities to demonstrate Western Australia's

leading-edge approach to groundwater investigation, modelling and management, especially in relation to a drying climate.

The Department of Water led the organising of, and was also well represented at, the Engineers Australia Hydrology and Water Resources Symposium in March 2014.

The symposium brought together the nation's best climatologists, hydrologists, water systems modellers and water resource managers and engineers to share knowledge and develop best practices for the productive and sustainable use of water and the management of flooding and drainage challenges.

The department won the Best Paper Presentation Award for its work on direct rainfall flood modelling. The paper, presented by senior environmental officer Joel Hall, helps to improve assessment of drainage and flood management needs in planning for urban development in low-lying areas.



download the Denmark River recovery plan [here](#)

## Actual results versus budget targets



Photo courtesy Nathan Dyer

### 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 (%) 2013–14*	Actual (%) 2013–14	Variance (%)
Proportion of water resource management areas that are planned appropriate to their water resource category	86	86	0
Proportion of water resources with licensed allocations that are within their allocation limit	85	81	(4)
Proportion of public water supplies covered by a drinking water source protection plan	100	100	0

\* As specified in the budget statements.

## Service 1: Urban water management and industry services

### Efficiency indicators

Performance indicator	Target (\$) 2013-14*	Actual (\$) 2013-14	Variance (\$)
Average cost per industry water services policy instrument	27 996	34 955	6959
Average cost per drinking water source protection plan	285 726	491 558	205 832
Average cost per drainage and water management plan and assessment	5940	6860	920
Average cost per square kilometre of designated proclaimed water supply catchments where salinity and water resource recovery measures are implemented	49	30	(19)

\* As specified in the budget statements.

## Service 2: Water use allocation and optimisation

### Efficiency indicators

Performance indicator	Target 2013-14*	Actual 2013-14	Variance
Average cost per allocation plan completed (\$)	1 740 973	2 364 566	623 593
Average time taken (days) to process a licence by water category grouping			
Category 1 (C1), 0 to 30% allocated	40	73	33
Category 2 (C2), >30 to 70% allocated	40	60	20
Category 3 (C3), >70 to 100% allocated	50	56	6
Category 4 (C4), 100% allocated	60	48	(12)
Expenditure on water licence administration			
Average cost per water licence (all categories) (\$)	2345	2666	321
Total number of licences processed by category grouping			
Category 1 (C1), 0 to 30% allocated	1000	748	(252)
Category 2 (C2), >30 to 70% allocated	2200	1575	(625)
Category 3 (C3), >70 to 100% allocated	3600	2823	(777)
Category 4 (C4), 100% allocated	5000	4956	(44)

\* As specified in the budget statements.

## Service 3: Catchment and waterways health

### Efficiency indicators

Performance indicator	Target (\$) 2013-14*	Actual (\$) 2013-14	Variance (\$)
Average cost per square kilometre of designated inland rural catchments where dryland salinity management measures are implemented	117	0	(117)
Average cost per waterway management plan developed	2 377 912	2 148 180	(229 732)

\* As specified in the budget statements.

# Significant issues impacting the agency

The state's economic and population growth, livelihoods and lifestyles rely on access to enough water of the right quality.

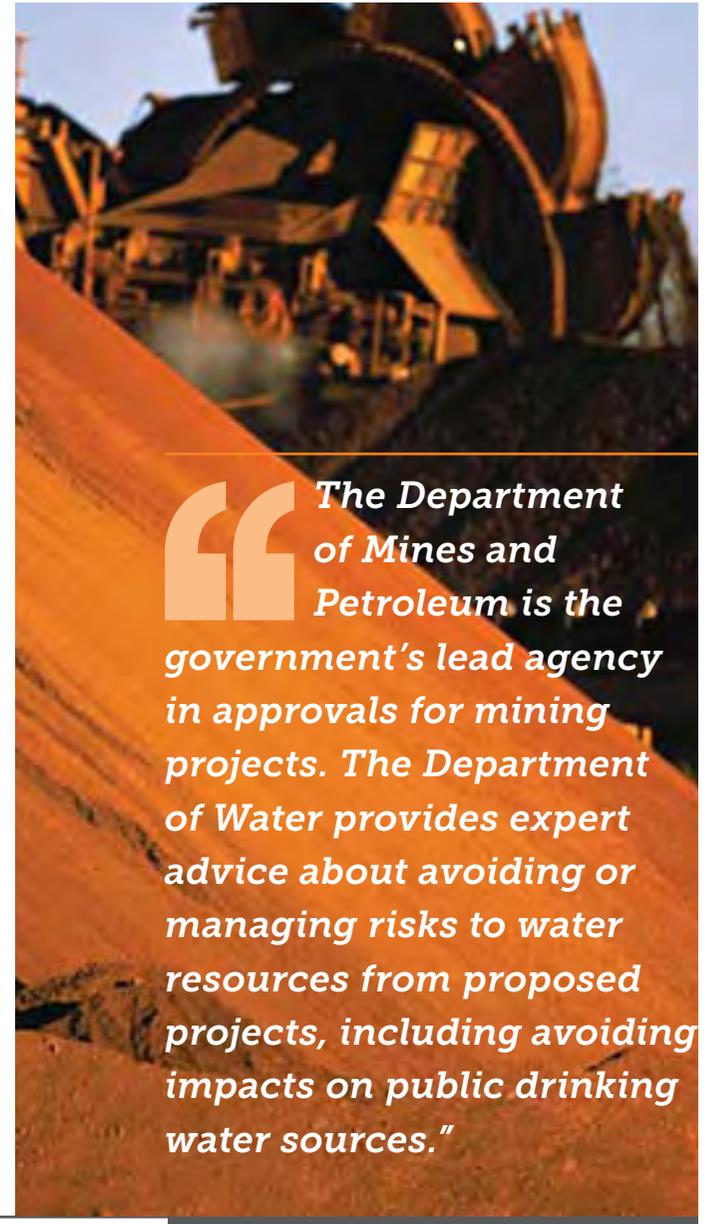
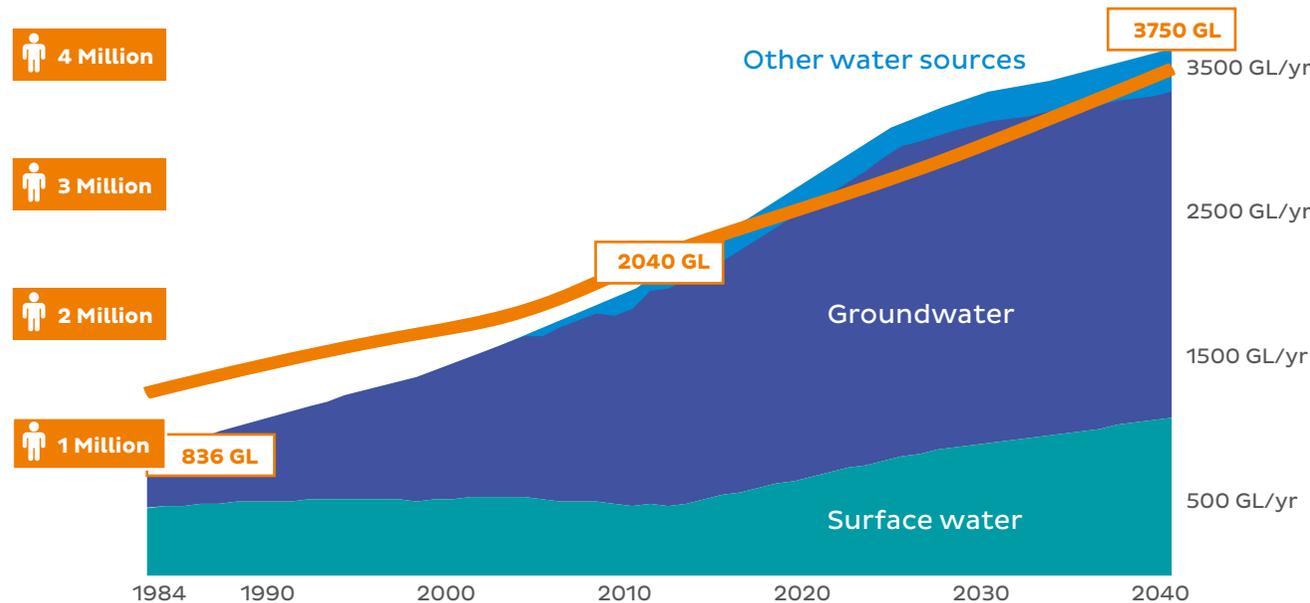
Western Australia's water consumption has almost quadrupled in the past three decades to 2300 billion litres per year and projections show it will double again by 2041.

Rising demand is increasing competition for water in many parts of the state. This, coupled with the challenges presented by climate trends, is increasing the number

of fully allocated resources and the complexity of water resource management issues faced by the department and water-dependent businesses.

Eighty per cent of the state's licensed water supports industry and development while 20 per cent is used in homes. Mining and agriculture are the biggest consumers, accounting for more than half of all licensed water used, with associated benefits to the state's jobs and economy.

Forecast growth in WA water use and population growth



**“The Department of Mines and Petroleum is the government’s lead agency in approvals for mining projects. The Department of Water provides expert advice about avoiding or managing risks to water resources from proposed projects, including avoiding impacts on public drinking water sources.”**

Urban and industry growth places ever greater importance on protecting the state's water resources, including drinking water.

Progress of the onshore shale and tight gas industry in Western Australia and community concerns about potential risks to local water resources used for drinking, agriculture and the environment, has brought focus onto agencies' roles in the government's regulation of the industry.

The department is working with statutory approvals agencies, including the Department of Mines and Petroleum as the lead agency, to ensure regulatory frameworks for projects with potential impacts on water resources are robust, and that there are agreed referral processes in place to ensure the protection of the state's water resources is of the highest priority.

Management of issues such as drainage, flood mapping, and the potential impacts of development on important waterways is solidly based on the department's contemporary science and management frameworks as well as cross-agency collaboration.

In 2013-14, the government released the position paper *Securing Western Australia's water future*, outlining a framework for future water resource management legislation. The Minister for Water is considering the detail of reforms for progress in 2014-15.



*Drilling a groundwater monitoring bore in the remote Sandfire area of the West Canning Basin*

The groundwater investigations program has been a major platform for securing the state's water future. Work on sites in major centres including the West Canning Basin, Hamersley Range, Murchison paleochannel, Scott and Swan coastal plans, Albany and the South Coast will further progress in 2014-15.

Funded through the Royalties for Regions program, these projects are delivering data that is greatly enhancing the state's understanding about water availability for public, industrial and agricultural use in these important growth areas.

In addition, the Perth Region Confined Aquifer Capacity Project is assessing the capacity of the groundwater aquifers as a continuing long-

term water source for Perth's Integrated Water Supply Scheme.

Implementation of the \$40 million Water for Food program, funded through Royalties for Regions, will start in 2014-15.

Data availability and management is critical because licensees and businesses rely on timely, accurate information to enable them to make well-informed, commercial decisions.

Following the delivery of the Water Information portal, next year the department will move into the third year of a four-year program to upgrade its information technology and systems to support improved data collection and provision, water allocation and licensing.



visit [State groundwater investigation](#)

# Disclosures and legal compliance

## In this section

<b>Financial statements</b>	<b>49</b>	Disability access and inclusion plan outcomes	109
Income statement	50	Compliance with Public Sector Standards and ethical codes	109
Financial position	51	Record-keeping plans	109
Statement of changes in equity	52	<b>Government policy requirements</b>	<b>110</b>
Statement of cash flows	53	Substantive equality	110
Schedule of income and expenses by service	54	Occupational Safety, Health and Injury Management	110
Schedule of assets and liabilities by service	55	Mechanism for consultation with employees	111
Summary of consolidated account appropriations and income estimates	56	Commitment to return employees back to work after injury	111
<b>Notes to the financial statements</b>	<b>58</b>	Assessment of the occupational health and safety system	111
Detailed key performance indicators information	99	Performance	112
Ministerial directives	108		
Other financial disclosures	108		
Governance disclosures	108		
<b>Other legal requirements</b>	<b>109</b>		
Expenditure on advertising, market research, polling and direct mail	109		



**“** On an administrative level, the department operated within its expense limit, including the salary cap and leave liability targets.”



# 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 2014, the Statement of Comprehensive Income, Statement of Changes in Equity, Statement of Cash Flows, Schedule of Income and Expenses by Service, Schedule of Assets and Liabilities by Service, and Summary of Consolidated Account Appropriations and Income Estimates for the year then ended, and Notes comprising a summary of significant accounting policies and other explanatory information, including Administered transactions 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 2014 and its financial performance and cash flows for the year then ended. They are in accordance with Australian Accounting Standards and the Treasurer's Instructions.

