



GOVERNMENT OF  
WESTERN AUSTRALIA

DEPARTMENT OF WATER

# ANNUAL REPORT 2015



@DeptofWaterWA | #waterreport2015

## Department of Water

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# Statement of compliance

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For the year ended 30 June 2015

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 2015.

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



**Mike Rowe**  
A/Director General  
24 September 2015



Visit our online Annual Report  
homepage



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## SNAPSHOTS



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**WATER FOR FOOD**  
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**STRATEGIC PLAN**  
New, vision, purpose, values, directions and initiatives for 2015–2020  
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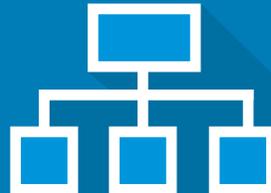
# OVERVIEW OF THE AGENCY



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**“ Our staff are our foundation and our future and they can be very proud of the work they do that makes such an important contribution to the wellbeing of Western Australia and its people.”**

# The Director General's year in review



*“The Department of Water is the custodian of Western Australia’s water resources and the primary advisor to the Government of Western Australia on water services. Our purpose is to support the state’s community, economy and the environment by managing water sustainably to achieve our vision of water for now and the future.”*



This year we exceeded the half-way mark on several key resource assessment projects – setting the foundation for sustainable future development and growth in Western Australia.

We also began one of the biggest programs for the department to date: the four-year \$40 million Water for Food initiative, funded through Royalties for Regions as part of the Seizing the Opportunity Agriculture initiative.

Consisting of 11 projects, this program is aimed at boosting regional Western Australian communities through the development and diversification of the agriculture and food sectors.

Through best practice and high quality science, we bring certainty to Western Australia in all aspects of water management, locating new sources through groundwater investigations and providing

strategic advice on water services and water and land use decisions for government and the community.

We continued to plan for and manage the impacts of some of Western Australia’s biggest challenges, such as the changing climate in the south-west, increasing water demands due to population growth and addressing water quality in estuaries and waterways.

**Department of Water Strategic Planning Reference Group**

**Back row (from left):** Paul Stewart, Justin Story, Ben Drew, Daniel Ferguson, Leon Brouwer, Kerrin Cox, Simon Skevington. **Middle row:** Iqbal Samnakay, Gillian White, Antonietta Torre, Susan Worley, Paul Brown, Erin Tuckwell, Tadas Bagdon. **Front row:** Greg Claydon, Arabella Taylor, Michelle Jahn, Mike Rowe, Carole Harris, Matthew Awang, Warren Tierney, Karen Sykes, Don Crawford. **Absent:** Hazel Kural, Craig Sinclair, Linda Candy, Cath Howard, John Connolly, Carolyn Hills, Laz Leonhard, Eric Isailovic, Tim Sparks, Melinda Burton, Ursula Kretzer, Tym Duncanson.

# Our year at a glance

We are rising to these challenges by doing our utmost to communicate our research and resource management requirements, to ensure water considerations are factored into government, community and private sector programs and projects.

We are also making it easier to do business with us by transforming our legislation and providing greater online accessibility to our data and services.

On behalf of the department, I would like to thank and acknowledge the previous Director General, Maree De Lacey, for her leadership and vision during the past five years. Maree's commitment to partnerships with stakeholders and support for a culture of quality information have underpinned the achievements outlined in this report.

Finally, I congratulate and acknowledge the work of our dedicated Department of Water staff across the state. Our staff are our foundation and our future and they can be very proud of the work they do in making such an important contribution to the wellbeing of Western Australia and its people.



**Mike Rowe**  
A/Director General  
Department of Water



**Two new water supply strategies**  
to guide growth and management of water resources to ensure towns and developments have enough water for the future



**Water Resources Management Bill** to reduce the administrative burden on licensees, increase investor confidence and improve security of access to water



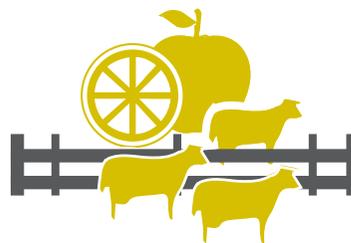
**Innovative science**  
study in the Blackwood River to help support ecosystems and improve water quality



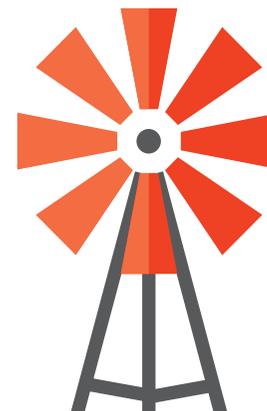
**Water Online portal**  
to help industry by slashing wait times down from three months to under a minute



**127 public drinking water sources** in WA help deliver reliable, safe, good quality and lower cost drinking water



**\$40 million Water for Food program** launched as part of the government's \$300 million Seizing the Opportunity Agriculture initiative



**Community Water Supply grants** totalling near \$1 million to improve emergency water sources, help drought-proof communities and save scheme water



## Executive summary



*Margaret gorge*

In 2014–15, the Department of Water continued to deliver against its strategic priorities and statutory responsibilities for water resources and water services to support the community, economy and environment.

By providing data, information and expert advice on the quantity, quality, location of and demand for water and water services, the department informs investment decisions of regional and state significance.

This work enables development across the state and directly contributes to economic and social wellbeing.

For more highlights and achievements, see 'Agency performance: report on operations'.



### Service 1 Urban water management and industry services

#### Strategic Assessment of the Perth and Peel Regions

The Strategic Assessment of the Perth and Peel Regions is a major project addressing the impact on matters of national environmental significance of the future development of the Perth and Peel regions required to support a population of 3.5 million people, including urban, industrial, rural-residential and infrastructure development and basic raw materials extraction.

The Department of Water, as part of an across government team led by the Department of the Premier and Cabinet, is contributing to the Strategic Assessment.

The department is providing insight and advice to assist in delivering an effective long-term and strategic response to key environmental issues in the region such as water quality in the Peel-Harvey Estuary to contribute to the Commonwealth Impact Assessment for a population of 3.5 million people in the Perth-Peel region.

#### Expert advice, policy and legislation

The department provides expertise and advice to the Minister, government agencies and other bodies to shape policy and legislation reform across key areas relating to water management in Western Australia.

In March 2015 the government announced that it had approved the drafting of new water resources management legislation. The new legislation will help the department place Western Australia in a much better position to adapt to the modern water challenges of climate and demand.

This year has seen the department continue to provide crucial advice to the state's mining regulation and environmental protection agencies on significant water considerations in the emerging shale and tight gas industry. This advice will help mitigate risks to private or public water supplies through thorough science-based regulatory practices and procedures.

## Sustainable urban water management

Sustainable water management and use is a key factor in building and improving the liveability, productivity and sustainability of Western Australia's town and cities.

To create the knowledge and strategies essential for the growth of the state's urban centres, the department is an 'Essential Participant' in the Cooperative Research Centre for Water Sensitive Cities (CRCWSC). The CRCWSC is a collaborative research network across Australia and South East Asia that addresses key urban water, planning and development challenges to enhance the liveability of urban areas.

The two main CRCWSC research areas that the department participated in during 2014-15 focussed on Perth and included building a better understanding of urban surface water and groundwater for improved management through studying Perth wetlands, and the movement of nutrients (e.g. nitrogen and phosphorus) in areas with shallow groundwater.



### Service 2 Water use allocation and optimisation

#### Water for Food

The Water for Food initiative is a four-year \$40 million Royalties for Regions funded state government program, led by the Department of Water, that provides a boost to regional Western Australian communities through the development and diversification of the agriculture and food sectors. The Water for Food program is part of the government's \$300 million Seizing the Opportunity Agriculture initiative.

Water for Food was launched in July 2014 with the announcement of \$15.5 million in projects in the West Kimberley to increase productivity in agriculture, expand export opportunities and encourage capital investment in regional industries. These projects, in Derby, Knowsley Agricultural Area and Fitzroy Valley, along with a project improving land tenure options, form the first stage of Water for Food.

In February 2015, the second stage of Water for Food was launched and work began on an additional seven projects across the Gascoyne, Mid West, Wheatbelt and South West regions, covering water investigations, irrigated horticulture projects and better access to existing water information.

#### Water for the Pilbara

The \$25 million Royalties for Regions-funded water investigations program moved into its third year. The program, designed to support regional development, comprises groundwater investigations in the Dampier Peninsula, West Canning Basin, Hamersley Range, Murchison, the south-west and the south-coast of Western Australia.

By mapping water resources and water needs clearly and proactively, the department is creating the right conditions to support business and investment decisions to drive regional growth.

The areas identified for investigation have the potential to supply additional groundwater for drinking and household use, as well as for agriculture, mining and other industries that depend on water, which will ultimately help drive the state's growth.

The findings from these investigations are already supporting priority regional development and the expansion of statewide agriculture and food production.



### Fast numbers



12 735

water licences and permits to take water administered



4439

data reports provided through the Water Information Reporting portal



3476

gigalitres of water licensed



3150

water licences and permits issued



3200

water management sites provided essential information on factors impacting water quality and availability



22

water allocation reports covering approximately 60 per cent of water management areas in WA



\$6.9 m

Investigation of the groundwater aquifers' capacity to provide water to Perth's Integrated Water Supply Scheme

## Innovative science and discovery

The challenges of a drying climate, population growth and an increasing demand for water require flexible management strategies based on quality science.

This year, the department completed important modelling in response to changing climate patterns. This work enables the department to set more precise water allocation limits and implement flexible licensing strategies, to assist in managing the increasing demand for water.

Aerial electromagnetic surveys, covering over 80 000 km<sup>2</sup>, have provided unprecedented views of major underground water resources in the Pilbara and Murchison. These reveal future options for water supplies for communities and industries in these regions.

The department also identified new information about the South West region's aquifers, providing the next stage of response to managing vital groundwater supplies for towns and industry. New computer modelling will provide the most precise picture to date of the

structure and behavior of the aquifers, and how they respond to changes in climate and water use. This picture will be used to establish the right balance in taking water from the aquifers.

## Carnarvon water supply options

Carnarvon is an essential growing region for the state's foodbowl and is home to a significant horticultural industry. The region is challenged by both water shortages and flooding.

In 2014-15, the department completed a series of major projects in the Carnarvon region to support the horticultural industry and sustainable water management, including a contingency water supply option for growers during dry periods.

However, in March 2015, significant river flows led the department to reset the limits for the taking of water from the aquifer system in Carnarvon – the first time this has happened in four years.

The Carnarvon Ministerial Advisory Committee was set up in 2013-14 and tasked with providing advice to government to progress the development of the Carnarvon agricultural sector.

2014-15 saw the committee deliver a report on a coordinated approach to ensure long and short-term water availability issues for the Carnarvon horticultural industry.

## Rural Water Planning

Western's Australia dryland agricultural regions experience less than 600 millimetres annual rainfall. Through its Rural Water Planning program, the department works with farmers, pastoralists and communities to improve water supplies for broadacre agricultural and community use, and ensure the best use of water resources in these regions.

The program supports 'water resilient', self-sufficient businesses and communities that have sufficient and reliable farm and emergency community water supplies.

In 2014-15, the department funded over \$1 million worth of farm and pastoral water improvements and supported eleven major community water supply programs. These grants help 'drought proof' communities and properties, reducing reliance on scheme water and improving supplies for water shortages and emergencies.

our

partnerships



*\$150 000 funding supported more than 80 research, industry and government organisations to influence the development of future water sensitive cities.*

*\$200 000 given to Geopraphe Catchment Council for Vasse Geopraphe Strategy community consultation and communications*



*Partnered with the Department of Mines and Petroleum to streamline the referrals process of mining proposals that impact on waterways*

*40 per cent increase in the demand for flood mapping advice to planners, local government and developers*





Service 3 Catchment and waterways health

Partnering for waterways health

The Department of Water builds and develops strong partnerships to deliver good water outcomes for future generations. In 2014-2015, the department partnered with government, industry, universities and the community to deliver programs and initiatives to improve the health of Western Australia’s iconic waterways and estuaries.

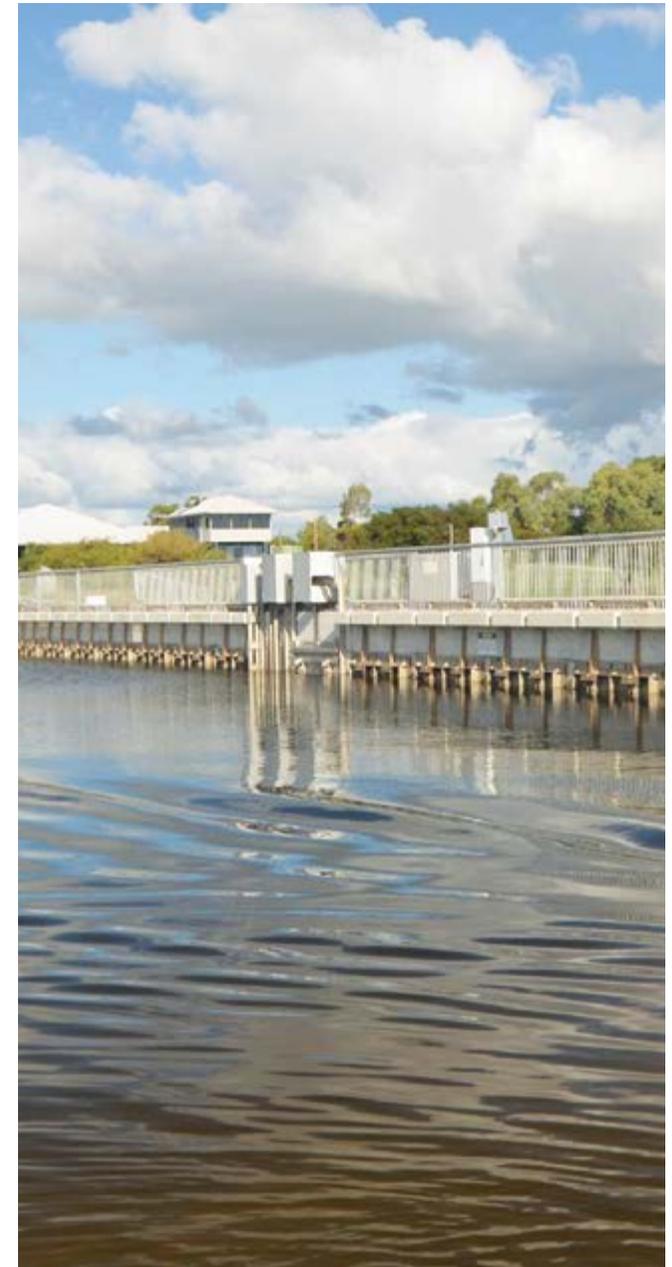
One highlight was the department’s collaboration with the Swan River Trust to improve the health and quality of water in the Swan-Canning estuary. This included scientific assessments of the presence of seagrass as an indicator of estuary health and joint work with The University of Western Australia to investigate the effectiveness of artificial oxygenation in improving estuary water quality.

Vasse-Wonnerup wetlands

The Vasse-Wonnerup wetlands are a highly valued and significant ecosystem in the south-west of Western Australia, which in the past have been challenged by water quality issues. The department’s expertise in managing water quality in natural freshwater resources has been pivotal in delivering the government’s commitment to improve the condition of the Vasse-Wonnerup wetlands and waterways.

In response to an independent report by Professor Barry Hart, the Minister for Water announced the establishment of the Vasse Taskforce. This is an innovative and collaborative approach to solving the challenges facing the Vasse-Wonnerup wetlands and unites the government, water service providers, catchment groups and the community. Under the leadership of the Minister, the new taskforce has mapped existing and future projects that will improve water quality, wetlands and waterways management and the ecosystem health.

Under the Vasse Taskforce banner, outcomes in 2014-15 include updated catchment modelling to evaluate management options, a pilot trial to reduce nutrient losses from dairy farms and a trial to investigate whether allowing seawater into the Vasse Estuary improves water quality. Other measures undertaken include opening the Wonnerup Inlet sandbar, aerating the water with pumps and removing macroalgae from the Vasse surge-gates.





# Operational structure

## The role of the Department of Water

The Department of Water’s purpose in 2014–15 was to support Western Australia’s growth and development by managing the availability and quality of water sustainably – now and for the future.

### Our role



## Our role

### 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.

## Our role

### 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

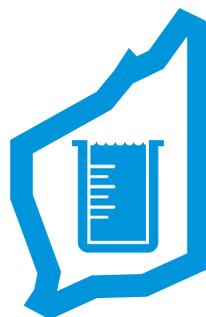


## Goal 1

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

Western Australia 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.



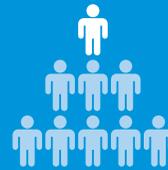
## Goal 3

Western Australia meets national standards in water efficiency and demand management

To achieve this we:

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

# Our values



## Lead

We raise the bar for excellence in water resource management 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

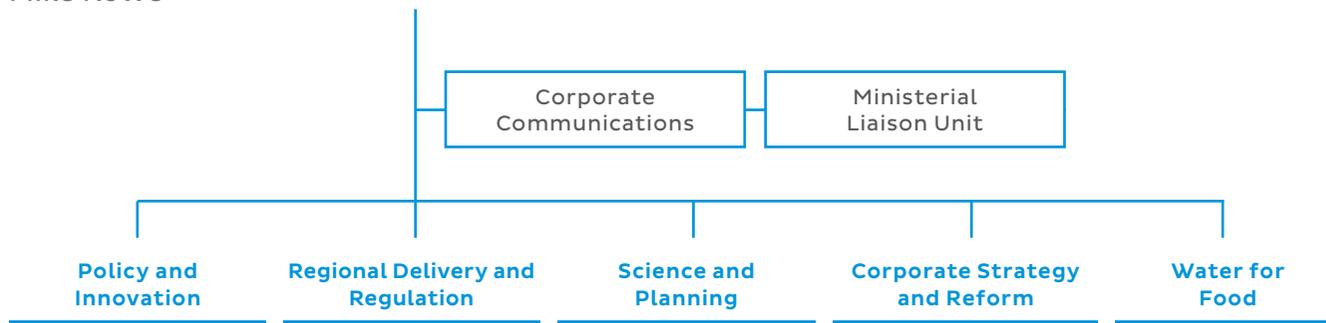
We are dedicated to achieving the best results for our stakeholders and water resources

## Organisational structure



### Department of Water, A/Director General

Mike Rowe



Mike Rowe has been A/Director General of the Department of Water since November 2014.

He is a highly experienced member of the Western Australian Government’s senior executive service, having worked in a variety of leadership, policy, advisory and delivery roles across nine agencies since 1993.

He has worked across a number of Western Australian Government agencies including agriculture, environment, Aboriginal affairs, the Public Sector Commission, Premier and Cabinet and, most recently, regional development.

He holds a Bachelor of Environmental Science, with First Class Merit Honours, and a Graduate Certificate in Public Sector Leadership.

He also holds a Postgraduate Diploma in Social Research and Program Evaluation.

**Office of the Director General**, includes the Corporate Communications and the Ministerial Liaison units, and provides high level support services within the department and quality advice to the Minister, Director General and external stakeholders.

#### Highlights from Office of the Director General 2014-15

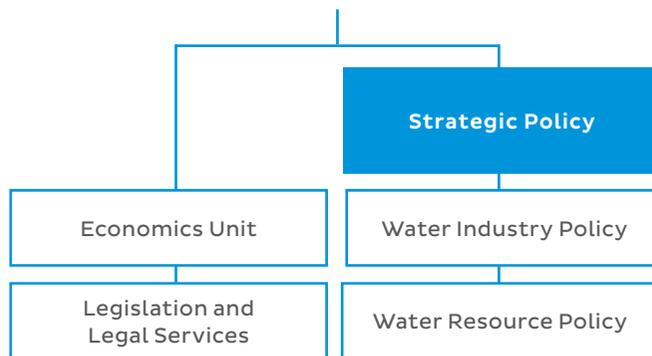
- ✓ Water for Food
- ✓ Strategic Assessment of the Perth and Peel Regions
- ✓ Reconciliation Action Plan
- ✓ Strategic Plan 2015-2020

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 sector, 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 the 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.

**Highlights from Policy and Innovation 2014-15**

- ✓ Drafting of the new Water Resources Management Bill and regulations supporting the water services sector
- ✓ Provision of advice on improving water services
- ✓ Provision of economic advice on key water initiatives



## Regional Delivery and Regulation

Paul Brown Executive Director

Paul has been an Executive Director with the Department of Water for more than four years. He has extensive experience in regulation and management in water, environment, planning referrals and industry regulation in the public sector. During this time, he has taken a strategic approach to delivering key government initiatives.

He has more than 30 years' experience working across a number of Western Australian Government agencies including forestry, conservation and land management, environment and conservation, and environment.

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's six regions.

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.



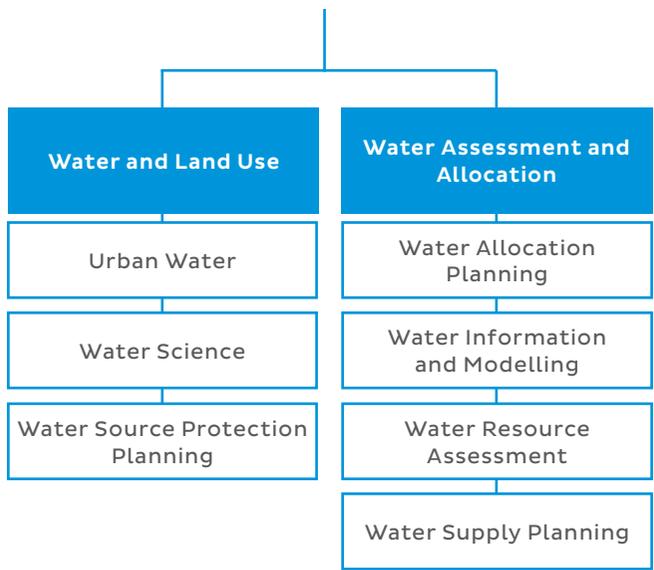
### Highlights from Regional Delivery and Regulation 2014-15

- ✓ Vasse Taskforce
- ✓ Carnarvon Ministerial Advisory Committee
- ✓ Rural Water Planning and Community Water Supply Program



## Science and Planning

Greg Claydon Executive Director



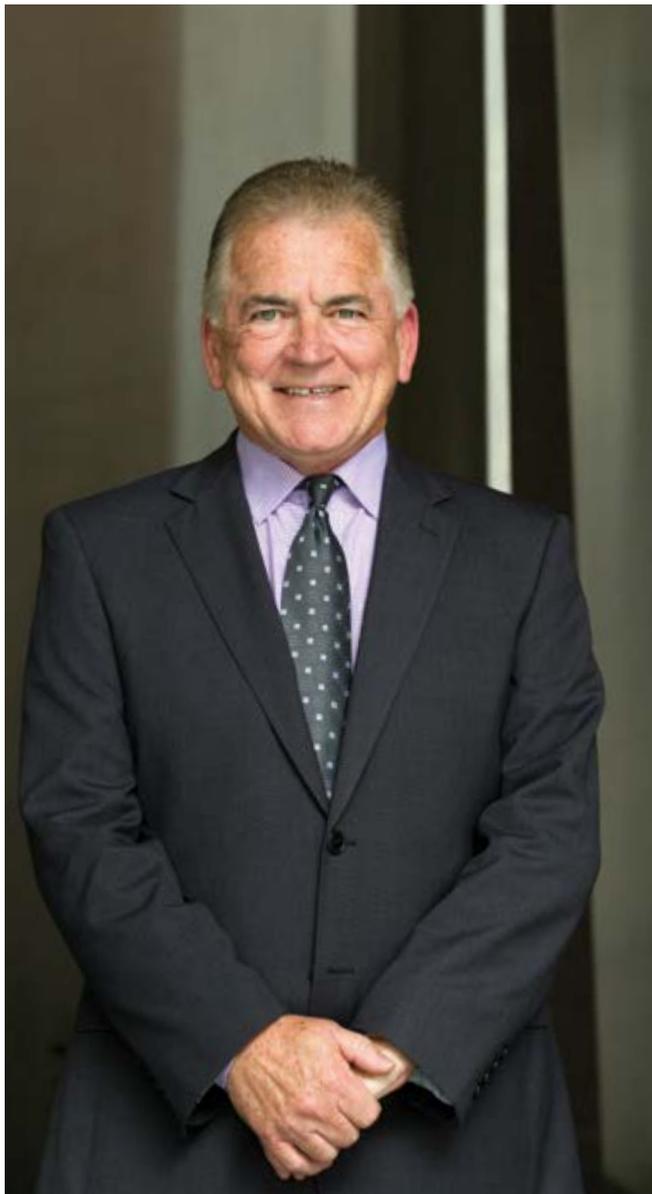
Greg has more than 30 years' experience in the water sector and is passionate about leading positive change in water policy, planning, regulation and management. He joined the department in January 2013 from Queensland's Department of Natural Resources and Mines where he was Executive Director Water 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 plans for the protection of drinking water sources across the state; provides expert scientific advice on the management of at-risk rivers and estuaries; advises on drainage, flood planning, water sensitive urban design, and alternative water sources; and integrates water planning into land use planning to achieve liveable, resilient, productive and sustainable cities and towns. This work includes extensive stakeholder consultation to enable population growth, economic development and sustainable productive use of available water resources.

**Highlights from Science and Planning 2014-15**

- ✓ Mid West regional water supply strategy
- ✓ Gingin water allocation plan
- ✓ Blackwood River health assessment



## Corporate Strategy and Reform

Eric Isailovic A/Executive Director



Eric was appointed A/Executive Director in February 2015. He has worked for more than 30 years in senior corporate and operational management roles in government at both the state and federal levels including the transport, law enforcement and culture and arts sectors.

He has extensive experience in the management and delivery of human resource management, financial and information services, as well as infrastructure planning, property management and development, and project management.

Eric has a degree in human resource management. He also holds post-graduate qualifications in business administration.

**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 and information.

**Highlights from Corporate Strategy and Reform 2014-15**

- ✓ Water Online
- ✓ Department of Water website
- ✓ *Disability access and inclusion plan 2014-2018*



## Water for Food

Simon Skevington Project Director

Simon was appointed as Project Director Water for Food in October 2014. He is an engineer with over 30 years' experience delivering economic development projects, more than half at a senior executive level, across a number of government departments including Mines and Petroleum, State Development, Industry and Resources, Commerce and Trade and Agriculture and Food.

He successfully delivered a range of high profile and complex economic development and reform projects across such as the Ravensthorpe Nickel and Boddington Gold Mine infrastructure packages, the Australian Marine Complex and the Australian Resources Research Centre.

Simon has also been involved in state-wide strategic planning as a member of a number of high level planning committees, including the Sea Freight Council, State Mitigation Committee and the Infrastructure Coordinating Committee under the Western Australian Planning Commission.



**Water for Food** is responsible for managing the four-year \$40 million Royalties for Regions funded state government Water for Food program.

Working closely with a wide range of stakeholders across government industry and regional communities, it is responsible for directing state investment into agriculture, including market development, science, infrastructure and water investigations.

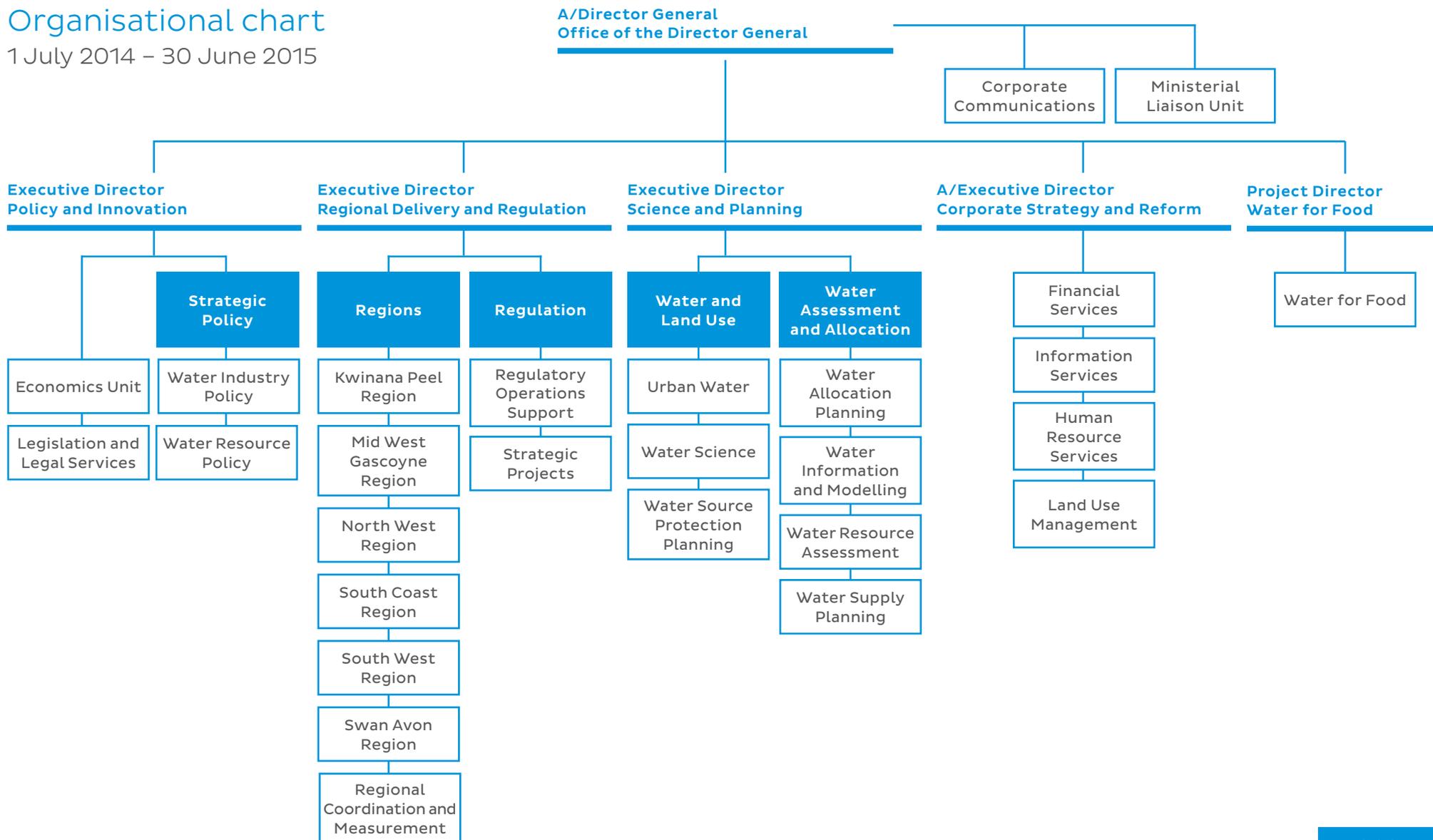
Through these activities the team is leading the opportunity to intensify, to diversify, to expand – and to position Western Australia as a major player in the long-term global food market.

### Highlights from Water for Food 2014-15

- ✓ Launch of the Water for Food program
- ✓ West Kimberley launch
- ✓ The Mowanjum irrigation trial

# Organisational chart

1 July 2014 – 30 June 2015



Division

Branch

## Responsible Minister

The Department of Water's responsibility from 1 July 2014 to 30 June 2015 was to the Minister for Water; Sport and Recreation; Forestry, the Hon. Mia Davies MLA.

## Administered legislation

Legislation administered by the Department of Water as at 30 June 2015:

- *Country Areas Water Supply Act 1947*
- *Metropolitan Arterial Drainage Act 1982*
- *Metropolitan Water Supply, Sewerage and Drainage Act 1909*
- *Plumbers Licensing Act 1995 (except part 5A which is administered by the Department of Commerce)*
- *Rights in Water and Irrigation Act 1914*
- *Water Agencies (Powers) Act 1984*
- *Water Corporations Act 1995*
- *Water Efficiency Labelling and Standards Act 2006*
- *Water Services Act 2012*

- *Waterways Conservation Act 1976.*

Regulations and by-laws administered by the Department of Water as at 30 June 2015:

- 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 2014
- Waterways Conservation Regulations 1981.

## Changes made in 2014–15 to legislation administered

The Water Services (Water Corporation Charges) Regulations 2014 and Water Services Regulations 2013 prescribe the water charges and miscellaneous charges for the three water corporations (Busselton Water Corporation, Bunbury Water Corporation and the Water Corporation) for the provision of water supply, sewerage, drainage and irrigation services.

Due to the repeal of the *Clean Energy Act 2011* (Cth) on 1 July 2014, the Water Services (Water Corporation Charges) Regulations 2014 and Water Services Regulations 2013 were amended to allow for water corporations to pass on the impact of the removal of carbon tax through reduced customer charges. The Water Services (Water Corporation Charges) Regulations 2014 and Water Services Regulations 2013 were also amended to implement price increases approved by the state government, effective 1 July 2015.

The Rights in Water and Irrigation Regulations 2000 were amended to remove a historical licensing fee for taking water from the Stony Brook, Canning River, Serpentine River and Dandalup River.

## 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*
- *Native Title Act 1993 (Cth)*
- *Occupational Safety and Health Act 1984*
- *Public Interest Disclosure Act 2003*
- *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 2013-14 reporting year

While the Department of Water's outcome-based management framework did not change during 2014-15, approval was granted to introduce a new framework in 2015-16.

## Shared responsibility with other agencies

The Department of Water did not share any responsibilities with other agencies in 2014-15.

- 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



### Government goal

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

### Outcome 1

Sufficient<sup>1</sup> quality<sup>2</sup> water to support the needs of the community, environment and state development

### Key effectiveness indicators

- Proportion of water resource management areas that are planned appropriate to their water resource category [page 49](#)
- Proportion of water resources with licensed allocations that are within the allocation limit [page 49](#)
- Proportion of public water supplies covered by a drinking water source protection plan [page 49](#)



### Service 1

Urban water management and industry services [page 24](#)

### Key efficiency indicators

- Average cost per industry water services policy instrument [page 120](#)
- Average cost per drinking water source protection plan [page 121](#)
- Average cost drainage and water management plan and assessment [page 121](#)
- Average cost per square km of designated proclaimed water supply catchments where salinity and water resource recovery measures are implemented [page 122](#)



### Service 2

Water use allocation and optimisation [page 29](#)

### Key efficiency indicators

- Average cost per allocation plan completed<sup>3</sup> [page 123](#)
- Average time taken (days) to process a licence by water category grouping (Category 1, Category 2, Category 3 and Category 4) [page 124](#)
- Expenditure on water licence administration [page 125](#)
  - Average cost per water licence (all categories)
  - Total number of licences processed by category grouping (Category 1, Category 2, Category 3 and Category 4)



### Service 3

Catchment and waterways health [page 45](#)

### Key efficiency indicators

- Average cost per km squared of designated inland rural catchments where dryland salinity management measures are implemented [page 126](#)
- Average cost per waterway management plan developed [page 126](#)





# AGENCY PERFORMANCE

## REPORT ON OPERATIONS



Service 1

Urban water management and industry services  
page 24



Service 2

Water use allocation and optimisation  
page 29



Service 3

Catchment and waterways health  
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Actual results versus budget targets  
page 49



## SNAPSHOTS

Legislative reform	25	Water Online	42
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Water for Food	30	New strategic plan	129



*“The department is the custodian of Western Australia’s water resources and the primary advisor to the Western Australian Government on water services.”*



## Urban water management and industry services

### Service 1

This service ensures 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.