### Report on Controls

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

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 2014.

### Report on the Key Performance Indicators

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

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

### Director General's Responsibility for the Key Performance Indicators

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

### Auditor's Responsibility

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

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

of the key performance indicators for measuring the extent of outcome achievement and service provision.

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

### Opinion

In my opinion, the key performance indicators of the Department of 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 2014.

### Independence

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

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

This auditor's report relates to the financial statements and key performance indicators of the Department of Water for the year ended 30 June 2014 included on the Department's website. The Department's management is responsible for the integrity of the

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



**Glen Clarke**

Deputy Auditor General  
Delegate of the Auditor General for  
Western Australia

Perth, Western Australia  
24 September 2014

## Certification of financial statements

---

### For the year ended 30 June 2014

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 2014 and the financial position as at 30 June 2014.

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.



**Tadas Bagdon**  
A/Director General  
Department of Water  
24 September 2014



**Linda Candy**  
Chief Finance Officer  
Department of Water  
24 September 2014

## Statement of comprehensive income

For the year ended 30 June 2014

	Note	2014 (\$'000)	2013 (\$'000)
<b>Cost of services</b>			
<b>Expenses</b>			
Employee benefits expense	6	49 507	46 704
Supplies and services	7	22 558	21 111
Depreciation and amortisation expense	8	5 620	5 814
Accommodation expenses	9	4 583	4 924
Grants and subsidies	10	1 894	8 558
Other expenses	11	2 315	2 698
Loss on disposal of non-current assets	15	567	167
Refund of unspent Commonwealth grant <sup>(a)</sup>		7 327	-
<b>Total cost of services</b>		<b>94 371</b>	<b>89 976</b>
<b>Income</b>			
<b>Revenue</b>			
User charges and fees	12	71	68
Commonwealth grants and contributions	13	1 677	5 315
Other revenue	14	1 895	3 221
<b>Total revenue</b>		<b>3 643</b>	<b>8 604</b>
<b>Total income other than income from state government</b>		<b>3 643</b>	<b>8 604</b>
<b>Net cost of services</b>		<b>90 728</b>	<b>81 372</b>

	Note	2014 (\$'000)	2013 (\$'000)
<b>Income from state government</b>	16		
Service appropriation		78 496	64 314
Services received free of charge		715	1 192
Royalties for Regions Fund		3 521	3 476
State grant		3 533	4 695
<b>Total income from state government</b>		<b>86 265</b>	<b>73 677</b>
<b>Surplus/(deficit) for the period</b>		<b>(4 463)</b>	<b>(7 695)</b>
<b>Other comprehensive income</b>			
<b>Items not reclassified subsequently to profit or loss</b>			
Changes in asset revaluation surplus <sup>(b)</sup>		10 745	297
<b>Total other comprehensive income</b>		<b>10 745</b>	<b>297</b>
<b>Total comprehensive income</b>		<b>6 282</b>	<b>(7 398)</b>

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 department made a refund to the Commonwealth for unspent funds relating to the Collie River Salinity Reduction Program.
- (b) The asset revaluation surplus was re-stated to gross amount.

## Statement of financial position

For the year ended 30 June 2014

	Note	2014 (\$'000)	2013 (\$'000)
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents	31	9204	7894
Restricted cash and cash equivalents	17, 31	6911	12 052
Inventories <sup>(a)</sup>	18	392	-
Receivables	19	1339	1591
Amounts receivable for services	20	5159	8873
Other current assets	21	1979	860
Non-current assets classified as held for sale	22	1123	3041
<b>Total current assets</b>		<b>26 107</b>	<b>34 311</b>
<b>Non-current assets</b>			
Restricted cash and cash equivalents	17, 31	1325	1287
Amounts receivable for services	20	16 305	13 560
Property, plant and equipment	23, 26	256 518	239 048
Intangible assets	25, 26	7677	3259
<b>Total non-current assets</b>		<b>281 825</b>	<b>257 154</b>
<b>Total assets</b>		<b>307 932</b>	<b>291 465</b>

	Note	2014 (\$'000)	2013 (\$'000)
<b>Liabilities</b>			
<b>Current liabilities</b>			
Payables	27	2734	4185
Provisions	28	12 341	13 373
Other current liabilities	29	48	71
<b>Total current liabilities</b>		<b>15 123</b>	<b>17 629</b>
<b>Non-current liabilities</b>			
Provisions	28	2303	2767
<b>Total non-current liabilities</b>		<b>2303</b>	<b>2767</b>
<b>Total liabilities</b>		<b>17 426</b>	<b>20 396</b>
<b>Net assets</b>		<b>290 506</b>	<b>271 069</b>
<b>Equity</b>	<b>30</b>		
Contributed equity		251 699	238 544
Reserves		54 322	45 047
Accumulated surplus/(deficit)		(15 515)	(12 522)
<b>Total equity</b>		<b>290 506</b>	<b>271 069</b>

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

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

(a) The department maintains spares for measurement sites that are expected to be consumed within 12 months.

## Statement of changes in equity

For the year ended 30 June 2014

	Note (\$'000)	Contributed equity (\$'000)	Reserves (\$'000)	Accumulated surplus/ (deficit) (\$'000)	Total equity re-stated (\$'000)
<b>Balance at 1 July 2012</b>	<b>30</b>	<b>232 787</b>	<b>45 012</b>	<b>(5089)</b>	<b>272 710</b>
<b>Surplus/(deficit)</b>		-	-	<b>(7695)</b>	<b>(7695)</b>
Other comprehensive income		-	297	-	297
Derecognised revaluation assets <sup>(a)</sup>		-	(262)	262	-
Total comprehensive income for the period		-	35	(7433)	(7398)
<b>Transactions with owners in their capacity as owners:</b>					
Capital appropriations		6139	-	-	6139
Other contributions by owners		1500	-	-	1500
Distribution to owners		(1882)	-	-	(1882)
<b>Total</b>		<b>5757</b>	<b>-</b>	<b>-</b>	<b>5757</b>
<b>Balance at 30 June 2013</b>		<b>238 544</b>	<b>45 047</b>	<b>(12 522)</b>	<b>271 069</b>
<b>Balance at 1 July 2013</b>		<b>238 544</b>	<b>45 047</b>	<b>(12 522)</b>	<b>271 069</b>
<b>Surplus/(deficit)</b>		-	-	<b>(4463)</b>	<b>(4463)</b>
Other comprehensive income		-	10 745	-	10 745
Derecognised revaluation assets <sup>(a)</sup>		-	(1470)	1470	-
Total comprehensive income for the period		-	9275	(2993)	6282
<b>Transactions with owners in their capacity as owners:</b>					
Capital appropriations		8739	-	-	8739
Other contributions by owners		4777	-	-	4777
Distribution to owners		(361)	-	-	(361)
<b>Total</b>		<b>13 155</b>	<b>-</b>	<b>-</b>	<b>13 155</b>
<b>Balance at 30 June 2014</b>		<b>251 699</b>	<b>54 322</b>	<b>(15 515)</b>	<b>290 506</b>

The Statement of changes in equity should be read in conjunction with the accompanying notes.

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

## Statement of cash flows

For the year ended 30 June 2014

	Note	2014 (\$'000)	2013 (\$'000)
<b>Cash flows from state government</b>			
Service appropriation		70 592	56 681
Capital contributions		8739	6139
Holding account drawdowns		8873	4465
Royalties for Regions Fund		8298	4976
State grants		3533	4695
<b>Net cash provided by state government</b>		<b>100 035</b>	<b>76 956</b>
Utilised as follows:			
<b>Cash flows from operating activities</b>			
<b>Payments</b>			
Employee benefits		(50 679)	(46 114)
Supplies and services		(24 063)	(21 783)
Accommodation		(4755)	(4964)
Grants and subsidies		(2105)	(8558)
GST payments on purchases		(4741)	(3728)
Other payments		(2110)	(1662)
Refund of unspent Commonwealth grant		(7327)	-
<b>Receipts</b>			
User charges and fees		71	126
Commonwealth grants and contributions		1842	5144
GST receipts on sales		645	812
GST receipts from taxation authority		3632	2462
Other receipts		1786	3250
<b>Net cash provided by (used in) operating activities</b>	<b>31</b>	<b>(87 804)</b>	<b>(75 015)</b>

	Note	2014 (\$'000)	2013 (\$'000)
<b>Cash flows from investing activities</b>			
<b>Payments</b>			
Purchase of non-current physical assets		(17 331)	(13 000)
Purchase of inventories		(188)	-
<b>Receipts</b>			
Proceeds from sale of non-current physical assets		1495	2324
<b>Net cash provided by (used in) investing activities</b>		<b>(16 024)</b>	<b>(10 676)</b>
<b>Cash flows from financing activities</b>			
Transfer of Developer Bonds to special purpose account <sup>(a)</sup>		-	97
<b>Net cash provided by/(used in) financing activities</b>		<b>-</b>	<b>97</b>
Net increase/(decrease) in cash and cash equivalents		(3793)	(8638)
Cash and cash equivalents at the beginning of period		21 233	29 871
<b>Cash and cash equivalents at the end of period</b>	<b>31</b>	<b>17 440</b>	<b>21 233</b>

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

(a) Amounts paid for by developers and held in trust for which the amount is refunded on completion of works as per an agreed contract.

## Schedule of income and expenses by service

For the year ended 30 June 2014

	Urban water management and industry services		Water use allocation and optimisation		Catchment and waterways health		Total	
	2014 (\$'000)	2013 (\$'000)	2014 (\$'000)	2013 (\$'000)	2014 (\$'000)	2013 (\$'000)	2014 (\$'000)	2013 (\$'000)
<b>Cost of services</b>								
Employee benefits expense	16 069	14 488	27 295	25 331	6143	6885	49 507	46 704
Supplies and services	7277	6994	11 972	10 354	3309	3763	22 558	21 111
Depreciation and amortisation	858	846	4431	4524	331	444	5620	5814
Accommodation expenses	1430	1919	2534	2274	619	731	4583	4924
Grants and subsidies	598	2948	1235	5202	61	408	1894	8558
Loss on disposal of non-current assets	185	48	311	93	71	26	567	167
Other expenses	659	915	1388	1390	268	393	2315	2698
Refund of unspent Commonwealth grant	-	-	7327	-	-	-	7327	-
<b>Total cost of services</b>	<b>27 076</b>	<b>28 158</b>	<b>56 493</b>	<b>49 168</b>	<b>10 802</b>	<b>12 650</b>	<b>94 371</b>	<b>89 976</b>
<b>Income</b>								
User charges and fees	2	3	68	64	1	1	71	68
Commonwealth grants and contributions	124	2579	1505	2157	48	579	1677	5315
Other revenue	561	941	879	1576	455	704	1895	3221
<b>Total income other than income from state government</b>	<b>687</b>	<b>3523</b>	<b>2452</b>	<b>3797</b>	<b>504</b>	<b>1284</b>	<b>3643</b>	<b>8604</b>
<b>Net cost of services</b>	<b>26 389</b>	<b>24 635</b>	<b>54 041</b>	<b>45 371</b>	<b>10 298</b>	<b>11 366</b>	<b>90 728</b>	<b>81 372</b>
<b>Income from state government</b>								
Service appropriation	25 540	18 727	43 106	35 747	9850	9840	78 496	64 314
Resources received free of charge	233	347	392	663	90	182	715	1192
Royalties for Regions Fund	1148	1021	1931	1949	442	506	3521	3476
State grants	1428	2106	1016	803	1089	1786	3533	4695
<b>Total income from state government</b>	<b>28 349</b>	<b>22 201</b>	<b>46 445</b>	<b>39 162</b>	<b>11 471</b>	<b>12 314</b>	<b>86 265</b>	<b>73 677</b>
<b>Surplus/(deficit) for the period</b>	<b>1960</b>	<b>(2434)</b>	<b>(7596)</b>	<b>(6209)</b>	<b>1173</b>	<b>948</b>	<b>(4463)</b>	<b>(7695)</b>

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

## Schedule of assets and liabilities by service

For the year ended 30 June 2014

	Urban water management and industry services		Water use allocation and optimisation		Catchment and waterways health		Total	
	2014 (\$'000)	2013 (\$'000)	2014 (\$'000)	2013 (\$'000)	2014 (\$'000)	2013 (\$'000)	2014 (\$'000)	2013 (\$'000)
<b>Assets</b>								
Current assets	8495	9991	14 335	19 070	3276	5250	26 107	34 311
Non-current assets	91 706	74 883	154 750	142 926	35 369	39 345	281 825	257 154
<b>Total assets</b>	<b>100 201</b>	<b>84 874</b>	<b>169 085</b>	<b>161 996</b>	<b>38 645</b>	<b>44 595</b>	<b>307 932</b>	<b>291 465</b>
<b>Liabilities</b>								
Current liabilities	4921	5134	8304	9798	1898	2697	15 123	17 629
Non-current liabilities	749	806	1265	1538	289	423	2303	2767
<b>Total liabilities</b>	<b>5670</b>	<b>5940</b>	<b>9569</b>	<b>11 336</b>	<b>2187</b>	<b>3120</b>	<b>17 426</b>	<b>20 396</b>
<b>Net assets</b>	<b>94 531</b>	<b>78 934</b>	<b>159 516</b>	<b>150 660</b>	<b>36 458</b>	<b>41 475</b>	<b>290 506</b>	<b>271 069</b>

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 2014

	2014 Estimate (\$'000)	2014 Actual (\$'000)	Variance (\$'000)	2014 Actual (\$'000)	2013 Actual (\$'000)	Variance (\$'000)
<b>Delivery of services</b>						
Item 70 Net amount appropriated to deliver services	69 115	78 224	9109	78 224	64 061	14 163
Amount authorised by other statutes						
– <i>Salaries and Allowances Act 1975</i>	272	272	–	272	253	19
<b>Total appropriations provided to deliver services</b>	<b>69 387</b>	<b>78 496</b>	<b>9109</b>	<b>78 496</b>	<b>64 314</b>	<b>14 182</b>
<b>Capital</b>						
Item 155 Capital appropriation	8434	8739	305	8739	6139	2600
<b>Administered transactions</b>						
Item 71 Administered grants and subsidies and other transfer payments	81	66	(15)	66	175	(109)
<b>Total administered transactions</b>	<b>81</b>	<b>66</b>	<b>(15)</b>	<b>66</b>	<b>175</b>	<b>(109)</b>
<b>Grand total</b>	<b>77 902</b>	<b>87 301</b>	<b>9399</b>	<b>87 301</b>	<b>70 628</b>	<b>16 673</b>
<b>Details of expenses by service</b>						
Urban water management and industry services	25 112	27 076	1964	27 076	28 158	(1082)
Water use allocation and optimisation	46 181	56 493	10 312	56 493	49 168	7325
Catchment and waterways health	12 054	10 802	(1252)	10 802	12 650	(1848)
<b>Total cost of services</b>	<b>83 347</b>	<b>94 371</b>	<b>11 024</b>	<b>94 371</b>	<b>89 976</b>	<b>4395</b>
Less total income	(11 109)	(3643)	7466	(3643)	(8604)	4961
Net cost of services	72 238	90 728	18 490	90 728	81 372	9356
Adjustments	(2851)	(12 232)	(9381)	(12 232)	(17 058)	4826
<b>Total appropriations provided to deliver services</b>	<b>69 387</b>	<b>78 496</b>	<b>9109</b>	<b>78 496</b>	<b>64 314</b>	<b>14 182</b>

## Summary of consolidated account appropriations and income estimates

For the year ended 30 June 2014

	2014 Estimate (\$'000)	2014 Actual (\$'000)	Variance (\$'000)	2014 Actual (\$'000)	2013 Actual (\$'000)	Variance (\$'000)
<b>Capital expenditure</b>						
Purchase of non-current physical assets	24 930	17 331	(7599)	17 331	13 000	4331
Adjustments for other funding sources	(16 496)	(8592)	7904	(8592)	(6861)	(1731)
<b>Capital contribution (appropriation)</b>	<b>8434</b>	<b>8739</b>	<b>305</b>	<b>8739</b>	<b>6139</b>	<b>2600</b>
<b>Details of income estimates</b>						
Income disclosed as administered income	81	67	(14)	67	178	(111)
	81	67	(14)	67	178	(111)

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

Note 36 'Explanatory statements' provides details of any significant variations between estimates and actual results for 2014 and between the actual results for 2014 and 2013.

# Notes to the financial statements

1	Australian accounting standard	59	16	Income from state government	77	32	Resources provided free of charge	88
2	Summary of significant accounting policies	59	17	Restricted cash and cash equivalents	77	33	Commitments	88
3	Judgements made by management in applying accounting policies	68	18	Inventories	77	34	Contingent liabilities and contingent assets	88
4	Key sources of estimation uncertainty	68	19	Receivables	78	35	Events occurring after the end of the reporting period	89
5	Disclosure of changes in accounting policy and estimates	69	20	Amounts receivable for services	78	36	Explanatory statements	89
6	Employee benefits expense	75	21	Other current assets	78	37	Financial instrument	91
7	Supplies and services	75	22	Non current assets classified as held for sale	79	38	Remuneration of senior officers	94
8	Depreciation and amortisation expense	75	23	Property, plant and equipment	80	39	Remuneration of auditor	95
9	Accommodation expenses	75	24	Fair value measurements	82	40	Related and affiliated bodies	95
10	Grants and subsidies	75	25	Intangible assets	84	41	Special purpose account	95
11	Other expenses	76	26	Impairment of assets	85	42	Supplementary financial information	95
12	User charges and fees	76	27	Payables	85	43	Administered income and expenses by service	96
13	Commonwealth grants and contributions	76	28	Provisions	85	44	Administered assets and liabilities	97
14	Other revenue	76	29	Other liabilities	86			
15	Net gain/(loss) on disposal of non current assets	76	30	Equity	86			
			31	Notes to the statement of cash flows	87			

## 1 Australian accounting standards

### General

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

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 2014.

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

Where modification is required and has 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 40*.

## 2 Summary of significant accounting policies (cont).

### 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

Ensuring 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.

#### 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.

#### Service 3: Catchment and waterways health

Protecting the state's waterways and catchments through river management and recovery programs.

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 43 'Administered expenses and income' and note 44 '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.

The transfers 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.

## 2 Summary of significant accounting policies (cont.)

### 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 2013–2014 Budget Statements, the department retained \$3.643 million in 2014 (\$8.604 million in 2013) from the following:

- Proceeds from fees and charges
- Specific grants from other state government agencies
- Commonwealth specific purpose grants and contributions
- 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 and 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, equipment and infrastructure

#### 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. (other than where they form part of a group of similar items which are significant in total).

#### 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 (buildings and measurement sites only) 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.

## 2 Summary of significant accounting policies (cont.)

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

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.

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 23 '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 23 '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.

## 2 Summary of significant accounting policies (cont.)

### (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 to 5 years
- Computer software <sup>(a)</sup> 3 to 5 years
- Software licences 3 to 5 years

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

#### Development costs

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

#### Computer software

Software that is an integral part of the related hardware is recognised as property, plant and equipment. Software that is not an integral part of the related hardware is recognised as an intangible asset. Software costing less than \$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 two years. Software licences are capitalised when the probable future economic benefits that 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.

## 2 Summary of significant accounting policies (cont.)

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 Lands (DoL) is the only agency with the power to sell Crown land. The department transfer the Crown land and any attached buildings to DoL 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.
- 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.

## 2 Summary of significant accounting policies (cont.)

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 27 '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 a 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) Inventories

Inventories are measured at the lower of cost and net realisable value. Costs are assigned by the method most appropriate for each particular class of inventory, with the majority being measured on a first in first out basis. Inventories not held for resale are measured at cost unless they are no longer required, in which case they are measured at net realisable value.

### (p) 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 37 'Financial instruments'* and *note 19 'Receivables'*.

### (q) 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.

### (r) 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 28 'Provisions'*.

## 2 Summary of significant accounting policies (cont.)

### Provisions – employee benefits

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

#### Annual leave

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

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

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

#### Long service leave

A liability for long service leave is recognised after an employee has completed three 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.

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.

## 2 Summary of significant accounting policies (cont.)

### 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.

### Superannuation

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

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

Employees commencing employment prior to 16 April 2007 who were not members of either the Pension Scheme or the GSS became non-contributory members of the West State Superannuation Scheme (WSS). Employees commencing employment on or after 16 April 2007 became members of the GESB Super Scheme (GESBS). From 30 March 2012, existing members of the WSS or GESBS and new employees have

been able to choose their preferred superannuation fund provider. The department makes contributions to GESB or other fund providers on behalf of employees in compliance with the Commonwealth Government's *Superannuation Guarantee (Administration) Act 1992*. Contributions to these accumulation schemes extinguish the department's liability for superannuation charges in respect of employees who are not members of the Pension Scheme or GSS.

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.

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) 'Superannuation expense'*.

### 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 28 'Provisions'*.

## 2 Summary of significant accounting policies (cont.)

### 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.

### Remediation 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.

### (s) 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.

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

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

Assets or services received from other state government agencies are separately disclosed under Income from state government in the Statement of comprehensive income.

### (u) 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 2013 that impacted on the department.



#### AASB 13

#### Fair Value Measurement

This standard defines fair value, sets out a framework for measuring fair value and requires additional disclosures for assets and liabilities measured at fair value. There is no financial impact.

#### AASB 119

#### Employee Benefits

This standard supersedes AASB 119 (October 2010), making changes to the recognition, presentation and disclosure requirements.

The department assessed employee leave patterns to determine whether annual leave is a short-term or other long-term employee benefit. The resultant discounting of annual leave liabilities that were previously measured at the undiscounted amounts is not material.

#### AASB 1048

#### Interpretation of Standards

This standard supersedes AASB 1048 (June 2012), enabling references to the Interpretations in all other standards to be updated by reissuing the service Standard. There is no financial impact.

#### AASB 2011-8

#### 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]

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

#### AASB 2011-10

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

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

## 5 Disclosure of changes in accounting policy and estimates (cont.)

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

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

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

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

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

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

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

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

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

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

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

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

## Future impact of Australian Accounting Standards not yet operative

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 of the 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

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

## 5 Disclosure of changes in accounting policy and estimates (cont.)

	Operative for reporting periods beginning on or after		Operative for reporting periods beginning on or after
<b>AASB 11</b>	<b>Joint Arrangements</b>	1 Jan 2014	
	<p>This standard, issued in August 2011, supersedes AASB 131 Interests in Joint Ventures, introduces new principles for determining the type of joint arrangement that exists, which are more aligned to the actual rights and obligations of the parties to the arrangement.</p> <p>Mandatory application of this standard was deferred for not-for-profit entities by AASB 2012-10. There is no financial impact for the department as the new standard continues to require the recognition of the department's share of assets and share of liabilities for the unincorporated joint operation.</p>		
<b>AASB 12</b>	<b>Disclosure of Interests in Other Entities</b>	1 Jan 2014	
	<p>This standard, issued in August 2011, supersedes disclosure requirements in AASB 127 Consolidated and Separate Financial Statements, AASB 128 Investments in Associates and AASB 131 Interests in Joint Ventures. Mandatory application was deferred for not-for-profit entities by AASB 2012-10. There is no financial impact.</p>		
<b>AASB 14</b>	<b>Regulatory Deferral Accounts</b>	1 Jan 2016	
	<p>The department has not yet determined the application or the potential impact of the standard</p>		
<b>AASB 127</b>	<b>Separate Financial Statements</b>	1 Jan 2014	
	<p>This standard, issued in August 2011, supersedes AASB 127 Consolidated and Separate Financial Statements, removing the consolidation requirements of the earlier standard whilst retaining accounting and disclosure requirements for the preparation of separate financial statements. Mandatory application was deferred by one year for not-for-profit entities by AASB 2012-10. There is no financial impact.</p>		
<b>AASB 128</b>	<b>Investments in Associates and Joint Ventures</b>	1 Jan 2014	
	<p>This standard supersedes AASB 128 Investments in Associates, introducing a number of clarifications for the accounting treatments of changed ownership interest.</p> <p>Mandatory application was deferred for not-for-profit entities by AASB 2012-10. The adoption of the new standard has no financial impact for the department as it does not hold investments in associates and the accounting treatments for joint operations is consistent with current practice.</p>		
<b>AASB 1031</b>	<b>Materiality</b>	1 Jan 2014	
	<p>This standard supersedes AASB 1031 (February 2010), removing Australian guidance on materiality that is not available in IFRSs and refers to other Australian pronouncements that contain guidance on materiality. There is no financial impact.</p>		