Population growth requires the development of new areas for urban, industrial and fresh food production, presenting greater water resource management challenges than previously experienced.

Perth and the south-west of Western Australia have experienced a changing climate trend. Rainfall in the south-west of Western Australia is now around 16 per cent below the long-term average. To date there has been up to a 50 per cent reduction in average run off into rivers and streams, and up to a 30 per cent reduction in recharge of aquifers – depending on the location.

The department is therefore looking at contemporary and innovative ways to develop new water sources.

Reliability of supply for all users is an important part of water management and ensuring the sustainability of water resources and their dependent environments is essential for the state's economy and community now and in the future.



*Murray and Serpentine rivers flowing into Peel inlet. South Yunderup*

### Strategic Assessment of the Perth and Peel Regions

As part of an across-government team, led by the Department of Premier and Cabinet, the department is contributing to the Strategic Assessment of the Perth and Peel Regions.

The project team provided water advice and information to help deliver an effective long-term strategic response to key environmental issues in the region – such as Pine harvesting and Carnaby's cockatoo populations, land developed on the Gnangara Mound – to contribute to the Commonwealth Impact Assessment for a population of 3.5 million people in the Perth-Peel region.

A State Impact Assessment is being done simultaneously to determine impacts from future development on factors such as public drinking water supplies and floodway management.



# Legislative reform

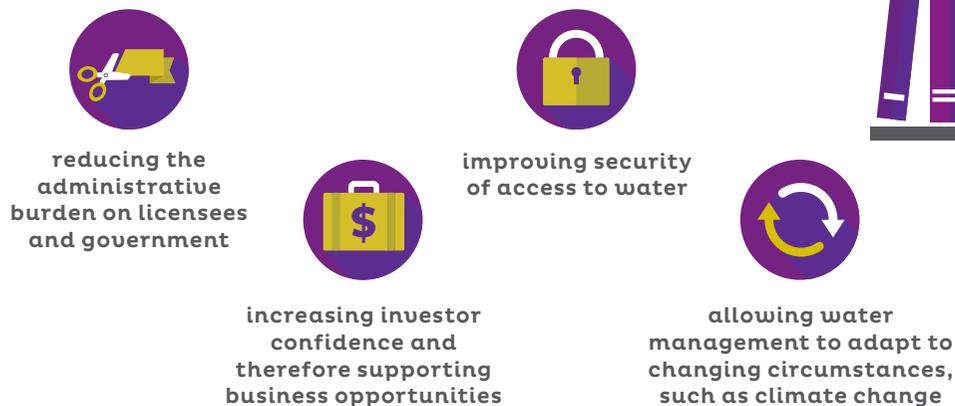
In March 2015, the government announced the drafting of a new Water Resources Management Bill. The associated reforms will deliver the single most significant change to Western Australia's water management and regulatory framework in more than 100 years and replace six existing Acts.

The need for these reforms has been driven by two significant issues – climate change reducing water availability, and population growth and an expanding economy increasing water demand.

The consolidation of the six existing Acts into one single Act will make the legislation easier to understand and administer.

Drafting of the Bill began early in 2015. The consolidation of the six existing Acts into one single Act will make the legislation easier to understand and administer.

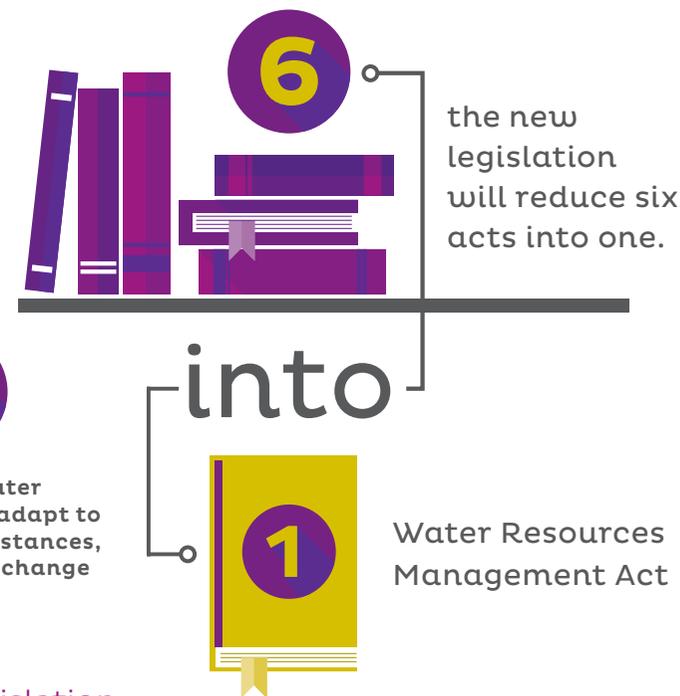
the new legislation will benefit water users by



The new legislation will provide a modernised legislative framework and a broader range of mechanisms for managing today's water challenges.

Drafting of the Bill follows a consultation period with major water users and advisory groups, and draws on the experiences of water reform initiatives in other states. This consultation will continue during the drafting process.

In 2012 laws governing water, sewerage, irrigation and drainage services were updated by the *Water Services Act 2012*. Introduction of the Water Resources Management Act will mean all Western Australia's water legislation will be covered by two modern Acts.



## Contemporary legislation

On 22 September 2014, it was 100 years since the *Rights in Water and Irrigation Act 1914* was passed into law by the Western Australian Parliament.

The Act remains the foundation from which water licensing and regulations are administered by the department. The legislation was developed at a time when water demand was low and water was relatively abundant. Although this legislation has served the state well, as conditions have changed, several major amendments have been made during the past 100 years.

By the 21st century, an ever-increasing population and issues such as climate change highlighted the need for a review of the Act to address the needs of modern-day water management issues.

The department is progressing these issues through its water reform program.

## Land use planning

Providing information and advice to inform land use planning decisions is one of the department's priorities.

Drawing on the success of the REFOCUS program, the department developed a five-year land use planning business plan to strengthen the way we collaborate with other agencies to deliver integrated land and water planning outcomes.

The plan is a major step towards ensuring the department continues to provide effective and timely advice to industry and other regulatory agencies on proposed developments.

In the first year of the plan, implementation will focus on systems improvements and better use of departmental expertise. It will filter proposals, streamline assessments using templates and standards for advice, and establish a new online portal for land use planning applications.

## Cooperative Research Centre for Water Sensitive Cities

In 2014-15, the department was actively involved in developing leading-edge science and water policy through its involvement with the Cooperative Research Centre for Water Sensitive Cities, which has a local research hub at the University of Western Australia.

The department is an essential participant and major funding partner, contributing \$150 000 each year and in-kind staff resources, data and information.

In collaboration with more than 80 research, industry and government partner organisations located across the globe, the department contributes to the Centre's goal to influence the way future water sensitive cities are created and built.

The department is involved in several projects, including research to improve our understanding and management of urban surface water and groundwater hydrology, as well as nutrient flow pathways in areas with shallow groundwater (a high priority to support urban development in low lying areas on the Swan Coastal Plain).



## Flood inquiries rise

The department's flood mapping for major rivers and watercourses throughout the state is used to advise planning agencies, local governments and developers, as well as the general community.

In 2014–15, the rise in insurance-related flood inquiries continued, with the second half of the year seeing a 40 per cent increase in the number of responses prepared by the floodplain management group.

Our mapping indicates the level of one in 100-year events, which is the level adopted for flood planning for Perth.

The mapping and datasets have also been made available to the Insurance Council of Australia, the peak body for national insurance companies.

## Stormwater management

Biofilters are excavated areas filled with porous filter material and planted with vegetation. Their primary purpose is to use the combination of filter material and plants to remove pollutants from stormwater runoff through physical, chemical and biological processes.

The use of biofilters in stormwater management has proven successful in treating water quality in urban stormwater runoff.

In November, the department launched our *Vegetation guidelines for stormwater biofilters in the south-west of Western Australia* during a two-day biofilter training workshop for about 80 stakeholders. The guidelines are a culmination of four years' research and collaboration with research organisations and industry to address a key knowledge gap that was hindering biofilter implementation.

## Waterwise Councils and Waterwise Golf

The Waterwise Councils program encourages better water use management and builds cooperative working relationships with local governments to improve water use efficiency in local governments and their communities.

The program was launched in 2009. One council (the Shire of Murray) was accredited as a Waterwise Council in 2014–15, bringing the total number of Waterwise Councils to 26.

The Waterwise Golf program started in 2012. Three golf courses (Royal Fremantle Golf Club, Mandurah Country Club and Gosnells Golf Club) were accredited in 2014–15, bringing the total to five Waterwise courses.



Stormwater project to green Forrestfield reserve





## SNAPSHOTS

## Award-winning agency

The department again demonstrated its technical expertise and commitment to excellence in 2014–15, winning a raft of state and national awards.

The department's Water Information Portal won the resources management category at the annual Australian Water Association WA awards, while Malcolm Robb, Manager of the department's Water Science branch, was named Water Professional of the Year.

The Water Information Portal was also successful in winning the 2014 Western Australian Spatial Excellence Award for Innovation and Commercialisation, as well as the Australian Business Award for Innovation.

The Public Parkland Planning and Design Guide won a national award from the Planning Institute of Australia in the Improving Planning Processes and Practices category and received the Award of Excellence in the Improving Planning Processes and Practices category at the Planning Institute of Australia WA awards.

The Osprey Village residential development in South Hedland, to which the department contributed an integrated water cycle management system, won the *Urban Development Institute of Australia's* Urban Water Excellence award.





## Water use allocation and optimisation

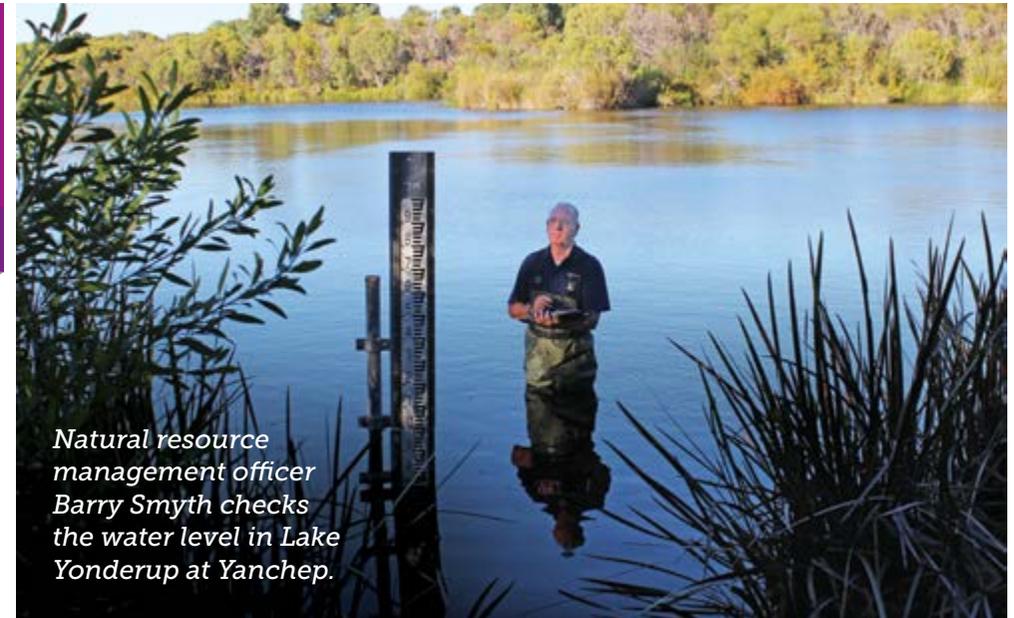
### Service 2

This service ensures 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.

More than 83 per cent of licensed water in Western Australia is used to support state development, including agriculture, mining and industry.

The need to provide more food for a growing national and international population represents a major opportunity for food producers, underpinned by sustainable water management. The continued prosperity of the sector is critical to the continued prosperity of the state.

Water is also essential for the green parks and recreation spaces that support the state's liveability.



*Natural resource management officer Barry Smyth checks the water level in Lake Yonderup at Yanchep.*

### Probing the Gngangara Mound

Nuclear magnetic resonance, a technique similar to the magnetic resonance imaging technology used in the medical profession, is being used to probe the shallow aquifers that interact with wetlands on the Gngangara Mound.

The probe is lowered into bores and uses magnetic pulses to sense the properties of the aquifer materials around the bore casing. The technique has been used to determine how shallow groundwater on the mound connects with deeper groundwater and enhances existing knowledge of the system.

Understanding the interaction between deep and shallow groundwater at these wetlands helps inform the setting of environmental water requirements and allocation of groundwater on the Gngangara Mound.



Health of the Gngangara Mound improves





# Water for Food



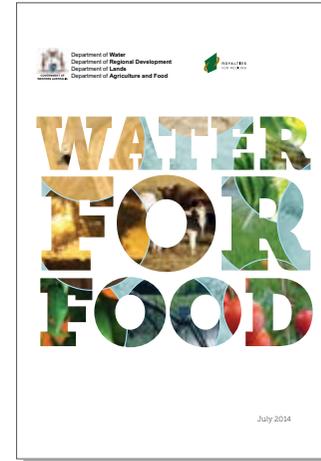
Water for Food was launched in July 2014 and is a four-year \$40 million Royalties for Regions funded program providing a boost to regional Western Australian communities through the development and diversification of the agriculture and food sectors.

The Water for Food program is part of the Seizing the Opportunity Agriculture initiative – the biggest single investment in the agricultural sector in the state’s history – which aims to ‘de-risk’ economic opportunities for the private sector to take up.

Led by the Department of Water, the primary objective of Water for Food is to identify water and land resources, as well as irrigation technologies, for enabling Western Australia’s fresh food and animal protein production to increase its contribution to regional economies by at least 50 per cent by 2025 and twofold by 2050.

Western Australia’s geographic location, climatic diversity and established freight transport corridors provide it with the opportunity to become a major high-quality food supplier for growing global markets.

The program directs investment into crucial areas of agriculture, including market development, science, infrastructure and maximising water for productive use.



Publications are available on the Water for Food website

[waterforfood.wa.gov.au](http://waterforfood.wa.gov.au)

Extending from the Kimberley in the state’s north through to the south-west, the program is at the core of the state’s strategic approach to increasing productivity in agriculture while building export supply chains and encouraging capital investment in regional industries.

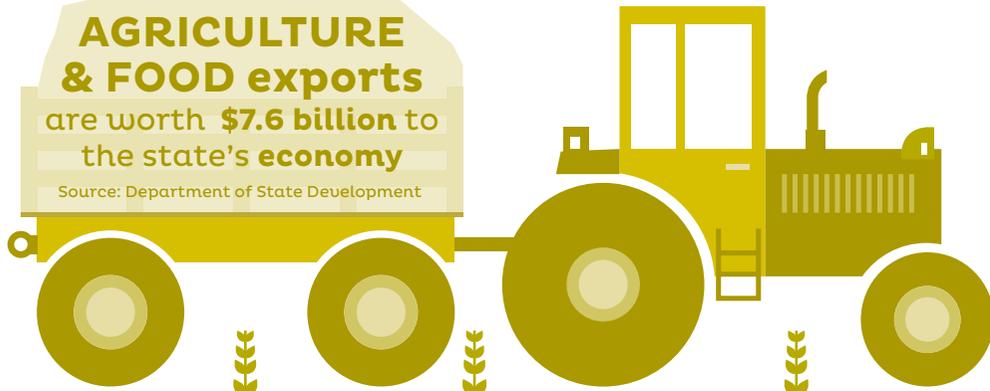


Watch the Water for Food video



**AGRICULTURE & FOOD exports** are worth **\$7.6 billion** to the state's economy

Source: Department of State Development



**\$40 million boost to the WA regions**



\* \$1.5 m is allocated for water information and \$3.6 m for land tenure

### West Kimberley launch

The first stage of Water for Food was launched near Derby, with three projects in the West Kimberley and a land tenure project announced on 28 July 2014.

The Mowanjum irrigation trial, a joint research and funding partnership between the state government and Mowanjum Aboriginal Corporation, is using local groundwater to irrigate a 38-hectare area for grazing and silage operations.

Following completion of the drilling program, Aboriginal employees from local companies (where possible) conducted site works including land clearing, road construction, installation of kangaroo-proof fencing and a centre pivot irrigator.

Serving as a demonstration model for other Aboriginal pastoral stations in the Kimberley, the project is also collaborating with local education providers and delivering training opportunities to equip young people for the wider employment market.

The trial has already brought a sense of renewal and excitement to the region.

A comprehensive water investigation in the Fitzroy Valley between Willare and Fitzroy Crossing focuses on several pastoral areas where operators have expressed a desire to expand operations and diversify into irrigation.

A primary focus is to confirm the groundwater potential of the Fitzroy Valley alluvium to support both irrigation expansion and potential start-ups at several Aboriginal and non-Aboriginal pastoral stations.

Critical to Water for Food and being led by the Department of Lands, the land tenure project will add value to pastoral leases and allow diversification into irrigated agriculture by improving land tenure options.



WA Government invests millions in water projects across the state



### Identifying precincts for irrigated horticulture

In February 2015, the second stage of Water for Food was launched and work began on an additional seven projects across the Gascoyne, Mid West, Wheatbelt and South West regions.

In the Mid West and the Wheatbelt regions, the Midlands project aims to identify one or more precincts of up to 3000 hectares suitable for intensive irrigated horticulture north of the Gingin irrigation district, encompassing the Moora, Badgingarra and Dongara areas.

The establishment of a community reference group during 2014–15 has been integral to defining the selection criteria for the precincts, and a community workshop held in Jurien also provided the opportunity for industry, farmers, scientific experts and community members to have further input.

In the South West, the Myalup-Wellington project will investigate and define new water resource options and land availability – in collaboration with local stakeholders – to support expansion of both the Myalup Irrigated Agricultural Precinct and the Collie River Irrigation District.

The project will also explore downstream salinity treatment of water from the Wellington Dam for use in irrigated agriculture and industry, decreasing the reliance on existing groundwater supplies.

A Ministerial Steering Group was established to provide leadership for the project, along with a technical advisory group for independent assessment and specialist advice as required.

### Investigating new water resource options

Following its launch in Manjimup in April 2015, the Southern Forests project established a steering group comprising relevant local government authorities and development commissions, government agencies and industry and grower body representatives.

The project aims to increase local water supplies by 12 gigalitres a year of sustainable irrigation water to meet the Warren-Donnelly irrigation district’s expansion plans.

The project is also assessing the viability of new community dams of up to two gigalitres each to harvest and store water in high rainfall years and provide a reticulated system to multiple properties.

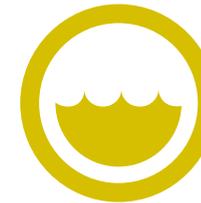
The Middle Gascoyne water investigation project is defining the scale and quality of the alluvial aquifers between Rocky Pool and the Kennedy Ranges upstream of the Carnarvon horticultural district.

join in the conversation



### Our primary objective

Integrating



Water resources



Land resources



irrigation technologies



Increase WA’s fresh food and animal protein production



### Creating online hydrogeological data

The Water Information Conversion project, is digitally capturing wide-ranging hard copy hydrogeological information from priority irrigation areas and making these available online for private sector investors and growers.

With all Water for Food projects now well underway, work in 2014–15 laid the groundwork for economic development through matching sustainable water with suitable soil, agri-science and innovative ideas to provide opportunities for business, communities and individuals across Western Australia.

# WATER FOR FOOD

## FEATURE

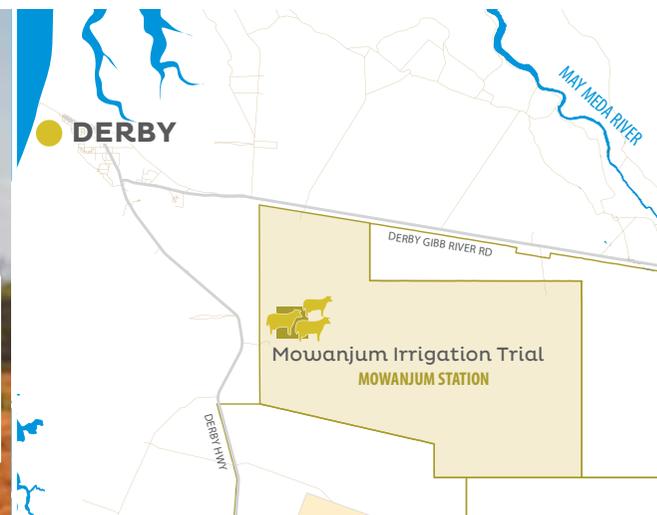
### The Mowanjum irrigation trial



*Donny Woolagoodja with the centre pivot irrigator installed*

Derby

Perth



The Kimberley has a strong cultural heritage that defines the region. Aboriginal people make up nearly half the current Kimberley population and there are 29 Aboriginal-owned pastoral stations in the region.

The four-year Mowanjum irrigation trial is a joint research and funding partnership between the state government and Mowanjum Aboriginal Corporation, a community of 350 people located on the outskirts of Derby.

Mowanjum's 55 000-hectare pastoral lease contains large tracts of prime grazing land on the doorstep of Derby, yet it requires a dry-season feeding capability to realise the corporation's aspiration of reaching its initial target of 10 000 to 15 000 head of cattle.



**10 000 to 15 000**

head of cattle for economic growth and benefit to the community

Together with the corporation, the department established an initial 38-hectare centre pivot irrigation area using local groundwater for grazing and silage operations. Additional pivots will be installed as Mowanjum's productivity increases.

As well as increasing numbers of its own branded cattle, the project will allow the Mowanjum community to run stock from nearby stations, which would otherwise be isolated from markets during the wet season.

So that this model can be replicated throughout the region, the trial is serving as a demonstration model for many of the other 28 Aboriginal pastoral stations in the Kimberley.

Most importantly, the intensive grazing operation fostered through the Mowanjum irrigation trial will provide sustainable economic growth and employment opportunities for both Mowanjum and Derby residents.

Local education providers are supporting the project by ensuring it includes relevant training and meaningful work opportunities, preparing participants to be employable in the pastoral and irrigation industries.



Read more about the Mowanjum irrigation trial



## Water for the Pilbara

The department's Royalties for Regions funded investigation into massive underground reservoirs in the West Canning Basin north-east of Port Hedland will support the ambitious plans for regional growth in the Pilbara.

The West Canning Basin is part of the Canning Basin, one of the biggest artesian basins in Australia. The new information about this resource will provide certainty about developing the next water supplies for growth of the East Pilbara and Port Hedland, including the port itself.

The area being studied is thought to be capable of sustainably supplying 100 gigalitres a year. This water is needed to support expansion in agriculture, mining and industry and to sustain Pilbara towns.

A second departmental water desktop assessment has identified a potential 30-gigalitre-a-year resource in the Hamersley Ranges. This has the potential to stimulate new ventures and investment in the West Pilbara, and provide water to support continued mining and residential growth.

## Airborne surveys

A hi-tech aerial survey has provided never-before-seen images of the underground water resources across a 52 000 km<sup>2</sup> area of the East Murchison.

The airborne electromagnetic survey, funded by Royalties for Regions, mapped palaeochannels (ancient riverbeds) and has provided information about the location, quantity and quality of water resources, as well as the make-up of the region's aquifers and groundwater-dependent ecosystems.

The area surveyed was modified slightly to avoid the Murchison Radio-astronomy Observatory exclusion area. Data will be assessed through a research partnership with the CSIRO and used to inform water licensing decisions. The information will also be used to further investigate and assess new water sources for the agricultural and mining industries.

On the South Coast, the results of an airborne survey undertaken in 2013 guided groundwater investigations conducted 2014–15.

### *East Murchison airborne electromagnetic survey*



The survey's identification of aquifer systems within the region has enabled the project team to identify the best locations for drilling.

Work near the Albany town supply borefield has identified potential locations for accessing fresh groundwater for town supplies that have a low risk of saltwater intrusion.

Similar work in the Albany hinterland has identified palaeochannels with good supplies of marginal quality water that may be suitable for use by local industry and agriculture as a fit-for-purpose source.



Watch our ground-breaking investigations in the West Canning Basin



## Ecological investigations in the Kimberley

Exhaustive and intensive ecological investigations undertaken in conjunction with drilling and water sampling at 15 sites across the Dampier Peninsula has consolidated knowledge of water resources to support sensitive water management of the Kimberley.

This investigation of the area's groundwater-dependent ecosystems means any development can be kept clear of sensitive ecosystems and areas of groundwater and seawater interface.

Therefore information from the studies will not only support appropriate development but also ensure that environmental, cultural, heritage and community interests are protected.

## Groundwater investigations in the Dampier Peninsula

The department's work to manage water includes groundwater investigations where native title may apply. These investigations can involve on-ground works (such as drilling and installing monitoring bores), sampling and monitoring of groundwater and sometimes surface water. Many projects also include ecosystem assessments. The department understands this work may affect land and water that is significant to Aboriginal people.

So when it came to the Dampier Peninsula groundwater investigation, Traditional Owner rangers were included wherever possible, with valuable input being gained including the sharing of local knowledge and hands-on assistance in the field. A memorandum of understanding was formed between the department and the Goolarabooloo people, acknowledging the shared desire to see the groundwater resources managed effectively and affirming that both parties had knowledge to contribute.



*Albert Wiggin, a member of the Goolarabooloo people, is passionate about his work as a Nyul Nyul ranger on the Dampier Peninsula in partnership with the department.*

The memorandum of understanding recognised the long-standing and ongoing association of the Goolarabooloo people with the water, which is intrinsically linked to their spiritual beliefs and cultural practices and hence their obligations to look after Country. With this perpetual interest in the project area's land and water, the Goolarabooloo people were perfectly placed to advise the project team, as well as carry out work on Country.

The agreement set out the engagement process, including timeframes, rates of pay, communications, and personnel to be involved.

The Goolarabooloo shared their traditional ecological knowledge to help identify potential groundwater-dependent ecosystems. They also shared their knowledge of pre-existing bores.

The sharing of this local knowledge helped define the investigation sites, and doubled the monitoring network in this area.

## Water supply strategies

A major focus for the department is to develop water supply strategies to ensure towns and developments have enough water in the future.

In 2014–15 two new water supply strategies were launched.

### Great Southern regional water supply strategy

The *Great Southern regional water supply strategy* provides a blueprint to meet a forecast water use increase of 75 per cent, or more than 20 billion litres a year, by 2043. The strategy is built around three key themes: sustainable development of groundwater, more water efficiency and recycling, and planning ahead for new sources to support growth of the region’s major towns.

The strategy, launched in Albany in late 2014, sets out the demand estimates and the water supply options for the Great Southern region’s town, mining, industrial and agricultural water needs for the next 30 years.

The increase in water demand is expected to be driven by population growth in Albany, Denmark and Katanning and the expansion of industry and irrigated agriculture. The strategy will be used for the region’s long-term development.

The department and the Water Corporation are conducting drilling investigations to support town, industry and agricultural growth in and around Albany.

### Mid West regional water supply strategy

The *Mid West regional water supply strategy* released in April 2015 outlines the water demands of mining, industry, agriculture and towns in the region and the water supply options to meet these into the future. Water use in the Mid West is projected to double in the next 30 years, from 75 gigalitres a year to more than 180 gigalitres a year.

The strategy acknowledges the large volumes of good quality groundwater still available in the region, but also identifies targeted groundwater investigations in the East Murchison to map new water sources for mining and rangeland development.

Irrigated agriculture is highlighted in the strategy as a major part of the region’s future growth that will be supported by the Water for Food Midlands groundwater and land assessment project.

The strategy shows that water supplies for the region’s major towns, including those serviced by the Geraldton regional water supply scheme, are secure in the short to medium-term.



▲  
2013  
31 GL/yr

**water demand in the Great Southern will increase 75%**



▲  
2013  
75 GL/yr

**water demand in the Mid West will increase 140%**

## Carnarvon Ministerial Advisory Committee

The Carnarvon Ministerial Committee was established in October 2013 by the Ministers for Water and Agriculture and Food. The committee's initial role was to advise government on ensuring irrigation supply after an extended period of low-river-flow conditions since 2010. Management of water availability by the Department of Water, management of infrastructure by the Gascoyne Water Cooperative and the Water Corporation and management of water demand by growers, along with some minor river flows in early 2014, enabled irrigation to continue over the 2013–14 and 2014–15 summers at near-normal volumes for agricultural production.

The committee was chaired by National Water Commissioner, Dr Des Lord, with representation from the Department of Water, Department of Agriculture and Food WA, Department of Regional Development, Water Corporation, Gascoyne Water Asset Mutual Cooperative, Carnarvon Water Allocation Advisory Committee, Gascoyne Water Cooperative, Gascoyne Development Commission and the Shire of Carnarvon.

In September 2014, the committee advised government that it was appropriate to undertake additional strategic planning to provide suitable infrastructure, enhance governance and operation of the irrigation systems and review pricing for the horticulture industry.

The Carnarvon Ministerial Advisory Committee was charged with providing advice to government to aid in the 'resolution of key issues to progress the Carnarvon agricultural sector over the next five years'. The committee recently completed its final report and made recommendations on steps to be taken to underpin a vigorous and sustainable Carnarvon horticulture industry area for the future.

The department supported the committee via administrative services, technical expertise and project management resources.



## Gingin water allocation plan

One of the challenges in developing the *Gingin groundwater allocation plan* was how to meet the needs and aspirations for water at a time when the region is experiencing a significant reduction in rainfall.

The plan spans five shires north of Gingin Brook and includes the towns of Bindoon, Chittering, Gingin, Lancelin, Seabird, Dandaragan and Moora.

The region is an important horticultural area and is well-positioned for access to the Perth market.

Through careful consultation with local stakeholders, the plan took

into account concerns about the impact of the changing climate and groundwater use on valued rivers such as Gingin Brook, and the reliability of current and future allocations in the face of growth and climate challenges.

The plan sets out new allocation limits and licensing rules based on information from surface and groundwater studies, rainfall data and trends in groundwater levels.

In addition the plan considers local land uses, water management options and current and future water demands.

The plan allows for some water to be set aside for local town water supply needs and to support future growth in Perth's scheme supply needs.

## Rural Water Planning and Community Water Supply Program

The Rural Water Planning program targets the state's dryland agricultural regions which receive less than 600 millimetres of annual rainfall. Those without access to a reticulated water service are given priority as these areas are the most vulnerable to serious water deficiencies.

The program increases self-sufficiency and optimises the efficient use of all available non-potable water supplies by improved water resource planning and the provision of rebates and grants to develop both on- and off-farm water supplies.

In 2014-15, the program funded:

- Farm Water Rebate Scheme payments of \$909 433
- Farm Water Supply Planning Scheme payments of \$41 169
- Pastoral Water Grants of \$85 000
- Community Water Supply projects payments of \$418 829

Area	Community Water Supply Program grant*	Result
Coorow	\$88 500	The Shire now harvests stormwater from the roof of the Leeman Recreational Centre and run off from the surrounding car park and street areas. Installation of two 250 kL tanks will optimise storage and reduce scheme water use to irrigate the sporting ovals and town scapes. Water will also be made available for emergency farm supplies and fire fighting purposes.
Kent	\$98 866	Funding assisted the shire to develop a waste water reuse project to harvest non-potable water from the town of Nyabing's tertiary waste water treatment plant to irrigate sporting ovals. The town significantly reduce reliance on scheme water use for non-potable purposes.
Wyalkatchem	\$50 350	The catchment of the 16 000 kL capacity White dam has been refurbished to improve harvesting efficiency. Water from the dam is pumped into Wyalkatchem's town storage dams and distributed to two new 100 kL and 175 kL storage tanks. Harvested water will provide an extra 14 000-16 000 kL of non-potable water to irrigate the townscapes, provide emergency farm and fire fighting water.
Lake Grace	\$49 958	The Shire has expanded its emergency water source options for farmers in the Lake King area. Harvested water from an unused Water Corporation dam is piped to a 50 kL tank fitted with a swipe card system to help manage and monitor water usage. It will significantly reduce the distance farmers need to travel to access emergency supplies and contribute to sustainable emergency water supplies into the future.
Trayning	\$31 000	Funding assisted Trayning to develop a non-potable water supply for emergency farm water and irrigation purposes. Two 200 kL tanks have been installed and receive water from the nearby Cooperative Bulk Handling 3000 kL dam. A 3000 kL silt trap dam that receives water from the surrounding catchment has also been refurbished and will provide an additional non-potable water supply in time of need.

\* Five Community Water Supply projects were fully completed in 2014-15 and are summarised in the table. Payments were made during the 2014-15 financial year.



Wyalkatchem's boost to community water supplies





In 2015-16, 11 shires across the Mid West, Wheatbelt and Great Southern regions will benefit from Community Water Supply grants totalling \$888 097, with funding approved in 2014-15. This funding will improve their emergency water sources, help them drought-proof their communities and save scheme water. These emergency water sources will provide an important supply of water for emergency stock watering, fire-fighting and irrigated townscapes and ovals.

The shires of Beverley, Coorow, Goomalling, Jerramungup, Kulin, Lake Grace, Merredin, Mount Marshall, Plantagenet, Wagin and Woodanilling will use the funds for a variety of projects including development of stormwater harvesting systems, upgrading of existing stormwater harvesting facilities, dam enlargement and catchment improvements, as well as installation of pipes and storage tanks.

## Protecting drinking water

The department regularly reviews drinking water source protection plans to ensure current information is available for land use planning and development agencies across the state. The plans consider new, or changing, water quality contamination risks and how to deal with them. They help deliver reliable, safe, good quality and lower-cost drinking water for consumers.

This year the department updated 10 plans, nine of which were for country drinking water sources. The remaining plan was for the Gngara groundwater protection area, which the Western Australian Planning Commission will use to support development decisions as part of the Strategic Assessment of the Perth and Peel Regions.