## 5 Disclosure of changes in accounting policy and estimates (cont.)

	Operative for reporting periods beginning on or after		Operative for reporting periods beginning on or after
<p><b>AASB 1055 Budgetary Reporting</b></p> <p>This standard requires specific budgetary disclosures in the financial statements of not for profit entities within the general government Sector. The department will be required to disclose additional budgetary information and explanations of major variances between actual and budgeted amounts, though there is no financial impact.</p>	1 Jan 2014	<p><b>AASB 2010-7 Amendments to Australian Accounting Standards arising from AASB 9 (December 2010)</b> [AASB 1, 3, 4, 5, 7, 101, 102, 108, 112, 118, 120, 121, 127, 128, 131, 132, 136, 137, 139, 1023 &amp; 1038 and Int 2, 5, 10, 12, 19 &amp; 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 Jan 2015
<p><b>AASB 2009-11 Amendments to Australian Accounting Standards arising from AASB 9</b> [AASB 1, 3, 4, 5, 7, 101, 102, 108, 112, 118, 121, 127, 128, 131, 132, 136, 139, 1023 &amp; 1038 and Int 10 &amp; 12]</p> <p>[modified by AASB 2010-7]</p>	1 Jan 2015	<p><b>AASB 2011-7 Amendments to Australian Accounting Standards arising from the Consolidation and Joint Arrangements Standards</b> [AASB 1, 2, 3, 5, 7, 101, 107, 112, 118, 121, 124, 132, 133, 136, 138, 139, 1023 &amp; 1038 and Int 5, 9, 16 &amp; 17]</p> <p>This standard gives effect to consequential changes arising from the issue of AASB 10, AASB 11, AASB 127 Separate Financial Statements and AASB 128 Investments in Associates and Joint Ventures. Mandatory application was deferred for not-for-profit entities by AASB 2012-10. The department has analysed the suite of Consolidation and Joint Arrangements Standards and determined that no financial impact arises from adopting the various standards.</p>	1 Jan 2014

## 5 Disclosure of changes in accounting policy and estimates (cont.)

		Operative for reporting periods beginning on or after			Operative for reporting periods beginning on or after
<b>AASB 2012-3</b>	<b>Amendments to Australian Accounting Standards – Offsetting Financial Assets and Financial Liabilities [AASB 132]</b>	1 Jan 2014	<b>AASB 2013-8</b>	<b>Amendments to Australian Accounting Standards – Australian Implementation Guidance for Not-for-Profit Entities – Control and Structured Entities [AASB 10, 12 &amp; 1049].</b>	1 Jan 2014
	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.			The amendments, issued in October 2013, provide significant guidance in determining whether a not-for-profit entity controls another entity when financial returns are not key attribute of the investor’s relationship. The standard has no financial impact in its own right, rather the impact results from the adoption of the amended AASB 10.	
	The department does not routinely hold financial assets and financial liabilities that it intends to settle on a net basis, therefore there is no financial impact.				
<b>AASB 2013-3</b>	<b>Amendments to AASB 136 – Recoverable Amount. Disclosures for Non-Financial Assets.</b>	1 Jan 2014	<b>AASB 2013-9</b>	<b>Amendments to Australian Accounting Standards – Conceptual Framework, Materiality and Financial Instruments.</b>	1 Jan 2014
	This Standard introduces editorial and disclosure changes. There is no financial impact.			This omnibus standard makes amendments to other standards arising from the deletion of references to AASB 1031 in other standards for periods beginning on or after 1 January 2014 (Part B), and, defers the application of AASB 9 to 1 January 2017 (Part C). The department has not yet determined the application or the potential impact of AASB 9, otherwise there is no financial impact for Part B.	1 Jan 2017
<b>AASB 2013-4</b>	<b>Amendments to Australian Accounting Standards – Novation of Derivatives and Continuation of Hedge Accounting [AASB 139]</b>	1 Jan 2014	<b>AASB 2014-1</b>	<b>Amendments to Australian Accounting Standards.</b>	1 Jan 2014
	This standard permits the continuation of hedge accounting in circumstances where a derivative, which has been designated as a hedging instrument, is novated from one counterparty to a central counterparty as a consequence of laws or regulations. The department does not routinely enter into derivatives or hedges, therefore there is no financial impact.			The department has not yet determined the application or the potential impact of the standard.	1 Jan 2015 1 Jan 2016 1 Jan 2018

## 6 Employee benefits expense

	2014 (\$'000)	2013 (\$'000)
Wages and Salaries	39 808	35 943
Superannuation - defined contribution plans <sup>(a)</sup>	4121	3916
Annual leave <sup>(b)</sup>	3621	3524
Long Service Leave <sup>(b)</sup>	1157	2309
Other related expenses <sup>(c)</sup>	800	1012
<b>Total employee benefits expense</b>	<b>49 507</b>	<b>46 704</b>

Employment on-costs such as workers compensation insurance are included at Note 11 'Other expenses'. The employment on-costs liability is included at Note 28 'Provisions'.

During the year payments of \$4.971 million were made to 32 employees who left as part of the voluntary severance scheme, including accrued leave entitlements.

(a) Defined contribution plans include WestState, Gold State, GESB Schemes and other eligible funds.

(b) Includes a superannuation contribution component.

(c) Includes the value of the fringe benefit to the employee plus the fringe benefits tax component and staff housing expenses for regional employees.

## 7 Supplies and services

	2014	2013
Communications	1165	762
Consultants and contractors	13 315	12 818
Consumables	933	973
Materials	4	13
Vehicle lease and hire	1594	1843
Minor plant, machinery and equipment	666	646
Plant, machinery and equipment lease	176	79
Chemical analysis expense	762	858
Software licences, fees & registration	2222	785
Other staff related expenses	586	494
Travel	492	702
Other	643	1138
<b>Total supplies and services</b>	<b>22 558</b>	<b>21 111</b>

## 8 Depreciation and amortisation expense

	2014 (\$'000)	2013 (\$'000)
<b>Depreciation</b>		
Buildings	716	608
Infrastructure	33	40
Computing equipment	354	339
Furniture and fittings	3	5
Measurement sites	3254	3172
Plant and equipment	840	1263
Leasehold improvements	73	45
<b>Total depreciation</b>	<b>5273</b>	<b>5472</b>
<b>Amortisation</b>		
Intangible assets	347	342
<b>Total amortisation</b>	<b>347</b>	<b>342</b>
<b>Total depreciation and amortisation expense</b>	<b>5620</b>	<b>5814</b>

## 9 Accommodation expenses

	2014	2013
Lease rentals	2925	3266
Repairs and maintenance	471	568
Power and water consumption	570	567
Security	45	3
Rates and taxes	266	249
Cleaning	306	271
<b>Total accommodation expense</b>	<b>4583</b>	<b>4924</b>

## 10 Grants and subsidies

	2014	2013
Recurrent	1894	8558
<b>Total grants and subsidies</b>	<b>1894</b>	<b>8558</b>

## 11 Other expenses

	2014 (\$'000)	2013 (\$'000)
Audit fees	427	187
Employment on-costs <sup>(a)</sup>	592	383
Bad and doubtful debts expense	6	3
Equipment repairs and maintenance	633	346
Transfer of expense from capital work in progress <sup>(b)</sup>	240	927
Refund of prior year revenue	145	66
Other	272	786
<b>Total other expenses</b>	<b>2315</b>	<b>2698</b>

(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) Includes a debt that was raised and written off within this financial year due to disputes. A provision for doubtful debt was not previously raised.

(c) 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	71	68
--------------	----	----

## 13 Commonwealth grants and contributions

Department of Environment (Previously known as Department of Sustainability, Environment, Water, Population and Communities)	1677	4195
National Water Commission	-	1120
<b>Total Commonwealth grants and contributions</b>	<b>1677</b>	<b>5315</b>

## 14 Other revenue

	2014 (\$'000)	2013 (\$'000)
Lease of commercial land and buildings	328	81
Other grants	445	627
Other miscellaneous revenues	904	989
Initial recognition of assets not previously recognised <sup>(a)</sup>	204	1415
Recoups from other private/commercial agencies	14	109
<b>Total other revenue</b>	<b>1895</b>	<b>3221</b>

(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 2012-13. In 2013-14, goods and materials purchased in prior financial year that meet the definition of inventories per AASB 102 "Inventories" have been classified and disclosed accordingly in the financial statements for the first time.

## 15 Net gain/(loss) on disposal of non-current assets

<b>Proceeds from disposal of non-current assets</b>		
Plant and equipment	1495	2175
<b>Costs of disposal of non-current assets</b>		
Plant and equipment	2062	2342
<b>Net gain/(loss)</b>	<b>(567)</b>	<b>(167)</b>

See also *Note 23 'Property, Plant and Equipment'*.

## 16 Income from state government

	2014 (\$'000)	2013 (\$'000)
<b>Appropriation received during the period</b>		
Service appropriation <sup>(a)</sup>	78 496	64 314
	78 496	64 314
<b>Services received free of charge <sup>(b)</sup></b>		
Determined on the basis of estimates provided by agencies		
State Solicitors Office	141	236
Landgate	302	701
Department of Finance	272	255
	715	1192
<b>Royalties for Regions Fund</b>		
Regional infrastructure and headworks account <sup>(c)</sup>	3339	3225
Regional community services account	182	251
	3521	3476
<b>State grants</b>		
State grants	3533	4695
<b>Total revenues from government</b>	<b>86 265</b>	<b>73 677</b>

(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.

## 17 Restricted cash and cash equivalents

	2014 (\$'000)	2013 (\$'000)
<b>Current</b>		
Royalties for Regions Fund <sup>(a)</sup>	520	114
Specific purpose grants <sup>(b) (c)</sup>	4464	11 938
Proceeds from land sales	1927	-
	6911	12 052
<b>Non-current</b>		
Accrued salaries suspense account <sup>(d)</sup>	1325	1287

(a) These unspent funds are committed to projects and programs in Western Australia regional areas.

(b) The 2014 balance includes unspent externally funded projects.

(c) The 2013 balance includes unspent externally funded projects and unspent funds related to the Collie River Salinity Recovery Project (\$7.3 million) which were repaid during 2013-14.

(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.

## 18 Inventories

	2014 (\$'000)	2013 (\$'000)
Raw materials (at cost) <sup>(a)</sup>	392	-

(a) In accordance with AASB 108 "Accounting policies changes in accounting estimates and errors", goods and materials that meet the definition of inventories per AASB 102 "Inventories" have been classified and disclosed accordingly in the financial statements. This represents a voluntary change in accounting policy which will result in the financial report providing reliable and more relevant information about the financial performance, financial position and cash flows of the entity. Comparative information for prior periods has not been adjusted as data has not been collected in the prior period and it cannot be recreated. Retrospective adjustment has therefore been deemed impracticable. The impact of the change in accounting policy is not considered material. The accounting policy change has been applied from June 2013 after a stocktake of items to be inventoried was undertaken. Application of AASB 108 resulted in the recognition of raw materials inventory of \$392 000.

## 19 Receivables

	2014 (\$'000)	2013 (\$'000)
Current receivables	52	489
Allowance for impairment of receivables	(3)	(4)
GST receivable	1290	1106
<b>Total current receivables</b>	<b>1339</b>	<b>1591</b>
<b>Reconciliation of changes in the allowance for impairment of receivables:</b>		
Balance at start of period	4	17
Doubtful debts expense	3	-
Amounts written off during the period	-	2
Amount recovered during the period	(4)	(15)
<b>Balance at end of period</b>	<b>3</b>	<b>4</b>

The department does not hold any collateral or other credit enhancements as security for receivables.

## 20 Amounts receivable for services

	2014 (\$'000)	2013 (\$'000)
Current	5159	8873
Non-current	16 305	13 560
<b>Total amounts receivable for services</b>	<b>21 464</b>	<b>22 433</b>

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.