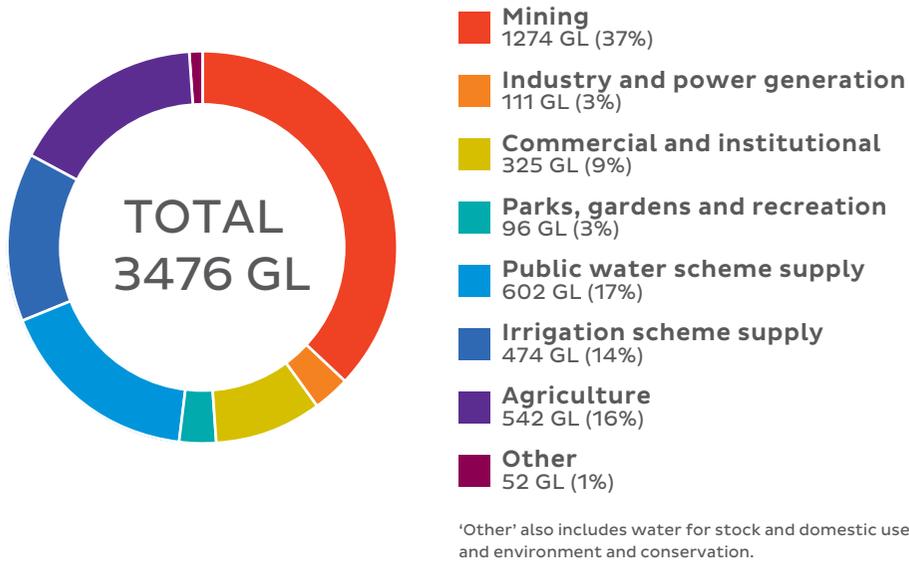
The department has the ongoing task of implementing 127 existing drinking water source protection plans, including the proclamation and abolition of public drinking water source protection areas, responding to development applications and mining or petroleum proposals within public drinking water source areas, and providing best management guidelines and advice for land use and transient activities within these areas.



Find out more about the department's rural assistance programs



Total combined licensed volumes by industry sector\*



Groundwater use

2464 GL (70%)

Surface water use

1012 GL (30%)

Regulating for the sustainable productive use of water

Western Australia's growth and development depends on secure and sustainable water supplies. The department licenses water to private self-supply water users for mining, agriculture, horticulture, public parks, recreation spaces and other purposes that benefit the business and the community.

More than 83 per cent of the state's licensed water supports industry and development while about 17 per cent is used in homes. Mining and agriculture are the biggest consumers, enabling growth and development for the economy and the community.

\* These figures are a snapshot of the water licensing system as of 30 June 2015.

Five year comparison



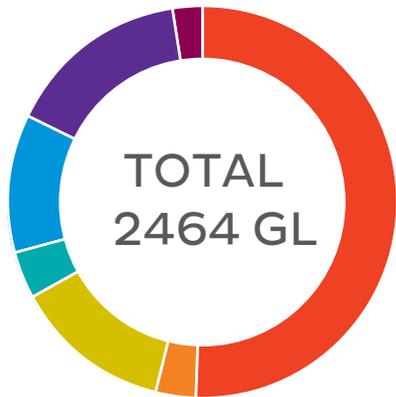
**▲ 27% sustainable increase**  
in water supplied to stakeholders since 2010-11

At present the department administers 12 735 licences and permits across the state. These cover 770 groundwater and 290 surface water resources.

In 2014-15 a total of 3476 GL was licensed. This comprised 2464 GL from groundwater resources and 1012 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 87 private water entitlement trades between licensed water users occurred during the year, comprising 52 permanent trades and 35 temporary trades.

Total groundwater licensed volumes by industry sector



- **Mining**  
1249 GL (51%)
- **Industry and power generation**  
80 GL (3%)
- **Commercial and institutional**  
324 GL (13%)
- **Parks, gardens and recreation**  
95 GL (4%)
- **Public water scheme supply**  
280 GL (11%)
- **Agriculture**  
378 GL (15%)
- **Other**  
58 GL (3%)

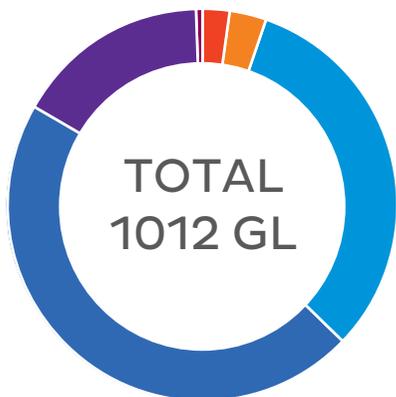
'Other' also includes water for irrigation scheme supply, stock and domestic, and environment and conservation.

Five year comparison



▲ **39% sustainable increase**  
in water supplied to stakeholders since 2010-11

Total surface water licensed volumes by industry sector



- **Mining**  
25 GL (2%)
- **Industry and power generation**  
31 GL (3%)
- **Public water scheme supply**  
322 GL (32%)
- **Irrigation scheme supply**  
466 GL (46%)
- **Agriculture**  
164 GL (16%)
- **Other**  
4 GL (less than 1%)

'Other' also includes water for commercial and institutional, parks, gardens and recreational, and stock and domestic.

Five year comparison



▲ **7% increase**  
between 2013-14 and 2014-15 water supplied to stakeholders was due to water assigned to support the expansion of the Ord Irrigation District in the Kimberley region

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



SNAPSHOTS

# Water Online

The department's new Water Online customer portal, which was developed in 2014-15 and will be online by early 2015-16, will revolutionise the way customers interact with the department.

When fully operational, the \$13.6 million project will deliver an e-business portal that will allow existing and prospective licensees to lodge licence and permit applications online, and provide meter readings and abstraction data electronically.

Users will also be able to lodge land use planning referrals online.

During 2014-15 the department also developed a new corporate website which went live on 30 June 2015.

The new website and portal are part of the four-year Water Online program to consolidate and refresh key information technology systems across the department, providing a powerful new platform for contemporary water management.



save time with **Water Online!**



Apply for a new water licence or permit

Apply to amend, renew or transfer an existing water licence

Submit meter readings in accordance with a water licence

Manage your account details



Visit the Water Online licensing portal



## Water Information Reporting portal

The department's Water Information Reporting portal (WiR), has been operating successfully for the past year and a half. The portal, developed with Royalties for Regions funding is an automated reporting tool that provides reliable, customised water information quickly and easily.

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

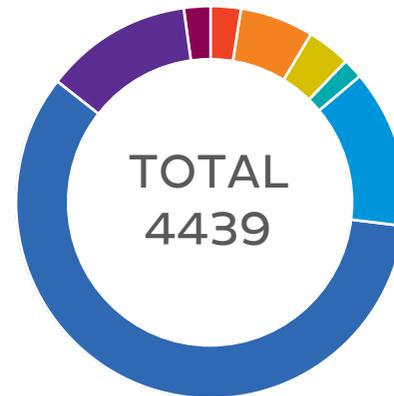
Before the portal was introduced, users of the water information provision service had wait times of up to three months for turnaround on requests during peak demand times.

Since launching, the Water Information Reporting portal has slashed waiting times to under a minute, and more than doubled the amount of requests serviced for information and assessments, giving 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 120 000 water monitoring sites and an additional 74 million new measurements each year.

## Data requests

### By sector



- **Mining and exploration**  
112 (2%)
- **State Government**  
271 (6%)
- **Public**  
163 (4%)
- **Commonwealth Government**  
76 (2%)
- **Department of Water**  
582 (13%)
- **Consultant**  
2600 (59%)
- **Education and research**  
540 (12%)
- **Other**  
95 (2%)

### Five year comparison

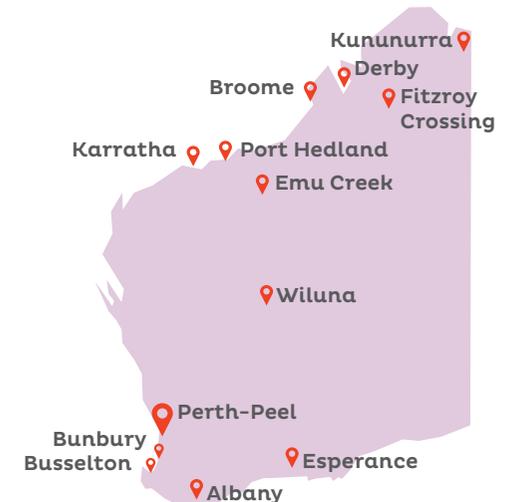
2010-11	2803
2011-12	2086
2012-13	3326
2013-14	3468
2014-15	4439

**▲ 37% increase**  
in water data requests  
supplied to stakeholders  
since 2010-11

### 📍 Data request hotspots



The Water Information Reporting portal has slashed response times from three months to under a minute



## REFOCUS

Now in its third 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 success of the REFOCUS project, designed to change the way the department delivers its services, has exceeded expectations.

Highlights during 2014–15 were the decrease in average time taken to process a water licence application compared with the previous year and the continued achievement of a high rate of applications assessed within the department’s timeframes. Another key achievement is the establishment of a business support unit dedicated to customer support for online services. Online services are due to rollout in early 2015–16.

Due to the program’s success for water licensing, the department incorporated its land use planning services into the program, with initiatives to be delivered between 2015 and 2020.

## Compliance and enforcement

The department continues to implement compliance and enforcement activities aligned with the National Framework for Compliance and Enforcement Systems for Water Resource Management.

A new regional compliance and enforcement unit has been established to ensure effective and efficient use of compliance and enforcement resources across the state.

The department continues to build its capacity in compliance and enforcement and in 2014–15 relevant staff completed a formal compliance and enforcement training program. This program is applicable for some 29 on-ground compliance and licensing officers statewide.

A compliance and enforcement data reporting framework has been established to ensure consistency and transparency of data provided on the department’s compliance and enforcement activities. This is complemented by improved reporting capabilities achieved under the Water Online program.

## The department’s response to non-compliance

	2014-15	2013-14	2012-13
Total water licence compliance checks	2547	2295	1324
Total incidents of suspected non-compliance identified	504	544	771
Total incidents of suspected non-compliance resolved	754	390	582
Total education letter	122	83	106
Total licence amendment	12	13	23
Total warning notice	116	106	140
Total infringement notice	37	15	25
Total direction notice	31	8	19
Total prosecution	0	2	3



## Catchment and waterways health

### Service 3

This service protects the state's waterways and catchments through river management and recovery programs. It also contributes to the management and restoration of the state's waterways to meet community aspirations and needs, and implements plans for salinity recovery catchments.

Perth consumes more than 430 billion litres of water a year from groundwater which, beyond its importance to scheme supplies and the economy, is used to support wetlands and irrigation of public open spaces.

Managing the use of this water sustainably requires in-depth knowledge of the aquifer systems and the department uses its leading-edge science to inform multi-agency approaches to maintain healthy rivers, estuaries and catchments.

The department builds water management capacity through strategic partnerships and licenses the surface and groundwater used in cities and towns, water to grow food, and water used by mining and industry for state development.

The department provides expert advice on productive, efficient and sustainable water management to government, developers, service providers and users, underpinned by internationally recognised science.



*Seahorse found in seagrass monitoring site in Freshwater Bay Swan-Canning estuary*

### Seagrass indicators of estuary health

The department worked with the Swan River Trust in 2014 to develop overall indicators of seagrass condition and a simple framework for reporting.

Seagrasses are a critical component in estuarine ecosystems, valued for their role in increasing biodiversity and providing a habitat and food source for water birds. Seagrasses also remove harmful nutrients from the water, oxygenate the sediment and water during photosynthesis, and improve water clarity through reduced sediment re-suspension. Seagrass success in estuaries is an important component of effective estuary management.

In 2014-15, the project assessed seagrass composition, extent and distribution at six sites in the Swan-Canning estuary and developed a suite of indicators to report on the key pressures influencing seagrass growth, including nutrient levels, light stress and sediment stress.



Take a closer look at seagrasses in the Swan River





# Vasse Taskforce



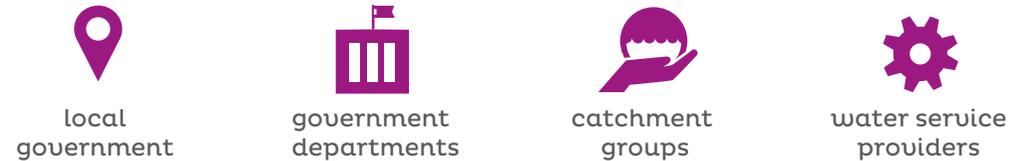
The Vasse Taskforce

An action plan to improve the health of the Vasse-Wonnerup estuary and manage water assets in the Geographe catchment was formalised in October 2014, with a Ministerial taskforce being set up to enact 14 recommendations from an independent review.

The Vasse Taskforce – which includes government departments, local government authorities, water service providers and catchment groups and is chaired by the Minister for Water – met on two occasions in November 2014 and March 2015.

Key initiatives have been to appoint interim water asset managers for the Geographe catchment, develop a three-year action plan, and prepare a business case to fund the action plan through the Royalties for Regions program.

The **Vasse Taskforce** is chaired by the **Minister for Water** and works with



in **collaboration** with the **community** to



Priorities this year have focused on a \$500 000 feasibility study of the Geographe catchment drainage network to determine if rivers can be redirected into wetlands and nutrient pressure on Toby's Inlet can be eased.

The department has also provided \$200 000 in funding to the Geographe Catchment Council to coordinate the community consultation and communications associated with the Vasse Geographe Strategy.

Runoff and effluent from more than 40 dairy farms in the Geographe catchment have contributed to high levels of nitrogen and phosphorus

nutrients in local waterways. In conjunction with the dairy industry and the Geographe Catchment Council, the department initiated a nutrient management program on six dairy farms in the catchment, and began a review of dairy effluent systems to benchmark appropriate upgrades for effluent systems.

The projects are a vital component in reducing nutrient loads in the catchment and improving the waterways.

The taskforce will collectively agree on the timing and responsibilities for enacting the remaining recommendations of the review.

## Artificial oxygenation effectiveness in the Swan-Canning estuary

Many urban waterways experience stress due to low oxygen levels in waters, including the Swan-Canning estuary.

In partnership with the Swan River Trust, the department has been using artificial oxygenation as a remediation strategy for poor water quality in the upper reaches of the Canning River and upper Swan River. Currently there are two oxygenation plants on the Swan and three plants on the Canning rivers.

The oxygenation plants pump oxygen-depleted water from near the riverbed to supersaturate it with oxygen, and return the newly oxygenated water to the bottom of the estuary. This can be a means of improving the health of waterways, but given the dynamic nature of estuarine environments, it has been difficult to definitively assess effectiveness in the past.

Using substantial amounts of data collected by the Department of Water and Swan River Trust, researchers at the University of Western Australia have built coupled estuarine models for the oxygenated zones in the Swan and Canning rivers.

Model simulations using the data showed that the oxygenation plants in the upper Swan improved oxygen conditions in 39–92 per cent of the target oxygenation zone (a stretch of river approximately seven kilometres long).

The strength of modelling approach scenarios can be tested variously, for example, with the oxygenation plants either turned on or off under exactly the same environmental conditions. This allows the influence of oxygenation to be directly calculated. The model simulations confirm benefits indicated by the department and the Swan River Trust's monitoring data.



## Catchment nutrient reports

Catchment nutrient reports provide a summary of monitoring data collected in the Swan-Canning, Peel-Harvey and lower Blackwood catchments. These reports focus on the concentrations and loads of nutrients leaving the catchments and entering the receiving environments (generally estuaries). The reports are produced every five years with annual updates where appropriate.

The Blackwood River is one of the most iconic waterways in Western Australia and has been recognised, along with its tributaries, as a high value aquatic ecosystem.

In March, the Blackwood and its five tributaries were given a positive health assessment, with a study by the department's river scientists recognising its high-level river science capability and sound management of the resource.

The study found the tributaries supported rich biodiversity and provided an important refuge for native species during hot, dry weather. The study will help us make water use and planning decisions and provides up-to-date information on water quality and ecosystems.

Other nutrient reports were prepared for sub-catchments of the Swan-Canning (27 sub-catchment reports) and sub-catchments of the Swan-Canning River system and Peel-Harvey (13 subcatchment reports).



Study gives Blackwood River tick of health



## Improving land planning

In response to land planning pressures in areas where there are water constraints, such as seasonal water logging and flooding, the department develops drainage and water management plans to facilitate development of water sensitive communities in challenging areas. The plans are supported by technical studies, including flood modelling, groundwater modelling and scenario planning.

In 2014-15, the department finalised flood and drainage technical studies for North East Baldivis and Birrega-Oaklands, both in the Lower Serpentine area, and will be publishing reports on these studies in the next financial year.

## An integrated approach

The department has played an instrumental role in cultivating an integrated approach to Geraldton's water issues, the results of which are reflected in the city's updated Water Planning and Management Strategy.

Working closely with the City of Greater Geraldton and the Water Corporation, the department guided a strategy that taps into the pioneering research of the Cooperative Research Centre for Water Sensitive Cities, and adapts those findings into policies and technologies that are appropriate for the Mid West region.

The strategy forms a solid foundation for future policy development and encourages water sensitive urban design principles in the decision-making process.

The department will provide guidance and technical expertise as the strategy's recommendations are rolled out.

## Waterways management advice

The department continued to support decision-making agencies to protect and manage waterways in land planning and development by advising on foreshore areas and urban water management. The department also provides engineering and technical advice for development proposals that affect waterways.

Advice about waterways is incorporated in policy and guidance documents developed by the department and other agencies. Key examples include:

- revision of internal *Land use planning manual Schedule 2.4 Waterways* to provide a comprehensive resource about waterways management for land use planning officers
- working with the Department of Mines and Petroleum to refine the administrative process for referrals of mineral exploration and mining proposals that impact on waterways
- working with the Department of Mines and Petroleum to prepare environmental guidance about sand mining in waterways
- advice about considering waterways in the draft Statewide Surface Water Licensing Principles.



# Actual results versus budget targets

## Service areas – summary of audited key performance indicators

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

### Effectiveness indicators for 2014–15

#### Performance indicator



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



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



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

<b>ACTUAL</b>	87%
<b>TARGET</b>	87%
<b>VARIANCE</b>	0%

<b>ACTUAL</b>	79%
<b>TARGET</b>	85%
<b>VARIANCE</b>	(6)%

<b>ACTUAL</b>	100%
<b>TARGET</b>	100%
<b>VARIANCE</b>	0%



## Urban water management and industry services

### Service 1 Efficiency indicators

Performance indicator	Target (\$) 2014-15*	Actual (\$) 2014-15	Variance (\$)
Average cost per industry water services policy instrument	42 806	19 117	-23 689
Average cost per drinking water source protection plan	410 033	338 872	-71 161
Average cost per drainage and water management plan and assessment	4959	6199	1240
Average cost per square kilometre of designated proclaimed water supply catchments where salinity and water resource recovery measures are implemented	31	35	4

\* As specified in the budget statements.



## Water use allocation and optimisation

### Service 2 Efficiency indicators

Performance indicator	Target 2014-15*	Actual 2014-15	Variance
Average cost per allocation plan completed (\$)	1 542 312	1 991 394	449 082
Average time taken (days) to process a licence by water category grouping			
Category 1 (C1), 0 to 30% allocated	40	34	-6
Category 2 (C2), >30 to 70% allocated	40	32	-8
Category 3 (C3), >70 to 100% allocated	50	34	-16
Category 4 (C4), 100% allocated	60	32	-28
Expenditure on water licence administration			
Average cost per water licence (all categories) (\$)	2700	2413	-287
Total number of licences processed by category grouping			
Category 1 (C1), 0 to 30% allocated	800	728	-72
Category 2 (C2), >30 to 70% allocated	1500	1385	-115
Category 3 (C3), >70 to 100% allocated	3500	3755	255
Category 4 (C4), 100% allocated	4500	4264	-236

\* As specified in the budget statements.



## Catchment and waterways health

### Service 3 Efficiency indicators

Performance indicator	Target (\$) 2014-15*	Actual (\$) 2014-15	Variance (\$)
Average cost per square kilometre of designated inland rural catchments where dryland salinity management measures are implemented	0	0	0
Average cost per waterway management plan developed	764 096	1 031 858	267 762

\* As specified in the budget statements.



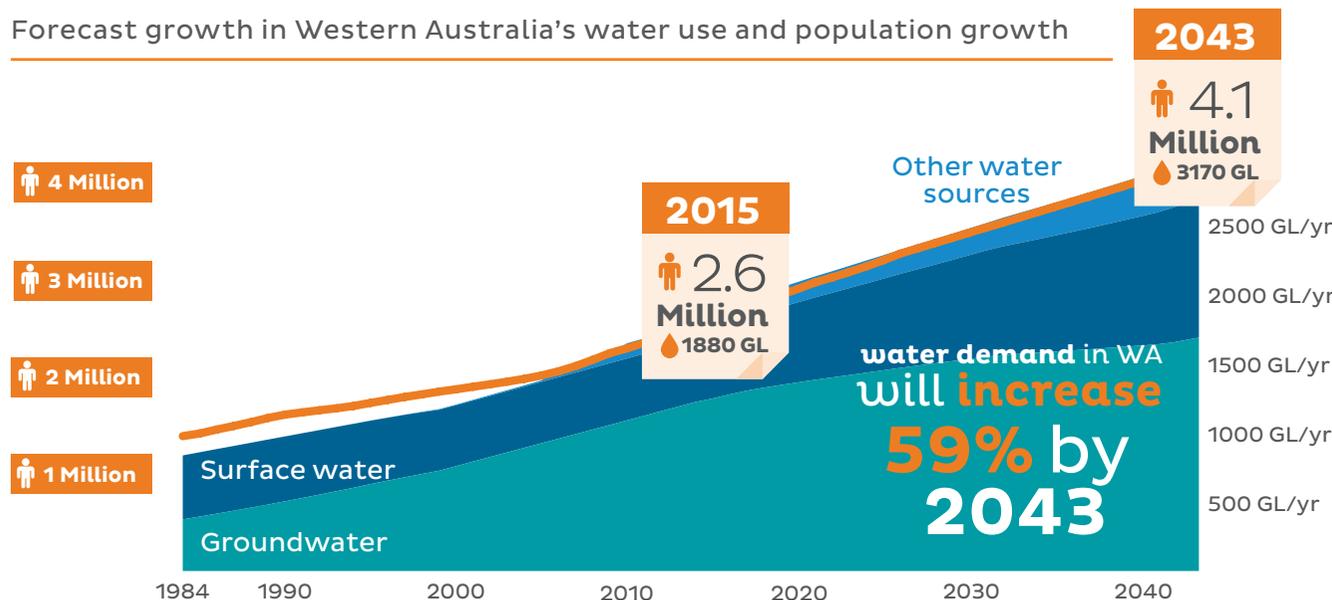
# SIGNIFICANT ISSUES IMPACTING THE AGENCY

To address Western Australia’s climatic variability, particularly the drying climatic trend in the state’s south-west, the department is using innovative climate, groundwater and surface water modelling and assessments.

The department supports Western Australia’s community, economy and environment by managing the state’s water resources sustainably while recognising the challenges presented by a changing climate and continuing growth.



Forecast growth in Western Australia’s water use and population growth



*“ We continued to plan for and manage the impacts of some of Western Australia’s biggest challenges, such as the drying climate in the south-west, increasing water demands due to population growth and addressing water quality in estuaries and waterways.”*



◀ page 29

### Groundwater aquifers

The \$6.9 million Perth Region Confined Aquifer Capacity Project is investigating Perth's deep Leederville and Yarragadee groundwater aquifers and their capacity to provide water to Perth's Integrated Water Supply Scheme. This project is using world leading scientific investigation and modelling techniques, in addition to more traditional investigations like the drilling of bores, to build our knowledge and understanding of the deeper Perth aquifers.

These eight bores, will provide vital information that will guide licensing decisions and avoid over-pumping, ensuring the ongoing protection of groundwater. The study, to end in June 2016, will identify which parts of the deep aquifers can support long-term pumping, and which parts will benefit from groundwater replenishment.



◀ page 30

### Agriculture and food

During the next three years the department will continue to lead the \$40 million Royalties for Regions funded Water for Food program. With 11 projects across the state, the program will accelerate water and land investigations and boost regional communities through the development and diversification of their agriculture and food sectors.



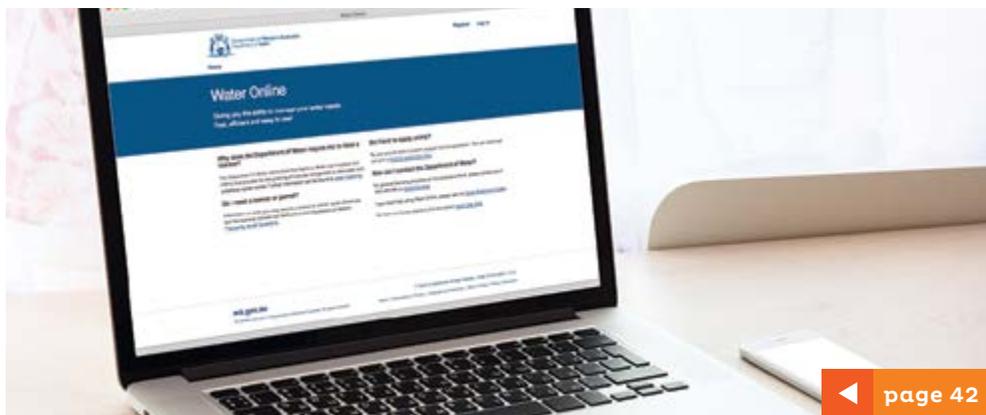
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### Water availability

Now entering its fourth and final year, a major Groundwater Investigations Program is underway in priority areas including the Dampier Peninsula, West Canning Basin, Hamersley Range valleys, East Murchison, South Coast and the South West.

Funded through Royalties for Regions, these projects are confirming water availability in areas where there is additional demand for water and will underpin more precise management of existing water sources.

This program prioritises sustainable water use in areas with heavy water usage and declining rainfall. The investigations support the identification of water sources for industry, mining and agriculture in the West Kimberley, Pilbara and Murchison; identify groundwater options for future town water supplies in the Pilbara and South Coast; and support sustainable management of the sensitive groundwater aquifers of the South West region.



◀ page 42

### Information technology

In January 2016, the department will move into the final year of its information technology and systems renewal program to improve data collection and provision of water allocation and licensing. When fully operational in 2015–16, the \$13.6 million Water Online project will deliver a new customer portal that will allow stakeholders to manage their personal details, apply for water licences, provide meter readings and allow delegates to act on their behalf. Water Online will enable the faster processing of licence applications and reduce red tape.

As part of the Royalties for Regions Water for Food program hard copy hydrogeological information from priority irrigation areas, such as the Kimberley and Midlands regions, was digitally captured and made available online to private sector investors and growers. Access to this online information (Water Information Conversion project), through the department’s website [wir.water.wa.gov.au](http://wir.water.wa.gov.au) greatly reduced the need for expensive water investigations in those areas where comprehensive data already exists.

In 2014–15 the department assessed over 1200 reports in the Kimberley and Midlands regions and identified 3582 new groundwater sites.



◀ page 46

### Water quality

The department will continue to address water quality problems in the Geographe Catchment through the Vasse-Wonnerup water quality improvement plan and the Vasse Taskforce. In partnership with 13 state agencies, local government authorities and independent organisations, the department will investigate and plan practical solutions to estuary pollution. State government funding will be supplemented with co-investment by delivery partners including the Water Corporation, the City of Busselton, local industry and landholders.

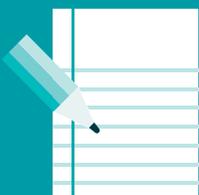


# DISCLOSURES & LEGAL COMPLIANCE



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GOVERNMENT OF WESTERN AUSTRALIA

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## 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 2015, the Statement of Comprehensive Income, Statement of Changes in Equity, Statement of Cash Flows, Schedule of Income and Expenses by Service, Schedule of Assets and Liabilities by Service, and Summary of Consolidated Account Appropriations and Income Estimates for the year then ended, and Notes comprising a summary of significant accounting policies and other explanatory information, including Administered Transactions and balances.

### Director General's Responsibility for the Financial Statements

The Director General is responsible  
for keeping proper accounts,

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

### Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements.

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

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

### Opinion

In my opinion, the financial statements are based on proper accounts and present fairly, in all material respects, the financial position of the Department of Water at 30 June 2015 and its financial performance and cash flows for the year then ended. They are in accordance with Australian Accounting Standards and the Treasurer's Instructions.

### Report on Controls

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

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 2015.

### Report on the Key Performance Indicators

I have audited the key performance indicators of the Department of Water for the year ended 30 June 2015.

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

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

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

### Auditor's Responsibility

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

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

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

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

### Opinion

In my opinion, the key performance indicators of the Department of 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 2015.

### Independence

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

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

This auditor's report relates to the financial statements and key performance indicators of the Department of Water for the year ended 30 June 2015 included on the Department's website. The Department's management is responsible for the integrity of the

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



Glen Clarke

Deputy Auditor General  
Delegate of the Auditor General for  
Western Australia

Perth, Western Australia  
31 August 2015



## Certification of financial statements

For the year ended 30 June 2015

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 2015 and the financial position as at 30 June 2015.

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

**Mike Rowe**  
A/Director General  
Department of Water

31 August 2015

**Linda Candy**  
Chief Finance Officer  
Department of Water

31 August 2015

## Statement of comprehensive income

For the year ended 30 June 2015

	Note	2015 (\$'000)	2014 (\$'000)
<b>Cost of services</b>			
<b>Expenses</b>			
Employee benefits expense	6	46 218	49 507
Supplies and services	7	19 022	22 558
Depreciation and amortisation expense	8	6 048	5 620
Accommodation expenses	9	4 621	4 583
Grants and subsidies	10	4 372	1 894
Other expenses	11	1 459	2 315
Loss on disposal of non-current assets	14	-	5 67
Refund of unspent Commonwealth grant <sup>(a)</sup>		-	7 327
<b>Total cost of services</b>		<b>81 740</b>	<b>94 371</b>
<b>Income</b>			
<b>Revenue</b>			
User charges and fees		61	71
Commonwealth grants and contributions	12	1 364	1 677
Other revenue	13	2 800	1 895
<b>Total revenue</b>		<b>4 225</b>	<b>3 643</b>
<b>Gains</b>			
Gain on disposal of non-current assets	14	3 91	-
<b>Total income other than income from state government</b>		<b>4 616</b>	<b>3 643</b>
<b>Net cost of services</b>		<b>77 124</b>	<b>90 728</b>

	Note	2015 (\$'000)	2014 (\$'000)
<b>Income from state government</b>	15		
Service appropriation		71 532	78 496
Services received free of charge		1 309	715
Royalties for Regions Fund		12 047	3 521
State grants		3 061	3 533
<b>Total income from state government</b>		<b>87 949</b>	<b>86 265</b>
<b>Surplus/(deficit) for the period</b>		<b>10 825</b>	<b>(4 463)</b>
<b>Other comprehensive income</b>			
<b>Items not reclassified subsequently to profit or loss</b>			
Changes in asset revaluation surplus		3 513	10 745
<b>Total other comprehensive income</b>		<b>3 513</b>	<b>10 745</b>
<b>Total comprehensive income for the period</b>		<b>14 338</b>	<b>6 282</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.

## Statement of financial position

As at 30 June 2015

	Note	2015 (\$'000)	2014 (\$'000)
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents	30	12 937	9204
Restricted cash and cash equivalents	16, 30	8187	6911
Inventories	17	-	392
Receivables	18	1813	1339
Amounts receivable for services	19	5970	5159
Other current assets	20	1979	1979
Non-current assets classified as held for sale	21	2237	1123
<b>Total current assets</b>		<b>33 123</b>	<b>26 107</b>
<b>Non-current assets</b>			
Restricted cash and cash equivalents	16, 30	-	1325
Amounts receivable for services	19	17 272	16 305
Property, plant and equipment	22, 25	269 159	256 518
Intangible assets	24, 25	15 483	7677
Other non-current assets	20	162	-
<b>Total non-current assets</b>		<b>302 076</b>	<b>281 825</b>
<b>Total assets</b>		<b>335 199</b>	<b>307 932</b>

	Note	2015 (\$'000)	2014 (\$'000)
<b>Liabilities</b>			
<b>Current liabilities</b>			
Payables	26	4453	2734
Provisions	27	12 817	12 341
Other current liabilities	28	42	48
<b>Total current liabilities</b>		<b>17 312</b>	<b>15 123</b>
<b>Non-current liabilities</b>			
Provisions	27	2312	2303
<b>Total non-current liabilities</b>		<b>2312</b>	<b>2303</b>
<b>Total liabilities</b>		<b>19 624</b>	<b>17 426</b>
<b>Net assets</b>		<b>315 575</b>	<b>290 506</b>
<b>Equity</b>	<b>29</b>		
Contributed equity		262 430	251 699
Reserves		57 539	54 322
Accumulated (deficit)/surplus		(4394)	(15 515)
<b>Total equity</b>		<b>315 575</b>	<b>290 506</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.