## 21 Other current assets

	2014 (\$'000)	2013 (\$'000)
<b>Current</b>		
Prepayments	1979	860
<b>Total current</b>	<b>1979</b>	<b>860</b>

## 22 Non current assets classified as held for sale

	2014 (\$'000)	2013 (\$'000)
<b>Opening balance</b>		
Land at fair value <sup>(a)</sup>	2575	3640
Less write down from cost to fair value less selling cost	(129)	(182)
Plant and equipment at fair value	595	-
	3041	3458
<b>Assets reclassified from held for sale</b>		
Land at fair value	2068	-
Less write down from cost to fair value less selling cost	(103)	-
Plant and equipment at fair value	158	-
	2123	-
<b>Assets reclassified to held for sale</b>		
Land at fair value <sup>(a)</sup>	215	-
Less write down from cost to fair value less selling cost	(10)	-
Plant and equipment at fair value	-	595
	205	595
<b>Total assets classified as held for sale</b>		
Land at fair value <sup>(a)</sup>	722	3640
Less write down from cost to fair value less selling cost	(36)	(182)
Plant and equipment at fair value	437	595
	1123	4053

	2014 (\$'000)	2013 (\$'000)
<b>Less assets sold</b>		
Land at fair value <sup>(a)</sup>	-	1065
Less write down from cost to fair value less selling cost	-	(54)
	-	1011
<b>Closing balance</b>		
Land at fair value <sup>(a)</sup>	722	2575
Less write down from cost to fair value less selling cost	(36)	(129)
Plant and equipment at fair value	437	595
	1123	3041

(a) During the 2012-13 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 2015 financial year.

## 23 Property, plant and equipment

	2014 (\$'000)	2013 (\$'000)
Land at fair value <sup>(a)</sup>	153 812	144 281
	<b>153 812</b>	<b>144 281</b>
Works of art	10	10
	<b>10</b>	<b>10</b>
Buildings at fair value <sup>(a)</sup>	5278	5099
	<b>5278</b>	<b>5099</b>
Infrastructure at cost	2852	2852
Accumulated depreciation	(2316)	(2283)
	<b>536</b>	<b>569</b>
Computing equipment at cost	3130	2514
Accumulated depreciation	(2354)	(2148)
	<b>776</b>	<b>366</b>
Furniture and fittings at cost	24	48
Accumulated depreciation	(13)	(34)
	<b>11</b>	<b>14</b>
Measurement sites at fair value	200 605	198 570
Accumulated depreciation	(121 867)	(118 823)
	<b>78 738</b>	<b>79 747</b>
Plant and equipment at cost	9245	9009
Accumulated depreciation	(6348)	(5550)
	<b>2897</b>	<b>3459</b>
Leasehold improvements at cost	1250	861
Accumulated depreciation	(284)	(211)
	<b>966</b>	<b>650</b>

	2014 (\$'000)	2013 (\$'000)
Capital works in progress at cost	13 494	4853
	<b>13 494</b>	<b>4853</b>
<b>Total property, plant and equipment</b>	<b>256 518</b>	<b>239 048</b>

Information on fair value measurements is provided in *Note 24*.

- (a) Freehold land and buildings were revalued as at 1 July 2013 by the Western Australian Land Information Authority (Valuation Services). The valuations were performed during the year ended 30 June 2014 and recognised at 30 June 2014. In undertaking the revaluation, fair value was determined by reference to market values for land, \$39 780 450 (2013: \$34 227 350) and buildings \$3 961 000 (2013: \$3 735 000). For the remaining balance, fair value of land and buildings was determined on the basis of depreciated replacement costs.

## 23 Property, plant and equipment (cont.)

### Reconciliations

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

2014	Capital works in progress	Furniture and fittings	Computer equipment	Plant and equipment	Buildings	Leasehold improvements	Measurement sites	Infrastructure	Works of Art	Land	Total
	(\$'000)	(\$'000)	(\$'000)	(\$'000)	(\$'000)	(\$'000)	(\$'000)	(\$'000)	(\$'000)	(\$'000)	(\$'000)
<b>Carrying amount at start of year</b>	<b>4853</b>	<b>14</b>	<b>366</b>	<b>3459</b>	<b>5099</b>	<b>650</b>	<b>79 747</b>	<b>569</b>	<b>10</b>	<b>144 281</b>	<b>239 048</b>
Additions	12 023	-	507	284	14	12	-	-	-	-	12 840
Disposals	-	-	(1)	(6)	(2)	-	(159)	-	-	(2187)	(2355)
Reclassification	-	-	-	-	-	-	-	-	-	2067	2067
Transfers in/(out)	(3382)	-	258	-	-	377	2404	-	-	-	(343)
Classified as held for sale	-	-	-	-	-	-	-	-	-	(211)	(211)
Revaluation increments/(decrements)	-	-	-	-	883	-	-	-	-	9862	10 745
Depreciation	-	(3)	(354)	(840)	(716)	(73)	(3254)	(33)	-	-	(5273)
<b>Carrying amount at end of year</b>	<b>13 494</b>	<b>11</b>	<b>776</b>	<b>2897</b>	<b>5278</b>	<b>966</b>	<b>78 738</b>	<b>536</b>	<b>10</b>	<b>153 812</b>	<b>256 518</b>

2013	Capital works in progress	Furniture and fittings	Computer equipment	Plant and equipment	Buildings	Leasehold improvements	Measurement sites	Infrastructure	Works of Art	Land	Total
	(\$'000)	(\$'000)	(\$'000)	(\$'000)	(\$'000)	(\$'000)	(\$'000)	(\$'000)	(\$'000)	(\$'000)	(\$'000)
<b>Carrying amount at start of year</b>	<b>2172</b>	<b>19</b>	<b>576</b>	<b>4434</b>	<b>5158</b>	<b>537</b>	<b>79 918</b>	<b>610</b>	<b>10</b>	<b>146 126</b>	<b>239 560</b>
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)
<b>Carrying amount at end of year</b>	<b>4853</b>	<b>14</b>	<b>366</b>	<b>3459</b>	<b>5099</b>	<b>650</b>	<b>79 747</b>	<b>569</b>	<b>10</b>	<b>144 281</b>	<b>239 048</b>

## 24 Fair value measurements

	Level 1 (\$'000)	Level 2 (\$'000)	Level 3 (\$'000)	Fair value at end of period (\$'000)
<b>Assets measured at fair value</b>				
<b>2014</b>				
Non-current assets classified as held for sale (note 22)		722	-	722
Land (note 23)		39 781	114 031	153 812
Buildings (note 23)		3961	1317	5278
Measurement sites (note 23)		78 738	-	78 738
		123 202	115 348	238 550

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

### Valuation techniques to derive level 2 fair values

Level 2 fair values of non-current assets held for sale, land and buildings are derived using the market approach. Market evidence of sales prices of comparable land and buildings (office accommodation) in close proximity is used to determine price per square metre.

Non-current assets held for sale have been written down to fair value less costs to sell. Fair value has been determined by reference to market evidence of sales prices of comparable assets.

	Land (\$'000)	Buildings (\$'000)
<b>2014</b>		
Fair Value at start of period	105 557	1350
Revaluation increments/(decrements) recognised in Other Comprehensive Income	8474	110
Depreciation expenses	-	(143)
<b>Fair value at end of period</b>	<b>114 031</b>	<b>1317</b>

### Valuation processes

There were no changes in valuation techniques during the period.

Transfers in and out of a fair value level are recognised on the date of the event or change in circumstances that caused the transfer. Transfers are generally limited to assets newly classified as non-current assets held for sale as Treasurer's Instructions require valuations of land, buildings and infrastructure to be categorised within level 3 where the valuations will utilise significant level 3 inputs on a recurring basis.

Fair value for existing use specialised buildings and infrastructure 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. Depreciated replacement cost is the current replacement cost of an asset less accumulated depreciation calculated on the basis of such cost to reflect the already consumed or expired economic benefit, or obsolescence, and optimisation (where applicable) of the asset. Current replacement cost is generally determined by reference to the market observable replacement cost of a substitute asset of comparable utility and the gross project size specifications.

Fair value for restricted use land is based on market value, by either using market evidence of sales of comparable land that is unrestricted less restoration costs to return the site to a vacant and marketable condition (low restricted use land) or comparison with market evidence for land with low level utility (high restricted use land).

## 24 Fair value measurements (cont.)

Significant level 3 inputs used by the department are derived and evaluated as follows:

### Historical cost per square metre floor area (m<sup>2</sup>)

The costs of constructing specialised buildings with similar utility are extracted from financial records of the department, then indexed by movements in CPI.

### Consumed economic benefit/obsolescence of asset

These are estimated by the Western Australian Land Information Authority (Valuation Services).

### Selection of land with restricted utility

Fair value for restricted use land is determined by comparison with market evidence for land with low level utility. Relevant comparators of land with low level utility are selected by the Western Australian Land Information Authority (Valuation Services).

### Historical cost per cubic metre (m<sup>3</sup>)

The costs of construction of infrastructure are extracted from financial records of the department and indexed by movements in construction costs by quantity surveyors.

## Information about significant unobservable inputs (level 3) in fair value measurements

Description and fair value as at 30 June 2014 (\$'000)	Valuation technique(s)	Unobservable inputs	Range of unobservable inputs (weighted average)	Relationship of unobservable inputs to fair value
Land (\$114 031)	Market approach	Selection of land with similar approximate utility	\$0.00079 – \$351.22 per m <sup>2</sup> (\$2.45 per m <sup>2</sup> )	Higher value of similar land increases estimated fair value.
Buildings (\$1317)	Depreciated replacement costs	Consumed economic benefit/obsolescence of asset	(1.46)% – (2.02)% per year (1.74)% per year)	Greater consumption of economic benefit or increased obsolescence lowers fair value.
		Historical cost per square metre floor area (m <sup>2</sup> )	\$0.0014 – \$0.0018 per m <sup>2</sup> (\$0.0017 per m <sup>2</sup> )	Higher historical cost per m <sup>2</sup> increases fair value

Reconciliations of the opening and closing balances are provided in *Notes 23 and 24*.

### Basis of valuation

In the absence of market-based evidence, due to the specialised nature of some non-financial assets, these assets are valued at level 3 of the fair value hierarchy on an existing use basis. The existing use basis recognises that restrictions or limitations have been placed on their use and disposal when they are not determined to be surplus to requirements. These restrictions are imposed by virtue of the assets being held to deliver a specific community service.

## 25 Intangible assets

	2014 (\$'000)	2013 (\$'000)
<b>Computer software</b>		
At cost	4302	1243
Accumulated amortisation	(1204)	(957)
<b>Accumulated impairment losses</b>	-	-
	<b>3098</b>	<b>286</b>
<b>Software licences</b>		
At cost	345	345
Accumulated amortisation	(307)	(263)
Accumulated impairment losses	-	-
	38	82
<b>Work in progress</b>		
At cost	4541	2891
Accumulated amortisation	-	-
Accumulated impairment losses	-	-
	4541	2891
<b>Total intangible assets</b>	<b>7677</b>	<b>3259</b>
<b>Reconciliations</b>		
<b>Computer software</b>		
Carrying amount at start of period	286	553
Additions	3115	44
Transfers in/(out)	-	(9)
Amortisation expense	(303)	(302)
<b>Carrying amount at end of period</b>	<b>3098</b>	<b>286</b>

	2014 (\$'000)	2013 (\$'000)
<b>Software licences</b>		
Carrying amount at start of period	82	70
Additions	-	52
Amortisation expense	(44)	(40)
<b>Carrying amount at end of period</b>	<b>38</b>	<b>82</b>
<b>Work in progress</b>		
Carrying amount at start of period	2891	-
Additions	7929	2891
Transfers (out) to computer software	(3115)	-
Transfers in/(out)	(3164)	-
<b>Carrying amount at end of period</b>	<b>4541</b>	<b>2891</b>

## 26 Impairment of assets

There were no indications of impairment of property, plant and equipment as at 30 June 2014.

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 2014 have either been classified as assets held for sale or written off.

## 27 Payables

	2014 (\$'000)	2013 (\$'000)
<b>Current</b>		
Trade payables	435	1823
Accrued expense	1192	1301
Accrued salaries	1046	991
Accrued fringe benefits tax	61	70
<b>Total current payables</b>	<b>2734</b>	<b>4185</b>

## 28 Provisions

	2014 (\$'000)	2013 (\$'000)
<b>Current</b>		
<b>Employee benefits provision</b>		
Annual leave <sup>(a)</sup>	4483	5190
Long service leave <sup>(b)</sup>	7686	8038
Purchased leave <sup>(c)</sup>	91	87
Deferred salary scheme <sup>(d)</sup>	81	58
<b>Total current provisions</b>	<b>12 341</b>	<b>13 373</b>
<b>Non-current</b>		
<b>Employee benefits provision</b>		
Long service leave <sup>(b)</sup>	2303	2767
<b>Total non-current provisions</b>	<b>2303</b>	<b>2767</b>

(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:

	2014 (\$'000)	2013 (\$'000)
Within 12 months of the end of the reporting period	2938	3180
More than 12 months after the end of the reporting period	1545	2010
	<b>4483</b>	<b>5190</b>

(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:

	2014 (\$'000)	2013 (\$'000)
Within 12 months of the end of the reporting period	2994	2879
More than 12 months after the end of the reporting period	6995	7926
	<b>9989</b>	<b>10 805</b>

## 28 Provisions (cont.)

	2014 (\$'000)	2013 (\$'000)
(c) Purchased leave scheme liabilities have been classified 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	91	87
More than 12 months after the end of the reporting period	-	-
	<b>91</b>	<b>87</b>

(d) 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 settlements of the liabilities is expected to occur as follows:

	2014 (\$'000)	2013 (\$'000)
Within 12 months of the end of the reporting period	81	29
More than 12 months after the end of the reporting period	-	29
	<b>81</b>	<b>58</b>

## 29 Other liabilities

Current	2014 (\$'000)	2013 (\$'000)
Revenue received in advance	1	24
State cheque holding account	47	47
<b>Total current other liabilities</b>	<b>48</b>	<b>71</b>

## 30 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.

	2014 (\$'000)	2013 (\$'000)
<b>Contributed equity</b>		
Balance at start of reporting period	238 544	232 787
<b>Contributions by owners</b>		
Capital contribution	8739	6139
<b>Other Contributions by owners</b>		
Initial recognition of Crown land assets	-	-
Regional infrastructure and headworks account	4777	1500
<b>Total contributions by owners</b>	<b>13 516</b>	<b>7639</b>
<b>Distribution to owners</b>		
<b>Transfer of net assets to other agencies</b>		
Land for sale transferred to the Department of Regional Development and Lands	-	5
<b>Net assets transferred to government</b>		
Transfer of net assets to other government agencies <sup>(a)</sup>	(361)	(1887)
<b>Total distribution to owners</b>	<b>(361)</b>	<b>(1882)</b>
<b>Balance at end of reporting period</b>	<b>251 699</b>	<b>238 544</b>
<b>Reserves</b>		
<b>Asset revaluation reserve:</b>		

(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.

### 30 Equity (cont.)

	2014 (\$'000)	2013 (\$'000)
Balance at start of reporting period	45 047	45 012
Net revaluation increments/(decrements):		
Land	9862	(575)
Buildings	883	843
Measurement sites	-	29
Derecognised revaluation assets <sup>(a)</sup>	(1470)	(262)
<b>Balance at end of reporting period</b>	<b>54 322</b>	<b>45 047</b>
<b>Accumulated surplus /(deficit)</b>		
Balance at start of reporting period	(12 522)	(5089)
Derecognised revaluation assets <sup>(a)</sup>	1470	262
Result for the period surplus/(deficit)	(4463)	(7695)
<b>Balance at end of reporting period</b>	<b>(15 515)</b>	<b>(12 522)</b>
<b>Total equity at end of the period</b>	<b>290 506</b>	<b>271 069</b>

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

### 31 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:

	2014	2013
Cash and cash equivalents	9204	7894
Restricted cash and cash equivalents [refer to note 17 'Restricted cash and cash equivalents']	8236	13 339
	<b>17 440</b>	<b>21 233</b>

	2014 (\$'000)	2013 (\$'000)
<b>Reconciliation of net cost of services to net cash flows provided by operating activities</b>		
Net cost of services	(90 728)	(81 372)
<b>Non-cash items:</b>		
Depreciation expense (note 8 'Depreciation and amortisation expense')	5620	5814
Net loss on disposal of non-current assets (note 15 'Net gain/(loss) on disposal of non current assets')	567	167
Services received free of charge (note 16 'Resources received free of charge')	715	1192
Initial recognition of assets (note 14 'Other revenue')	(204)	-
<b>(Increase)/decrease in assets:</b>		
Current receivables <sup>(a)</sup>	432	(95)
Other current assets	(1257)	246
Other non current assets	238	598
<b>Increase/(decrease) in liabilities:</b>		
Current payables <sup>(a)</sup>	(1484)	(1842)
Current provisions	(1032)	653
Other current liabilities	(23)	3
Non-current provisions	(464)	(206)
Net GST receipts/(payments) <sup>(b)</sup>	3632	2462
Change in GST in (receivables)/payables <sup>(c)</sup>	(3816)	(2635)
<b>Net cash provided by/(used in) operating activities</b>	<b>(87 804)</b>	<b>(75 015)</b>

(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.

## 32 Resources provided free of charge

	2014 (\$'000)	2013 (\$'000)
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	2	3
Department of Agriculture and Food	2	-
Department of Environment Regulation	-	3
Department of Parks and Wildlife	17	-
Department of Planning	127	46
Department of Fire and Emergency Services	-	104
Department of Mines and Petroleum	6	3
Department of Transport	-	2
Public Transport Authority	3	-
Water Corporation	154	7
Western Australian Planning Commission	3	2
Other agencies	4	2
<b>Total resources provided free of charge</b>	<b>318</b>	<b>172</b>

## 33 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:

	2014 (\$'000)	2013 (\$'000)
Within 1 year	4182	4263
Later than 1 year and not later than 5 years	13 146	13 143
Later than 5 years	2042	4448
	19 370	21 854

## Capital expenditure commitments

Capital expenditure commitments, being contracted capital expenditure additional to the amounts reported in the financial statements, are payable as follows:

	2014 (\$'000)	2013 (\$'000)
Within 1 year	5738	9615
Later than 1 year and not later than 5 years	6005	4170
Later than 5 years	-	-
	<b>11 743</b>	<b>13 785</b>
The capital commitments include amounts for:		
Groundwater bores	8980	3801
Surface water infrastructure	909	7512
Information technology infrastructure	1622	2454
Metering	17	18
RFR Water Demand Modelling	82	
Swan River Trust Nicholson Oxygenation Plant	133	
<b>Total</b>	<b>11 743</b>	<b>13 785</b>

## 34 Contingent liabilities and contingent assets

### Contingent liabilities

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

(a) Litigation in progress

Claim for compensation under the *Country Areas Water Supply Act 1947* after being declined a clearing licence in 1986. Potential compensation of \$56 200 may apply.

## 34 Contingent liabilities and contingent assets (cont.)

- (b) Claim for breach of warranty in relation to the sale of a property where the dividing fence was not on the boundary of the property. The claim existed at 30 June 2014 but has since been settled through RiskCover. There is no financial impact on the department from the settlement of the claim by RiskCover.

### Contaminated sites

Under the *Contaminated Sites Act 2003*, the department is required to report known and suspected contaminated sites to the Department of Environment Regulation (DER). In accordance with the Act, the DER 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.

The Department of Water has reported one suspected contaminated site to DER. 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.

### Contingent assets

The department has no contingent assets at 30 June 2014.

## 35 Events occurring after the end of the reporting period

The department has no adjusting or non adjusting events after the end of the reporting period.

## 36 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 2014	2014 Estimate (\$'000)	2014 Actual (\$'000)	Variance (\$'000)
Item 70 Net amount appropriated to deliver services	69 115	78 224	9 109

The variance relates to appropriation adjustments approved during 2014 for the voluntary severance scheme (\$4 971 000) and additional funding to correct reductions made as part of the public sector workforce reform (\$4 801 000). These two factors were partly offset by procurement savings (-\$658 000) and a reduction to the funding provided to the Department of Water for the decommissioning of the Office of Shared Services (-\$5000).

Significant variations between actual results for 2014 and 2013	2014 Actual (\$'000)	2013 Actual (\$'000)	Variance (\$'000)
Item 70 Net amount appropriated to deliver services	78 224	64 061	14 163

The variance between the net amount appropriated to deliver services in 2014 and 2013 has two components: the variance from the 2013 actual to the 2014 budget (\$5 054 000) and the variance from the 2014 budget to the 2014 actual (\$9 109 000). The latter amount is covered in the previous explanation. The variance between the 2013 actual to the 2014 budget (\$5 054 000) mainly reflects the impact of not introducing cost recovery for which \$5,800,000 was earlier removed from the 2014 budget. The reinstatement of this amount is partly offset by a range of savings measures with a net reduction of \$746 000.

## 36 Explanatory statements (cont.)

### Service expenditure

Significant variations between estimates and actual results for 2014	2014 Estimate (\$'000)	2013 Actual (\$'000)	Variance (\$'000)
Water use allocation and optimisation <sup>(a)</sup>	46 181	56 493	10 312
Catchment and waterways health <sup>(b)</sup>	12 054	10 802	(1252)

(a) The variance mainly reflects the refund to the Commonwealth for unspent funds relating to the Collie River Salinity Reduction Program (\$7 327 000) and the impact of the voluntary severance scheme payments.

(b) The variance mainly reflects a reduced level of activity with the completion of several state and externally funded projects.

Significant variations between actual results for 2014 and 2013	2014 Actual (\$'000)	2013 Actual (\$'000)	Variance (\$'000)
Water use allocation and optimisation <sup>(a)</sup>	56 493	49 168	7325
Catchment and waterways health <sup>(b)</sup>	10 802	12 650	(1848)

(a) The variance mainly reflects the refund to the Commonwealth for unspent funds relating to the Collie River Salinity Reduction Program (\$7 327 000) which is partly offset by reductions to staffing levels between 2013 and 2014.

(b) The variance mainly reflects reductions to staffing levels between 2013 and 2014.

### Capital contribution

Significant variations between actual results for 2014 and 2013	2014 Actual (\$'000)	2013 Actual (\$'000)	Variance (\$'000)
Item 155 capital appropriation	8739	6139	2600

The variance mainly reflects additional funding for Water Online projects in 2014 compared to 2013.

### Capital expenditure

Significant variations between estimates and actual results for 2014	2014 Estimate (\$'000)	2014 Actual (\$'000)	Variance (\$'000)
Purchase of non-current physical assets	24 930	17 331	(7599)

The variance reflects underspending on capital projects in the 2014 year compared to the budgeted amounts.

Significant variations between actual results for 2014 and 2013	2014 Actual (\$'000)	2013 Actual (\$'000)	Variance (\$'000)
Purchase of non-current physical assets	17 331	13 000	4331

The increase in the purchase of non-current physical assets reflects that the 2014 year had additional capital funding compared to the 2013 year.

### Total administered transactions

Significant variances between actual results for 2014 and 2013	2014 Actual (\$'000)	2013 Actual (\$'000)	Variance (\$'000)
Item 71 Administered grants and subsidies	55	158	(103)

The variance mainly reflects that the final payment for the Gascoyne Pipeline Project was made in 2014 following completion of the project. The 2013 actual reflected a full year payment.

### Administered Income

Significant variances between estimate and actual for 2014	2014 Estimate (\$'000)	2014 Actual (\$'000)	Variance (\$'000)
Income disclosed as administered income	81	67	(14)

The variance reflects that the receipts from fines were lower than the estimated amount.

Significant variances between actual results for 2014	2014 Actual (\$'000)	2013 Actual (\$'000)	Variance (\$'000)
Income disclosed as administered income	67	178	(111)

The variance mainly reflects that the final payment for the Gascoyne Pipeline Project was made in 2014 following completion of the project. The 2013 actual reflected a full year payment.