## Statement of changes in equity

For the year ended 30 June 2015

	Note (\$'000)	Contributed equity (\$'000)	Reserves (\$'000)	Accumulated surplus/ (deficit) (\$'000)	Total equity (\$'000)
<b>Balance at 1 July 2013</b>	<b>29</b>	<b>238 544</b>	<b>45 047</b>	<b>(12 522)</b>	<b>271 069</b>
<b>(Deficit)/surplus</b>		-	-	<b>(4463)</b>	<b>(4463)</b>
Other comprehensive income		-	10 745	-	10 745
Derecognised revaluation assets <sup>(a)</sup>		-	(1470)	1470	-
<b>Total comprehensive income for the period</b>		-	<b>9275</b>	<b>(2993)</b>	<b>6282</b>
<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>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>
<b>Balance at 1 July 2014</b>		<b>251 699</b>	<b>54 322</b>	<b>(15 515)</b>	<b>290 506</b>
<b>Surplus/(deficit)</b>		-	-	<b>10 825</b>	<b>10 825</b>
Other comprehensive income		-	3513	-	3513
Derecognised revaluation assets <sup>(a)</sup>		-	(296)	296	-
<b>Total comprehensive income for the period</b>		-	<b>3217</b>	<b>11 121</b>	<b>14 338</b>
<b>Transactions with owners in their capacity as owners:</b>					
Capital appropriations		6447	-	-	6447
Other contributions by owners		4312	-	-	4312
Distribution to owners		(28)	-	-	(28)
<b>Total</b>		<b>10 731</b>	-	-	<b>10 731</b>
<b>Balance at 30 June 2015</b>		<b>262 430</b>	<b>57 539</b>	<b>(4394)</b>	<b>315 575</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 2015

	Note	2015 (\$'000)	2014 (\$'000)
<b>Cash flows from state government</b>			
Service appropriation		65 097	70 592
Capital contributions		6447	8739
Holding account drawdowns		4657	8873
Royalties for Regions Fund		16 147	8298
State grants		2934	3533
<b>Net cash provided by state government</b>		<b>95 282</b>	<b>100 035</b>
Utilised as follows:			
<b>Cash flows from operating activities</b>			
<b>Payments</b>			
Employee benefits		(45 272)	(50 679)
Supplies and services		(18 126)	(24 063)
Accommodation		(4456)	(4755)
Grants and subsidies		(3742)	(2105)
GST payments on purchases		(4776)	(4741)
Other payments		(1474)	(2110)
Refund of unspent Commonwealth grant		-	(7327)
<b>Receipts</b>			
User charges and fees		61	71
Commonwealth grants and contributions		1364	1842
GST receipts on sales		605	645
GST receipts from taxation authority		3755	3632
Other receipts		1212	1786
<b>Net cash provided by (used in) operating activities</b>	<b>30</b>	<b>(70 849)</b>	<b>(87 804)</b>

	Note	2015 (\$'000)	2014 (\$'000)
<b>Cash flows from investing activities</b>			
<b>Payments</b>			
Purchase of non-current physical assets		(22 670)	(17 331)
Purchase of inventories		-	(188)
<b>Receipts</b>			
Proceeds from sale of non-current physical assets		1921	1495
<b>Net cash provided by (used in) investing activities</b>		<b>(20 749)</b>	<b>(16 024)</b>
<b>Cash flows from financing activities</b>			
Net increase/(decrease) in cash and cash equivalents		3684	(3793)
Cash and cash equivalents at the beginning of period		17 440	21 233
<b>Cash and cash equivalents at the end of period</b>	<b>30</b>	<b>21 124</b>	<b>17 440</b>

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

## Schedule of income and expenses by service

For the year ended 30 June 2015

	Urban water management and industry services		Water use allocation and optimisation		Catchment and waterways health		Total	
	2015 (\$'000)	2014 (\$'000)	2015 (\$'000)	2014 (\$'000)	2015 (\$'000)	2014 (\$'000)	2015 (\$'000)	2014 (\$'000)
<b>Cost of services</b>								
Employee benefits expense	14 918	16 069	24 981	27 295	6319	6143	46 218	49 507
Supplies and services	6117	7277	9836	11 972	3069	3309	19 022	22 558
Depreciation and amortisation	936	858	4709	4431	403	331	6048	5620
Accommodation expenses	1404	1430	2563	2534	654	619	4621	4583
Grants and subsidies	1135	598	2886	1235	351	61	4372	1894
Loss on disposal of non-current assets	-	185	-	311	-	71	-	567
Other expenses	382	659	912	1388	165	268	1459	2315
Refund of unspent Commonwealth grant	-	-	-	7327	-	-	-	7327
<b>Total cost of services</b>	<b>24 892</b>	<b>27 076</b>	<b>45 887</b>	<b>56 493</b>	<b>10 961</b>	<b>10 802</b>	<b>81 740</b>	<b>94 371</b>
<b>Income</b>								
User charges and fees	3	2	57	68	1	1	61	71
Commonwealth grants and contributions	48	124	1311	1505	5	48	1364	1677
Other revenue	796	561	1352	879	652	455	2800	1895
<b>Total income other than income from state government</b>	<b>847</b>	<b>687</b>	<b>2720</b>	<b>2452</b>	<b>658</b>	<b>504</b>	<b>4225</b>	<b>3643</b>
<b>Gains</b>								
Gain on disposal of non-current assets	123	-	215	-	53	-	391	-
<b>Net cost of services</b>	<b>23 922</b>	<b>26 389</b>	<b>42 952</b>	<b>54 041</b>	<b>10 250</b>	<b>10 298</b>	<b>77 124</b>	<b>90 728</b>
<b>Income from state government</b>								
Service appropriation	22 739	25 540	39 012	43 106	9781	9850	71 532	78 496
Services received free of charge	416	233	714	392	179	90	1309	715
Royalties for Regions Fund	3830	1148	6566	1931	1651	442	12 047	3521
State grants	1360	1428	831	1016	870	1089	3061	3533
<b>Total income from state government</b>	<b>28 345</b>	<b>28 349</b>	<b>47 123</b>	<b>46 445</b>	<b>12 481</b>	<b>11 471</b>	<b>87 949</b>	<b>86 265</b>
<b>Surplus/(deficit) for the period</b>	<b>4423</b>	<b>1960</b>	<b>4171</b>	<b>(7596)</b>	<b>2231</b>	<b>1173</b>	<b>10 825</b>	<b>(4463)</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

As at 30 June 2015

	Urban water management and industry services		Water use allocation and optimisation		Catchment and waterways health		Total	
	2015 (\$'000)	2014 (\$'000)	2015 (\$'000)	2014 (\$'000)	2015 (\$'000)	2014 (\$'000)	2015 (\$'000)	2014 (\$'000)
<b>Assets</b>								
Current assets	10 530	8 495	18 064	14 335	4 529	3 276	33 123	26 107
Non-current assets	96 028	91 706	164 743	154 750	41 305	35 369	302 076	281 825
<b>Total assets</b>	<b>106 557</b>	<b>100 201</b>	<b>182 807</b>	<b>169 085</b>	<b>45 835</b>	<b>38 645</b>	<b>335 199</b>	<b>307 932</b>
<b>Liabilities</b>								
Current liabilities	5 503	4 921	9 441	8 304	2 367	1 898	17 312	15 123
Non-current liabilities	735	749	1 261	1 265	316	289	2 312	2 303
<b>Total liabilities</b>	<b>6 238</b>	<b>5 670</b>	<b>10 702</b>	<b>9 569</b>	<b>2 683</b>	<b>2 187</b>	<b>19 624</b>	<b>17 426</b>
<b>Net assets</b>	<b>100 319</b>	<b>94 531</b>	<b>172 105</b>	<b>159 516</b>	<b>43 151</b>	<b>36 458</b>	<b>315 575</b>	<b>290 506</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 2015

	2015 Estimate (\$'000)	2015 Actual (\$'000)	Variance (\$'000)	2015 Actual (\$'000)	2014 Actual (\$'000)	Variance (\$'000)
<b>Delivery of services</b>						
Item 109 Net amount appropriated to deliver services	72 956	71 252	(1704)	71 252	78 224	(6972)
Amount authorised by other statutes						
– <i>Salaries and Allowances Act 1975</i>	280	280	–	280	272	8
<b>Total appropriations provided to deliver services</b>	<b>73 236</b>	<b>71 532</b>	<b>1704</b>	<b>71 532</b>	<b>78 496</b>	<b>(6964)</b>
<b>Capital</b>						
Item 161 Capital appropriation	6810	6447	(363)	6447	8739	(2292)
<b>Administered transactions</b>						
Item 71 Administered grants and subsidies and other transfer payments	–	18	18	18	66	(48)
<b>Grand total</b>	<b>80 046</b>	<b>77 997</b>	<b>(2049)</b>	<b>77 997</b>	<b>87 301</b>	<b>(9304)</b>
<b>Details of expenses by service</b>						
Urban water management and industry services	23 549	24 892	1343	24 892	27 076	(2184)
Water use allocation and optimisation	53 040	45 887	(7153)	45 887	56 493	(10 606)
Catchment and waterways health	7540	10 961	3421	10 961	10 802	159
<b>Total cost of services</b>	<b>84 129</b>	<b>81 740</b>	<b>(2389)</b>	<b>81 740</b>	<b>94 371</b>	<b>(12 631)</b>
Less total income	(8757)	(4616)	4141	(4616)	(3643)	(973)
<b>Net cost of services</b>	<b>75 372</b>	<b>77 124</b>	<b>1752</b>	<b>77 124</b>	<b>90 728</b>	<b>(13 604)</b>
Adjustments	(2136)	(5592)	(3456)	(5592)	(12 232)	6640
<b>Total appropriations provided to deliver services</b>	<b>73 236</b>	<b>71 532</b>	<b>(1704)</b>	<b>71 532</b>	<b>78 496</b>	<b>(6964)</b>

## Summary of consolidated account appropriations and income estimates (cont.)

For the year ended 30 June 2015

	2015 Estimate (\$'000)	2015 Actual (\$'000)	Variance (\$'000)	2015 Actual (\$'000)	2014 Actual (\$'000)	Variance (\$'000)
<b>Capital expenditure</b>						
Purchase of non-current physical assets	18 230	22 670	4440	22 670	17 331	5339
Adjustments for other funding sources	(11 420)	(16 223)	(4803)	(16 223)	(8592)	(7631)
<b>Capital contribution (appropriation)</b>	<b>6810</b>	<b>6447</b>	<b>(363)</b>	<b>6447</b>	<b>8739</b>	<b>2292</b>
<b>Details of income estimates</b>						
Income disclosed as administered income	25	18	(7)	18	67	(49)
	25	18	(7)	18	67	(49)

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

Note 35 'Explanatory statements' and Note 43 'Explanatory statement for Administered Items' provides details of any significant variations between estimates and actual results for 2015 and between the actual results for 2015 and 2014.



## Notes to the financial statements

1	Australian accounting standards	68	16	Restricted cash and cash equivalents	86	32	Commitments	97
2	Summary of significant accounting policies	68	17	Inventories	86	33	Contingent liabilities and contingent assets	98
3	Judgements made by management in applying accounting policies	77	18	Receivables	87	34	Events occurring after the end of the reporting period	98
4	Key sources of estimation uncertainty	77	19	Amounts receivable for services	87	35	Explanatory statements	99
5	Disclosure of changes in accounting policy and estimates	78	20	Other current assets	87	36	Financial instruments	109
6	Employee benefits expense	84	21	Non current assets classified as held for sale	88	37	Remuneration of senior officers	112
7	Supplies and services	84	22	Property, plant and equipment	89	38	Remuneration of auditor	113
8	Depreciation and amortisation expense	84	23	Fair value measurements	91	39	Related and affiliated bodies	113
9	Accommodation expenses	84	24	Intangible assets	93	40	Special purpose accounts	113
10	Grants and subsidies	84	25	Impairment of assets	94	41	Supplementary financial information	113
11	Other expenses	85	26	Payables	94	42	Administered income and expenses by service	114
12	Commonwealth grants and contributions	85	27	Provisions	94	43	Explanatory statement for administered items	115
13	Other revenue	85	28	Other liabilities	95	44	Administered assets and liabilities	116
14	Net gain/(loss) on disposal of non-current assets	85	29	Equity	95			
15	Income from state government	86	30	Notes to the statement of cash flows	96			
			31	Resources provided free of charge	97			

## 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. Partial exemption permitting early adoption of AASB 2015-7 Amendments to Australian Accounting Standards – Fair Value Disclosures of Not-for-Profit Public Sector Entities has been granted. Aside from AASB 2015-7, there has been no early adoption of any other Australian Accounting Standards that have been issued or amended (but not operative) by the department for the annual reporting period ended 30 June 2015.

## 2 Summary of significant accounting policies

### (a) General statement

The department is a not-for-profit reporting entity that prepares general purpose financial statements 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.

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

### (c) Reporting entity

The reporting entity is comprised of the Department of Water. There are no related or affiliated bodies as disclosed in *Note 39*.

#### 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 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 42 'Administered income and expenses' 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 most recent determination as quantified in the 2014–2015 Budget Statements, the department retained \$4.616 million in 2015 (\$3.643 million in 2014) 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. All other items of property, plant and equipment and infrastructure are stated at historical cost less accumulated depreciation and accumulated impairment losses.

Where market-based evidence is available, the fair value of land and buildings is determined on the basis of current market buying values

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

determined by reference to recent market transactions. When buildings are revalued by reference to recent market transactions, the accumulated depreciation is eliminated against the gross carrying amount of the asset and the net amount restated to the revalued amount.

In the absence of market-based evidence, fair value of land and buildings is determined on the basis of existing use. This normally applies where buildings are specialised or where land use is restricted. Fair value for existing use 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 22 'Property, plant and equipment'* for further information on revaluations.

### Derecognition

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

### Asset revaluation surplus

The asset revaluation surplus is used to record increments and decrements on the revaluation of non-current assets on a class of assets basis.

### Depreciation

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

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

- |  |             |
|--|-------------|
| • 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 |

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

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

Land is not depreciated.

### (g) Intangible assets

#### Capitalisation/expensing of assets

Acquisitions of intangible assets costing \$5000 or more and internally generated intangible assets costing \$5000 or more are capitalised. The cost of utilising the assets is expensed (amortised) over their useful life. Costs incurred below these thresholds are immediately expensed directly to the statement of comprehensive income.

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

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

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

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

- Development costs 3 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 \$5000. 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.

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

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

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

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

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

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

All Crown land holdings are vested in the department by the government. The Department of 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:

- 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.

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

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

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

### (l) Cash and cash equivalents

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

### (m) Accrued salaries

Accrued salaries (see *note 26 '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 16 '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 36 'Financial instruments'* and *note 18 '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.

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

### (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 27 'Provisions'*.

#### Provisions – employee benefits

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

#### Annual leave

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

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

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

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

#### 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(s) 'Superannuation'*.

### 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 27 'Provisions'*.

#### Warranties

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

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

### 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

Superannuation expense is recognised in the profit or loss of the Statement of Comprehensive Income and comprises employer contributions paid to the GSS (concurrent contributions), the WSS, the GESBS, or other superannuation funds. The employer contribution paid to 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 preparation of financial statements requires management to make judgements about the application of accounting policies that have a significant effect on the amounts recognised in the financial statements. The Department evaluates these judgements regularly.

### Operating lease commitments

The department has entered into a number of leases for buildings for branch office accommodation. Some of these leases relate to buildings of a temporary nature and it has been determined that the lessor retains 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, or adopted, for annual reporting periods beginning on or after 1 July 2014 that impacted on the department.



#### Int 21

##### Levies

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.

#### AASB 10

##### Consolidated Financial Statements

This standard, issued in August 2011, supersedes AASB 127 Consolidated and Separate Financial Statements and Int 112 Consolidation – Special Purpose Entities, introducing a number of changes to accounting treatments.

The adoption of the new standard has no financial impact for the department as it does not impact accounting for related bodies and the department has no interests in other entities.

#### AASB 11

##### Joint Arrangements

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.

#### AASB 12

##### Disclosure of Interests in Other Entities

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. There is no financial impact.

#### AASB 127

##### Separate Financial Statements

This standard, issued in August 2011, supersedes AASB 127 Consolidated and Separate Financial Statements removing the consolidation requirements of the earlier standard whilst retaining accounting and disclosure requirements for the preparation of separate financial statements. There is no financial impact.

#### AASB 128

##### Investments in Associates and Joint Ventures

This standard supersedes AASB 128 Investments in Associates, introducing a number of clarifications for the accounting treatments of changed ownership interest.

The adoption of the new standard has no financial impact for the department as it does not hold investments in associates and joint ventures.

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

<p><b>AASB 1031</b></p>	<p><b>Materiality</b></p> <p>This standard supersedes AASB 1031 (February 2010), removing Australian guidance on materiality not available in IFRSs and refers to guidance on materiality in other Australian pronouncements. There is no financial impact.</p>	<p><b>AASB 2013-4</b></p>	<p><b>Amendments to Australian Accounting Standards – Novation of Derivatives and Continuation of Hedge Accounting</b> [AASB 139]</p> <p>This standard permits the continuation of hedge accounting in circumstances where a derivative, which has been designated as a hedging instrument, is novated from one counterparty to a central counterparty as a consequence of laws or regulations. The department does not routinely enter into derivatives or hedges, therefore there is no financial impact.</p>
<p><b>AASB 1055</b></p>	<p><b>Budgetary Reporting</b></p> <p>This standard requires specific budgetary disclosures in the general purpose financial statements of not-for-profit entities within the general government sector. The department will be required to disclose additional budgetary information and explanations of major variances between actual and budgeted amounts, though there is no financial impact.</p>	<p><b>AASB 2013-8</b></p>	<p><b>Amendments to Australian Accounting Standards - Australian Implementation Guidance for Not for Profit Entities – Control and Structured Entities</b> [AASB 10, 12 &amp; 1049].</p> <p>The amendments, issued in October 2013, provide significant guidance in determining whether a not-for-profit entity controls another entity when financial returns are not a key attribute of the investor’s relationship. The standard has no financial impact in its own right, rather the impact results from the adoption of the amended AASB 10.</p>
<p><b>AASB 2011-7</b></p>	<p><b>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 issuance of AASB 10, AASB 11, AASB 127 Separate Financial Statements and AASB 128 Investments in Associates and Joint Ventures. There is no financial impact for the department.</p>	<p><b>AASB 2013-9</b></p>	<p><b>Amendments to Australian Accounting Standards - Conceptual Framework, Materiality and Financial Instruments.</b></p> <p>Part B of this omnibus standard makes amendments to other standards arising from the deletion of references to AASB 1031 in other standards for periods beginning on or after 1 January 2014. It has no financial impact.</p>
<p><b>AASB 2012-3</b></p>	<p><b>Amendments to Australian Accounting Standards – Offsetting Financial Assets and Financial Liabilities</b> [AASB 132]</p> <p>This standard adds application guidance to AASB 132 to address inconsistencies identified in applying some of the offsetting criteria, including clarifying the meaning of “currently has a legally enforceable right of set-off” and that some gross settlement systems may be considered equivalent to net settlement. There is no financial impact.</p>	<p><b>AASB 2014-1</b></p>	<p><b>Amendments to Australian Accounting Standards</b></p> <p>Part A of this standard consists primarily of clarifications to accounting standards and has no financial impact for the department.</p> <p>Part B of this standard has no financial impact as the department contributes to schemes that are either defined contribution plans, or deemed to be defined contribution plans.</p> <p>Part C of this standard has no financial impact as it removes references to AASB 1031 Materiality from a number of accounting standards.</p>
<p><b>AASB 2013-3</b></p>	<p><b>Amendments to AASB 136 – Recoverable Amount Disclosures for Non-Financial Assets.</b></p> <p>This standard introduces editorial and disclosure changes. There is no financial impact.</p>		

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

### AASB 2015-7

#### Amendments to Australian Accounting Standards - Fair Value Disclosures of Not-for-Profit Public Sector Entities

This standard relieves not-for-profit public sector entities from the reporting burden associated with various disclosures required by AASB 13 for assets within the scope of AASB 116 that are held primarily for their current service potential rather than to generate future net cash inflows. It has no financial impact.