## 37 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 37 (c) 'Financial Instruments Disclosures'* and *note 19 '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:

	2014 (\$'000)	2013 (\$'000)
<b>Financial assets</b>		
Cash and cash equivalents	9204	7894
Restricted cash and cash equivalents	8236	13 339
Receivables	21 513	22 918
	38 953	44 151
<b>Financial liabilities</b>		
Financial liabilities measured at amortised cost	2734	4185
	2734	4185

## (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.

### Ageing analysis of financial assets

	Carrying Amount (\$'000)	Not past due and not impaired (\$'000)	Past due but not impaired					Impaired financial assets (\$'000)
			Up to 1 months (\$'000)	1-3 months (\$'000)	3 months to 1 year (\$'000)	1-5 years (\$'000)	More than 5 years (\$'000)	
<b>2014</b>								
Cash and cash equivalents	9204	9204	-	-	-	-	-	-
Restricted cash and cash equivalents	8236	8236	-	-	-	-	-	-
Receivables <sup>(a)</sup>	49	21	9	12	6	1	-	-
Amounts receivable for services	21 464	21 464	-	-	-	-	-	-
	38 953	38 925	9	12	6	1	-	-
<b>2013</b>								
Cash and cash equivalents	7894	7894	-	-	-	-	-	-
Restricted cash and cash equivalents	13 339	13 339	-	-	-	-	-	-
Receivables <sup>(a)</sup>	485	442	21	6	12	4	-	-
Amounts receivable for services	22 433	22 433	-	-	-	-	-	-
	44 151	44 108	21	6	12	4	-	-

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

## 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

	Weighted average effective interest rate %	Carrying amount (\$'000)	Interest rate exposure			Nominal amount (\$'000)	Maturity dates				
			Fixed interest rate (\$'000)	Variable interest rate (\$'000)	Non-interest bearing (\$'000)		Up to 1 months (\$'000)	1-3 months (\$'000)	3 months to - 1 year (\$'000)	1-5 years (\$'000)	More than 5 years (\$'000)
<b>2014</b>											
<b>Financial assets</b>											
Cash and cash equivalents		9204	-	-	9204	9204	9204	-	-	-	-
Restricted cash and cash equivalents		8236	-	-	8236	8236	6911	-	-	1325	-
Receivables <sup>(a)</sup>		49	-	-	49	49	49	-	-	-	-
Amounts receivable for services		21 464	-	-	21 464	21 464	280	1221	3658	6330	9975
		38 953	-	-	38 953	38 953	16 444	1221	3658	7655	9975
<b>Financial liabilities</b>											
Payables		2734	-	-	2734	2734	2734	-	-	-	-
		2734	-	-	2734	2734	2734	-	-	-	-
<b>2013</b>											
<b>Financial assets</b>											
Cash and cash equivalents		7894	-	-	7894	7894	7894	-	-	-	-
Restricted cash and cash equivalents		13 339	-	-	13 339	13 339	13 339	-	-	-	-
Receivables <sup>(a)</sup>		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
<b>Financial liabilities</b>											
Payables		4185	-	-	4185	4185	4185	-	-	-	-
		4185	-	-	4185	4185	4185	-	-	-	-

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

### 37 Financial instruments (cont.)

#### 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.

### 38 Remuneration of senior officers

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:

\$	2014 (\$'000)	2013 (\$'000)
10 001 - 20 000	1	-
20 001 - 30 000	-	1
30 001 - 40 000	1	-
40 001 - 50 000	-	1
50 001 - 60 000	-	1
60 001 - 70 000	1	-
70 001 - 80 000	-	1
80 001 - 90 000	-	1
90 001 - 100 000	1	-
100 001 - 110 000	-	1
110 001 - 120 000	-	1
120 001 - 130 000	1	-
130 001 - 140 000	-	1
140 001 - 150 000	-	1
150 001 - 160 000	2	2
160 001 - 170 000	2	3
170 001 - 180 000	1	1
180 001 - 190 000	1	1
190 001 - 200 000	1	1
200 001 - 210 000	2	-
210 001 - 220 000	2	-
220 001 - 230 000	1	-
230 001 - 240 000	-	1
240 001 - 250 000	-	1
250 001 - 260 000	-	1
260 001 - 270 000	1	-
270 001 - 280 000	-	1
280 001 - 290 000	-	1
290 001 - 300 000	-	1
Base remuneration and superannuation	1914	1988
Annual leave and long service leave accruals	(122)	(104)
Other benefits	146	36
<b>The total remuneration of senior officers</b>	<b>1938</b>	<b>1920</b>

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

## 39 Remuneration of auditor

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

	2014 (\$'000)	2013 (\$'000)
Auditing the accounts, financial statements and performance indicators	70	63

## 40 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"*.

## 41 Special purpose account

### Developer bonds

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.

	2014 (\$'000)	2013 (\$'000)
Balance at start of period	97	97
Receipts	-	-
Payments	-	-
<b>Balance at end of period</b>	<b>97</b>	<b>97</b>

## 42 Supplementary financial information

	2014 (\$'000)	2013 (\$'000)
<b>(a) Write offs</b>		
Public property written-off by the accountable authority during the financial year	(2)	(2)
<b>(b) Losses through theft, defaults and other causes</b>		
Losses of public properties through theft or default	(62)	(2)
Amounts recovered	11	11
	(51)	9
<b>(c) Gifts of public property</b>		
The department had no gifts of public property during the financial year.		

## 43 Administered income and expenses by service

For the year ended 30 June 2014

	Urban water management and industry services		Water use allocation and optimisation		Catchment and waterways health		General (not attributed)		Total	
	2014 (\$'000)	2013 (\$'000)	2014 (\$'000)	2013 (\$'000)	2014 (\$'000)	2013 (\$'000)	2014 (\$'000)	2013 (\$'000)	2014 (\$'000)	2013 (\$'000)
<b>Cost of services</b>										
<b>Expenses</b>										
Grants and subsidies	-	-	-	-	-	-	55	158	55	158
Payments into the consolidated account <sup>(a)</sup>	-	-	-	-	-	-	11	17	11	17
<b>Total administered expenses</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>66</b>	<b>175</b>	<b>66</b>	<b>175</b>
<b>Income from state government</b>										
<b>Income</b>										
Service appropriation	-	-	-	-	-	-	56	161	56	161
For transfer:										
Regulatory fees and other charges	-	-	-	-	-	-	11	17	11	17
<b>Total administered income</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>67</b>	<b>178</b>	<b>67</b>	<b>178</b>

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

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

(a) In the 2012-13 financial year, payments into the consolidated account included water fines collected.

## 44 Administered assets and liabilities

	2014 (\$'000)	2013 (\$'000)
<b>Asset</b>		
<b>Current asset</b>		
Cash and cash equivalents	18	16
<b>Total administered current assets</b>	<b>18</b>	<b>16</b>
<b>Total administered assets</b>	<b>18</b>	<b>16</b>
<b>Liability</b>		
<b>Current liability</b>		
Amounts owing to controlled entity	-	-
<b>Total administered current liabilities</b>	<b>-</b>	<b>-</b>
<b>Total administered liabilities</b>	<b>-</b>	<b>-</b>

---

# Certification of key performance indicators

---

For the year ended 30 June 2014

I hereby certify that the key performance indicators are based on proper records, are relevant and appropriate for assisting users to assess the Department of Water's performance, and fairly represent the performance of the Department of Water for the financial year ended 30 June 2014.



**Tadas Bagdon**

A/Director General  
Department of Water

24 September 2014

## Detailed information in support of key performance indicators

**Agency-level desired outcome:** sufficient<sup>1</sup> quality<sup>2</sup> water to support the needs of the community, environment and state development.

- 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.



## Effectiveness indicators

Proportion of water resource management areas that are planned appropriate to their water resource category

Actual (%) 2010–11	Actual (%) 2011–12	Actual (%) 2012–13	Target (%) 2013–14	Actual (%) 2013–14
60	85	85	86	86

### 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 2010–11 and actual 2011–12 was due to an increase in the number of water resource management areas that had completed plans. In 2011–12 and 2012–13, while work was ongoing, no additional water resource management areas had plans completed. The variation between actual 2012–13 and actual 2013–14 is due to the release of the *Gingin groundwater allocation plan* for public comment.

## Proportion of water resources with licensed allocations that are within the allocation limit

Actual (%) 2010-11	Actual (%) 2011-12	Actual (%) 2012-13	Target (%) 2013-14	Actual (%) 2013-14
85	81	80	85	81

### 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

Variations between the actual for 2010-11, 2011-12 and 2012-13 and between the target 2013-14 and actual 2013-14 results were mainly due to climate-related reductions to some allocation limits leaving the total of licensed entitlements above the new limit, and temporary licence entitlements to enable dewatering for urban developments.

## Proportion of public water supplies covered by a drinking water source protection plan

Actual (%) 2010-11	Actual (%) 2011-12	Actual (%) 2012-13	Target (%) 2013-14	Actual (%) 2013-14
89	90	93	100	100

### 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 help protect water quality in public drinking water sources in Western Australia.

This indicator shows the department's progress in completing these plans for water source areas.

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

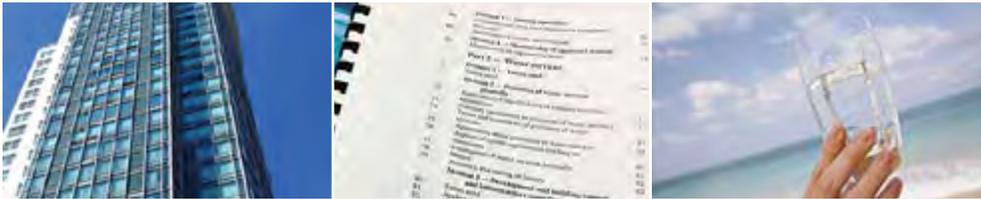
Plans are defined as assessments, plans, and land use and water management strategies.

### Variance analysis

Since 2000, public drinking water source protection plans have been introduced across all public drinking water sources servicing towns and cities. Variation between actual 2012-13 and actual 2013-14 reflects the completion of two new and seven updated reports. All 129 public drinking water source areas are now covered by these reports.

# Efficiency indicators for Service 1

## Urban water management and industry services



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

It 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 (\$) 2010-11	Actual (\$) 2011-12	Actual (\$) 2012-13	Target (\$) 2013-14	Actual (\$) 2013-14
39 466	50 976	34 535	27 996	34 955

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 services 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 which: 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 between actual 2011-12 and actual 2012-13 reflects an increase in number of services policy instruments due to the corporatisation of the water boards and additional briefings required for the Minister respectively. The variance in costs between target 2013-14 and actual 2013-14 reflects finalisation of the corporatisation process and a return to more usual policy instrument volumes.

## Average cost per drinking water source protection plan

Actual (\$) 2010-11	Actual (\$) 2011-12	Actual (\$) 2012-13	Target (\$) 2013-14	Actual (\$) 2013-14
651 193	665 778	382 162	285 726	491 558

### 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 reports.

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 the 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 2012-13 was primarily due to the completed reports and reviews 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 delivering eight reports (five new plans and three reviews). In contrast, the higher average cost in actual 2013-14 reflects nine completed reports (two new and seven reviews) which were, on average, larger and more complex than anticipated in the target. The 2014 target was based on the previous year's lower cost.

## Average cost per drainage and water management plan and assessment

Actual (\$) 2010-11	Actual (\$) 2011-12	Actual (\$) 2012-13	Target (\$) 2013-14	Actual (\$) 2013-14
5802	5902	7407	5940	6860

### 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 indicator, as long as the assessment is completed.

### Variance analysis

The movement in the average cost between 2011-12 and 2012-13 reflects the costs of additional resources allocated to accommodate complexity of plans and assessments. The 2014 target was based on the actuals for both 2010-11 and 2011-12. The average cost in actual 2013-14 reflects a return to normal referral levels.

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

Actual (\$) 2010-11	Actual (\$) 2011-12	Actual (\$) 2012-13	Target (\$) 2013-14	Actual (\$) 2013-14
636	500	45	49	30

### 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 2011-12 and actual for both 2012-13 and 2013-14 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. This is reflected in the variance between the target and the actual for 2013-14.

## Efficiency indicators for 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 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.

### Average\* cost per allocation plan completed

Actual (\$) 2010-11	Actual (\$) 2011-12	Actual (\$) 2012-13	Target (\$) 2013-14	Actual (\$) 2013-14
1 350 663	1 419 826	1 776 789	1 740 973	2 364 566

\* 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 2013-14 (compared to the target and the previous year) 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 (days) 2010-11	Actual (days) 2011-12	Actual (days) 2012-13	Target (days) 2013-14	Actual (days) 2013-14
Category 1	58	60	45	40	73
Category 2	56	68	45	40	60
Category 3	57	70	47	50	56
Category 4	60	64	65	60	48

### 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), 0 to 30% allocated.
- Category 2 (C2), >30 to 70% allocated.
- Category 3 (C3), >70 to 100% allocated.
- Category 4 (C4), >100% 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

Resource category is not the only factor that determines the level of assessment required for an application. Volumes of applications and usages and impacts on local factors also contribute to assessment level. Applications in C1 and C2 resources may still require additional investigations and reporting by applicants.

During 2013-14 there was an overall reduction of low-risk applications and a higher number of applications which required higher level assessment. For example, 40 per cent of the applications assessed within C1 and C2 resources in 2013-14 were for volumes above 50 000 kL. These two factors resulted in a higher average time taken to process licences in categories 1, 2 and 3.

During 2013-14 a fast track assessment process was adopted for those licence applications that requested approval to take water from those water resources that are > 100% allocated (C4). This fast track process delivered improved turnaround times compared to previous years and the target for 2013-14.

## Expenditure on water licence administration

	Actual 2010-11	Actual 2011-12	Actual 2012-13	Target 2013-14	Actual 2013-14
<b>Average cost per water licence (all categories)</b>					
	\$2061	\$2436	\$2506	\$2345	\$2666
<b>Total number of licences processed by category grouping</b>					
Category 1	930	846	804	1000	748
Category 2	2216	2204	1447	2200	1575
Category 3	4877	3293	3336	3600	2823
Category 4	4121	5473	4389	5000	4956

### 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 12 597 surface and groundwater licences as of 30 June 2014. 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 2014. 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 variance in the average cost per water licence (all categories) between 2012-13 and 2013-14 reflects the total numbers of groundwater licences administered in each year. In 2012-13, 12 454 licences were administered compared with 12 597 in 2013-14.

The variance between the target and the actual for 2013-14 reflects fewer licences being administered compared to the target of 13 000 licences.

## Efficiency indicators for Service 3

### Catchment and waterways health



*Protecting 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 implements plans for salinity recovery catchments.

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

Actual (\$) 2010-11	Actual (\$) 2011-12	Actual (\$) 2012-13	Target (\$) 2013-14	Actual (\$) 2013-14
518	293	183	117	0

#### 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 projects from which this efficiency indicator is derived have been completed resulting in a zero net cost for 2013-14.

### Average cost per waterway management plan developed

Actual (\$) 2010-11	Actual (\$) 2011-12	Actual (\$) 2012-13	Target (\$) 2013-14	Actual (\$) 2013-14
440 752	1 125 513	456 576	2 377 912	2 148 180

#### 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

There is a direct correlation between the number of plans and the average cost per plan: the higher the number of plans produced, the lower the average cost. Twenty-five plans were produced in 2012-13 compared with five in 2013-14. Variations in plans produced each year depend on the complexity and time required to complete the plans, with a number taking several years of leading-edge scientific work.

The variance between the 2013-14 target and the 2013-14 actual reflects the reduced cost of this activity in 2013-14 compared to the budget.

## Ministerial directives

There were no Ministerial directives in 2013–14.

## 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 ongoing 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 2013–14 include further investment in the groundwater investigation and monitoring bore program across the state. The department is also replacing legacy water management systems through the Water Online project.

## Governance disclosures

### Executive recruitment

The department's executive structure remains unchanged with four executive director positions and five director positions, as approved by the Public Sector Commission in July 2012.

The executive director position for Corporate Strategy and Reform remains filled via a fixed-term appointment while the publicly advertised recruitment process concludes. All director positions are filled on contracts expiring 30 June 2016, with the exception of the Director, Water Assessment and Allocation, which expires 31 December 2014.

### Commitment to employees

A comprehensive People for Water program was launched during the year to ensure a high performance, value aligned culture within the Department of Water. This is a program that builds on the department's strengths and looks for ways to work better internally and with stakeholders.

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.

### Workforce profile

The workforce profile of the department for the last financial year is shown below:

Occupations categories	30 June 2013	30 June 2014
Managers	57	42
Professionals	302	276
Technicians and trades workers	11	8
Community and personal service workers	0	0
Clerical and administrative workers	94	86
Sales workers	0	0
Machinery operators and drivers	0	0
Labourers	0	0
<b>Total FTE</b>	<b>464</b>	<b>412</b>

Activities that support this commitment include the regular induction of new employees, our comprehensive wellbeing program and the introduction of an Employee Recognition Program to highlight the outstanding contributions of the department's employees.

## Other legal requirements

### Expenditure on advertising 2013–14 financial year

Expenditure for the 2013–14 financial year on advertising, market research, polling and direct mail (*Electoral Act 1907 s175ZE*):

Category	Actual (\$)
<b>Information advertising</b>	
Adcorp Australia	5318
Third party reimbursement	3358
Community newspaper	42
State Law Publisher	40 287
WA newspapers advert	251
<b>Subtotal</b>	<b>49 256</b>
<b>Recruitment and tender advertisements</b>	
Beilby Corporation	9034
Adcorp Australia	14 933
Strudwick HR	4134
<b>Subtotal</b>	<b>28 101</b>
<b>Total advertising costs</b>	<b>77 357</b>

### Disability access and inclusion plan

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.

The department has drafted a new *Disability access and inclusion plan 2014–2018* (DAIP) which is currently available for public comment. Key changes to this plan include:

- 1 An amendment to reporting requirements on agency activities to improve employment outcomes to be included in all future reports on plans.
- 2 The requirement for public consultation to be sought on the plan through advertising on the department's website and advertising in a statewide newspaper.

Some key actions of the plan include:

- 1 Ensuring that all employees and contractors are aware of their responsibilities under the DAIP.

- 2 Ensuring that, where possible, all departmental buildings and facilities are physically accessible to people with a disability.
- 3 Improving staff and community awareness that information is available in alternative formats, upon request.
- 4 Ensuring all employees have the knowledge and skills to provide quality services for people with disability, their families and carers.

### Public Sector Standards

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, based on a new Business Classification Scheme, which has been approved by the State Records Commission.



visit the DAIP public comment page [here](#)

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

A record-keeping awareness training program was completed by 11 staff members (with one more in progress). 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. Staff training is also supported by a comprehensive TRIM manual

which is available online through the department's intranet.

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 their skills had improved 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.

## 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 is currently refocusing its efforts in the overall equality framework and is looking to form a new internal committee to ensure that all policies conform with the substantive equality principles and that all staff are exposed to these principles. Progress in implementing substantive equality is overseen by the Manager Human Resource Services.

### 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 complies 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.*

Through the department's occupational safety and health (OSH) policy, which was recently updated in 2014, the department ensures, 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 OSH management system.

In the event that a workplace injury occurs, the agency has established a workers' compensation and injury management policy to assist injured employees to return 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 intranet and through the Occupational Safety and Health 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 reporting to the HR Executive Sub Committee. These groups comprise safety, health and management representatives and focus on continuous improvement of OSH performance.

The OSH committees and reference groups, including employee representatives, form the key to OSH 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 OSH issues.

The department's OSH Steering Committee meets quarterly while local area OSH committees meet more frequently and communicate issues and initiatives to the reference group, discuss and resolve OSH issues and review hazard and incident reports. The OSH Steering Committee has responsibility for ensuring the OSH action plan is implemented and meeting its targets.

### Commitment to return employees back to work after injury

In the event that a workplace injury occurs, the workers' compensation and injury management policy creates 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 is made 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 OSH 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.

During late 2013 the department's OSH management system was audited by SafeBound. The OSH management system was audited against WorkSafe WA audit criteria, Australian and New Zealand Standard 4801 and existing departmental OSH procedures and standards.

To fully assess the system the following elements were addressed throughout the audit:

- 1 Management commitment
- 2 Planning
- 3 Consultation and reporting
- 4 Hazard management
- 5 Training and supervision

The department continues to implement recommendations made throughout the audit to strengthen to OSH management system and ensure the safety and health of all our employees.

The OSH management system will continue to be monitored for continuous improvement, and revisions will be made to reflect the harmonisation of state and Commonwealth 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	
	2011-12	2013-14	Target	Comment on result
Number of fatalities	0	0	0	Target achieved
Lost time injury and/or disease incidence rate	0.42%	0.48%	0 or 10% reduction	Target not achieved
Lost time injury and/or disease severity rate	0	0	0 or 10% reduction	Target achieved
<b>Percentage of injured workers returned to work:</b>				
(i) within 13 weeks	100%	100%	Greater than or equal to 80%	Target achieved
(ii) within 26 weeks	100%	N/A	Greater than or equal to 80%	Target achieved
Percentage of managers trained in occupational safety, health and injury management responsibilities	33%	81%	Greater than or equal to 80%	Target achieved

# Contact us

## Head office

The Atrium  
168 St Georges Terrace  
Perth WA 6000  
PO Box K822  
Perth WA 6842  
Phone: 08 6364 7600  
Fax: 08 6364 7601  
[atrium.reception@water.wa.gov.au](mailto:atrium.reception@water.wa.gov.au)

## Regional offices

### Swan Avon region

Victoria Park regional office  
7 Ellam Street  
Victoria Park WA 6100  
Phone: 08 6250 8000  
Fax: 08 6250 8050  
[ellamreception@water.wa.gov.au](mailto:ellamreception@water.wa.gov.au)

### Hydrologic technology centre

101 Kew Street  
Welshpool WA 6106  
Phone: 08 9355 6200  
[htc.admin@water.wa.gov.au](mailto:htc.admin@water.wa.gov.au)

### Swan measurement office

105 Kew Street  
Welshpool WA 6106  
Phone: 08 9231 8330  
Fax: 08 9361 9311

### Kwinana Peel region

Kwinana Peel regional office  
107 Breakwater Parade  
Mandurah Ocean Marina  
PO Box 332  
Mandurah WA 6210  
Phone: 08 9550 4222  
Fax: 08 9581 4560  
[peel@water.wa.gov.au](mailto:peel@water.wa.gov.au)

## South Coast region

Albany regional office  
5 Bevan Street  
Albany WA 6330  
PO Box 525  
Albany WA 6331  
Phone: 08 9841 0100  
Fax: 08 9842 1204  
[southcoast@water.wa.gov.au](mailto:southcoast@water.wa.gov.au)

## South West region

Bunbury regional office  
35–39 McCombe Road  
Bunbury WA 6230  
PO Box 261  
Bunbury WA 6231  
Phone: 08 9726 4111  
Fax: 08 9726 4100  
[bunburyadmin@water.wa.gov.au](mailto:bunburyadmin@water.wa.gov.au)

Busselton district office  
Suite 1B/72 Duchess Street  
PO Box 269  
Busselton WA 6280  
Phone: 08 9781 0111  
Fax: 08 9754 4335  
[wmb@water.wa.gov.au](mailto:wmb@water.wa.gov.au)

Geocatch network centre  
Suite 1B/72 Duchess Street  
PO Box 269  
Busselton WA 6280  
Phone: 08 9781 0111  
Fax: 08 9754 4335  
[geocatch@water.wa.gov.au](mailto:geocatch@water.wa.gov.au)

Warren Blackwood district office  
52 Bath Street  
Manjimup WA 6258  
Phone: 08 9771 1878  
Fax: 08 9771 8108  
[manjimup@water.wa.gov.au](mailto:manjimup@water.wa.gov.au)

## Mid West Gascoyne region

Geraldton regional office  
94 Sanford Street  
PO Box 73  
Geraldton WA 6530  
Phone: 08 9965 7400  
Fax: 08 9964 5983  
[midwest@water.wa.gov.au](mailto:midwest@water.wa.gov.au)

Carnarvon district office  
211 Robinson Street  
PO Box 81  
Carnarvon WA 6701  
Phone: 08 9941 6100  
Fax: 08 9941 4931  
[gascoyne@water.wa.gov.au](mailto:gascoyne@water.wa.gov.au)

## Pilbara region

Karratha regional office  
Lot 4608 Cherratta Road  
PO Box 836  
Karratha WA 6714  
Phone: 08 9144 0200  
Fax: 08 9144 2610  
[karratha@water.wa.gov.au](mailto:karratha@water.wa.gov.au)

## Kimberley region

Kununurra regional office  
27 Victoria Highway  
PO Box 625  
Kununurra WA 6743  
Phone: 08 9166 4100  
Fax: 08 9168 3174  
[kununurra@water.wa.gov.au](mailto:kununurra@water.wa.gov.au)

The Department of Water welcomes your comment to help us improve the clarity, and presentation of our publications. Your assistance in completing this form would be greatly appreciated.

- 1 Did the report help you understand the department, its purpose, services and performance?  
not at all | not really | somewhat | yes | absolutely
- 2 Did you find the design and presentation functional and effective?  
not at all | not really | somewhat | yes | absolutely
- 3 Was the report clear, concise and easy to read?  
not at all | not really | somewhat | yes | absolutely
- 4 Did you find the structural format of the report simple and logical?  
not at all | not really | somewhat | yes | absolutely

When completed please return to:

**Corporate Communications**  
Department of Water  
168 St Georges Terrace  
PO Box K822 Perth WA 6842

or, [Annual.Report@water.wa.gov.au](mailto:Annual.Report@water.wa.gov.au)

Please send your comments by  
5.00 pm, 5 December 2014.

The Department of Water will consider all submissions when we prepare next year's Annual Report.

Alternatively  
download and  
complete our  
online form!

 FIND US ONLINE  
[www.water.wa.gov.au](http://www.water.wa.gov.au)





## DEPARTMENT OF WATER

168 St Georges Terrace  
Perth WA 6000  
PO Box K822  
Perth WA 6842  
Phone: 08 6364 7600  
Fax: 08 6364 7601  
[atrium.reception@water.wa.gov.au](mailto:atrium.reception@water.wa.gov.au)

 FIND US ONLINE  
[www.water.wa.gov.au](http://www.water.wa.gov.au)