### 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 or by an exemption from TI 1101. By virtue of a limited exemption, the department has early adopted AASB 2015-7 Amendments to Australian Accounting Standards - Fair Value Disclosures of Not-for-Profit Public Sector Entities. Where applicable, the department plans to apply the following Australian Accounting Standards from their application date.

Operative for reporting periods beginning on or after

#### AASB 9

#### Financial Instruments

1 Jan 2018

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 *Amendments to Australian Accounting Standards*.

The department has not yet determined the application or the potential impact of the standard.

#### AASB 15

#### Revenue from Contracts with Customers

1 Jan 2017

This standard establishes the principles that the department shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from a contract with a customer. The department has not yet determined the application or the potential impact of the standard.

## 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 2010-7</b>	<b>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 & 1038 and Int 2, 5, 10, 12, 19 & 127]	1 Jan 2018	<b>AASB 2014-3</b>	<b>Amendments to Australian Accounting Standards – Accounting for Acquisitions of Interests in Joint Operations</b> [AASB 1 & 11]	1 Jan 2016
	This standard makes consequential amendments to other Australian Accounting Standards and Interpretations as a result of issuing AASB 9 in December 2010.			The department establishes Joint Operations in pursuit of its objectives and does not routinely acquire interests in Joint Operations. Therefore, there is no financial impact on application of the standard.	
	The mandatory application date of this standard has been amended by AASB 2012 6 and AASB 2014 1 to 1 January 2018. The department has not yet determined the application or the potential impact of the standard.		<b>AASB 2014-4</b>	<b>Amendments to Australian Accounting Standards – Clarification of Acceptable Methods of Depreciation and Amortisation</b> [AASB 116 & 138]	1 Jan 2016
				The adoption of the new standard has no financial impact for the department as depreciation and amortisation is not determined by reference to revenue generation, but by reference to consumption of future economic benefits.	
<b>AASB 2013-9</b>	<b>Amendments to Australian Accounting Standards – Conceptual Framework, Materiality and Financial Instruments</b>	1 Jan 2015	<b>AASB 2014-5</b>	<b>Amendments to Australian Accounting Standards arising from AASB 15</b>	1 Jan 2017
	Part C of this omnibus standard defers the application of AASB 9 to 1 January 2017. The application date of AASB 9 was subsequently deferred to 1 January 2018 by AASB 2014-1. The department has not yet determined the application or the potential impact of AASB 9.			This standard gives effect to the consequential amendments to Australian Accounting Standards (including Interpretations) arising from the issuance of AASB 15. The department has not yet determined the application or the potential impact of the standard.	
<b>AASB 2014-1</b>	<b>Amendments to Australian Accounting Standards</b>	1 Jan 2015			
	Part E makes amendments to AASB 9 and consequential amendments to other standards. It has not yet been assessed by the department to determine the application or potential impact of the standard.				

## 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 2014-7</b>	<b>Amendments to Australian Accounting Standards arising from AASB 9 (December 2014)</b>	1 Jan 2018	<b>AASB 2014-9</b>	<b>Amendments to Australian Accounting Standards – Equity Method in Separate Financial Statements</b> [AASB 1, 127 & 128]	1 Jan 2016
	This standard gives effect to the consequential amendments to Australian Accounting Standards (including Interpretations) arising from the issuance of AASB 9 (December 2014). The department has not yet determined the application or the potential impact of the standard.			This standard amends AASB 127, and consequentially amends AASB 1 and AASB 128, to allow entities to use the equity method of accounting for investments in subsidiaries, joint ventures and associates in their separate financial statements. The department has not yet determined the application or the potential impact of the standard.	
<b>AASB 2014-8</b>	<b>Amendments to Australian Accounting Standards arising from AASB 9 (December 2014) – Application of AASB 9 (December 2009) and AASB 9 (December 2010)</b> [AASB 9 (2009 & 2010)]	1 Jan 2015	<b>AASB 2014-10</b>	<b>Amendments to Australian Accounting Standards – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</b> [AASB 10 & 128]	1 Jan 2016
	This standard makes amendments to AASB 9 Financial Instruments (December 2009) and AASB 9 Financial Instruments (December 2010), arising from the issuance of AASB 9 Financial Instruments in December 2014. The department has not yet determined the application or the potential impact of the standard.			This standard amends AASB 10 and AASB 128 to address an inconsistency between the requirements in AASB 10 and those in AASB 128 (August 2011), in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The department has not yet determined the application or the potential impact of the standard.	

## 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 2015-1</b>	<b>Amendments to Australian Accounting Standards – Annual Improvements to Australian Accounting Standards 2012–2014 Cycle</b> [AASB 1, 2, 3, 5, 7, 11, 110, 119, 121, 133, 134, 137 & 140]	1 Jan 2016	<b>AASB 2015-3</b>	<b>Amendments to Australian Accounting Standards arising from the Withdrawal of AASB 1031 Materiality</b>	1 Jul 2015
	These amendments arise from the issuance of International Financial Reporting Standard Annual Improvements to IFRSs 2012–2014 Cycle in September 2014, and editorial corrections. The Department has determined that the application of the standard has no financial impact.			This standard completes the withdrawal of references to AASB 1031 in all Australian Accounting Standards and Interpretations, allowing that standard to effectively be withdrawn. There is no financial impact.	
<b>AASB 2015-2</b>	<b>Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 101</b> [AASB 7, 101, 134 & 1049]	1 Jan 2016	<b>AASB 2015-6</b>	<b>Amendments to Australian Accounting Standards – Extending Related Party Disclosures to Not-for-Profit Public Sector Entities</b> [AASB 10, 124 & 1049]	1 Jul 2016
	This standard amends AASB 101 to provide clarification regarding the disclosure requirements in AASB 101. Specifically, the standard proposes narrow-focus amendments to address some of the concerns expressed about existing presentation and disclosure requirements and to ensure entities are able to use judgement when applying a standard in determining what information to disclose in their financial statements. There is no financial impact.			The amendments extend the scope of AASB 124 to include application by not-for-profit public sector entities. Implementation guidance is included to assist application of the standard by not-for-profit public sector entities. There is no financial impact.	

## 6 Employee benefits expense

	2015 (\$'000)	2014 (\$'000)
Wages and salaries	36 539	39 808
Superannuation – defined contribution plans <sup>(a)</sup>	4076	4121
Annual leave <sup>(b)</sup>	3331	3621
Long service leave <sup>(b)</sup>	1588	1157
Other related expenses <sup>(c)</sup>	684	800
<b>Total employee benefits expense</b>	<b>46 218</b>	<b>49 507</b>

During 2013–14 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.

Employment on–costs such as workers compensation insurance are included at Note 11 'Other expenses'. The employment on–costs liability is included at Note 27 'Provisions'.

## 7 Supplies and services

	2015	2014
Communications	870	1165
Consultants and contractors	11 215	13 315
Consumables	817	933
Materials	8	4
Vehicle lease and hire	1406	1594
Minor plant, machinery and equipment	797	666
Plant, machinery and equipment lease	282	176
Chemical analysis expense	785	762
Software licences, fees & registration	917	2222
Other staff related expenses	525	586
Travel	646	492
Other	754	643
<b>Total supplies and services</b>	<b>19 022</b>	<b>22 558</b>

## 8 Depreciation and amortisation expense

	2015 (\$'000)	2014 (\$'000)
<b>Depreciation</b>		
Buildings	908	716
Infrastructure	28	33
Computing equipment	470	354
Furniture and fittings	3	3
Measurement sites	3378	3254
Plant and equipment	465	840
Leasehold improvements	73	73
<b>Total depreciation</b>	<b>5325</b>	<b>5273</b>
<b>Amortisation</b>		
Intangible assets	723	347
<b>Total amortisation</b>	<b>723</b>	<b>347</b>
<b>Total depreciation and amortisation expense</b>	<b>6048</b>	<b>5620</b>

## 9 Accommodation expenses

	2015	2014
Lease rentals	2958	2925
Repairs and maintenance	435	471
Power and water consumption	636	570
Security	45	45
Rates and taxes	235	266
Cleaning	312	306
<b>Total accommodation expense</b>	<b>4621</b>	<b>4583</b>

## 10 Grants and subsidies

	2015	2014
Recurrent	4372	1894
<b>Total grants and subsidies</b>	<b>4372</b>	<b>1894</b>

## 11 Other expenses

	2015 (\$'000)	2014 (\$'000)
Audit fees	305	427
Employment on-costs <sup>(a)</sup>	281	592
Bad and doubtful debts expense <sup>(b)</sup>	16	6
Equipment repairs and maintenance	607	633
Transfer of expense from capital work in progress <sup>(c)</sup>	-	240
Refund of prior year revenue	58	145
Other	192	272
<b>Total other expenses</b>	<b>1459</b>	<b>2315</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 27 '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 Commonwealth grants and contributions

	2015 (\$'000)	2014 (\$'000)
Recurrent grants	1364	1677
<b>Total Commonwealth grants and contributions</b>	<b>1364</b>	<b>1677</b>

## 13 Other revenue

	2015 (\$'000)	2014 (\$'000)
Lease of commercial land and buildings	141	328
Other grants	315	445
Other miscellaneous revenues	790	904
Initial recognition of assets not previously recognised <sup>(a)</sup>	1554	204
Recoups from other private/commercial agencies	-	14
<b>Total other revenue</b>	<b>2800</b>	<b>1895</b>

(a) Assets purchased in prior financial year that have been classified and disclosed accordingly in the financial statements for the first time.

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

	2015 (\$'000)	2014 (\$'000)
<b>Proceeds from disposal of non-current assets</b>		
Land	1911	1495
Plant, equipment and vehicles	10	-
<b>Carrying amount of non-current assets disposed</b>		
Land	1434	2062
Plant, equipment and vehicles	96	-
<b>Net gain/(loss)</b>	<b>391</b>	<b>(567)</b>

See also *Note 22 'Property, Plant and Equipment'*.

## 15 Income from state government

	2015 (\$'000)	2014 (\$'000)
<b>Appropriation received during the period</b>		
Service appropriation <sup>(a)</sup>	71 532	78 496
	<b>71 532</b>	<b>78 496</b>
<b>Services received free of charge <sup>(b)</sup></b>		
Determined on the basis of estimates provided by agencies		
State Solicitors Office	93	141
Landgate	929	302
Department of Finance	286	272
Department of Agriculture and Food	1	-
	<b>1309</b>	<b>715</b>
<b>Royalties for Regions Fund</b>		
Regional infrastructure and headworks account <sup>(c)</sup>	4320	3339
Regional community services account	7727	182
	<b>12 047</b>	<b>3521</b>
<b>State grants</b>		
State grants	3061	3533
<b>Total revenues from government</b>	<b>87 949</b>	<b>86 265</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 Western Australian regional areas.

## 16 Restricted cash and cash equivalents

	2015 (\$'000)	2014 (\$'000)
<b>Current</b>		
Royalties for Regions Fund <sup>(a)</sup>	1749	520
Specific purpose grants <sup>(b)</sup>	3836	4464
Proceeds from land sales retained to partly fund Water Online	896	1927
Accrued salaries suspense account <sup>(c)</sup>	1706	-
	<b>8187</b>	<b>6911</b>
<b>Non-current</b>		
Accrued salaries suspense account <sup>(c)</sup>	-	1325

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

(b) The 2015 balance includes unspent externally funded projects.

(c) 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.

## 17 Inventories

Plant and equipment spares	-	392
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## 18 Receivables

	2015 (\$'000)	2014 (\$'000)
Current receivables	363	52
Allowance for impairment of receivables	(12)	(3)
GST receivable	1462	1290
<b>Total current receivables</b>	<b>1813</b>	<b>1339</b>
<b>Reconciliation of changes in the allowance for impairment of receivables:</b>		
Balance at start of period	3	4
Doubtful debts expense	11	3
Amounts written off during the period	(2)	-
Amount recovered during the period	-	(4)
<b>Balance at end of period</b>	<b>12</b>	<b>3</b>

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

## 19 Amounts receivable for services

	2015 (\$'000)	2014 (\$'000)
Current	5970	5159
Non-current	17 272	16 305
<b>Total amounts receivable for services</b>	<b>23 242</b>	<b>21 464</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.

## 20 Other current assets

	2015 (\$'000)	2014 (\$'000)
<b>Current</b>		
Prepayments	1979	1979
<b>Total current</b>	<b>1979</b>	<b>1979</b>
<b>Non Current</b>		
Prepayments	162	-
<b>Total current</b>	<b>162</b>	<b>-</b>

## 21 Non current assets classified as held for sale

	2015 (\$'000)	2014 (\$'000)
<b>Opening balance</b>		
Land <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
	<b>1123</b>	<b>3041</b>
<b>Assets reclassified from held for sale</b>		
Land	-	2068
Less write down from cost to fair value less selling cost	-	(103)
Plant and equipment at fair value	-	158
	<b>-</b>	<b>2123</b>
<b>Assets reclassified to held for sale</b>		
Land <sup>(a)</sup>	2773	215
Less write down from cost to fair value less selling cost	(277)	(10)
Plant and equipment at fair value	-	-
	<b>2496</b>	<b>205</b>
<b>Total assets classified as held for sale</b>		
Land <sup>(a)</sup>	3495	722
Less write down from cost to fair value less selling cost	(313)	(36)
Plant and equipment at fair value	437	437
	<b>3619</b>	<b>1123</b>

	2015 (\$'000)	2014 (\$'000)
<b>Less assets sold</b>		
Land <sup>(a)</sup>	1418	-
Less write down from cost to fair value less selling cost	(36)	-
	<b>1382</b>	<b>-</b>
<b>Closing balance</b>		
Land <sup>(a)</sup>	2077	722
Less write down from cost to fair value less selling cost	(277)	(36)
Plant and equipment at fair value	437	437
	<b>2237</b>	<b>1123</b>

(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.

## 22 Property, plant and equipment

	2015 (\$'000)	2014 (\$'000)
Land at fair value <sup>(a)</sup>	152 087	153 812
	<b>152 087</b>	<b>153 812</b>
Works of art	10	10
	<b>10</b>	<b>10</b>
Buildings at fair value <sup>(a)</sup>	5299	5278
Accumulated depreciation	-	-
	<b>5299</b>	<b>5278</b>
Infrastructure at cost	2852	2852
Accumulated depreciation	(2343)	(2316)
	<b>509</b>	<b>536</b>
Computing equipment at cost	3370	3130
Accumulated depreciation	(2474)	(2354)
	<b>896</b>	<b>776</b>
Furniture and fittings at cost	24	24
Accumulated depreciation	(16)	(13)
	<b>8</b>	<b>11</b>
Measurement sites at fair value	204 779	200 605
Accumulated depreciation	(125 819)	(121 867)
	<b>78 960</b>	<b>78 738</b>
Plant and equipment at cost	10 433	9245
Accumulated depreciation	(6737)	(6348)
	<b>3696</b>	<b>2897</b>
Leasehold improvements at cost	1250	1250
Accumulated depreciation	(357)	(284)
	<b>893</b>	<b>966</b>
Capital works in progress at cost	26 801	13 494
	<b>26 801</b>	<b>13 494</b>
<b>Total property, plant and equipment</b>	<b>269 159</b>	<b>256 518</b>

- (a) Land and buildings were revalued as at 1 July 2014 by the Western Australian Land Information Authority (Valuation Services). The valuations were performed during the year ended 30 June 2015 and recognised at 30 June 2015. In undertaking the revaluation, fair value was determined by reference to market values for land, \$38,972,150 (2014: \$39,780,450) and buildings \$4,010,685 (2014: \$3,961,000). For the remaining balance, fair value of land and buildings was determined on the basis of depreciated replacement costs, and fair value of land was determined on the basis of comparison with market evidence for land with low level utility (high restricted use land). Information on fair value measurements is provided in Note 23.

## 22 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.

	Capital works in progress (\$'000)	Furniture and fittings (\$'000)	Computer equipment (\$'000)	Plant and equipment (\$'000)	Buildings (\$'000)	Leasehold improvements (\$'000)	Measurement sites (\$'000)	Infrastructure (\$'000)	Works of Art (\$'000)	Land (\$'000)	Total (\$'000)
<b>2015</b>											
<b>Carrying amount at start 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>
Additions	14 267	-	386	125	87	-	-	-	-	213	15 078
Disposals	-	-	(46)	(5)	-	-	(50)	-	-	(45)	(146)
Reclassification	(571)	-	-	-	-	-	-	-	-	-	(571)
Transfers in/(out)	(389)	-	250	1144	-	-	1583	-	-	-	2588
Classified as held for sale	-	-	-	-	-	-	-	-	-	(2773)	(2773)
Revaluation increments/(decrements)	-	-	-	-	843	-	2067	-	-	880	3790
Depreciation	-	(3)	(470)	(465)	(908)	(73)	(3378)	(28)	-	-	(5325)
<b>Carrying amount at end of year</b>	<b>26 801</b>	<b>8</b>	<b>896</b>	<b>3696</b>	<b>5300</b>	<b>893</b>	<b>78 960</b>	<b>508</b>	<b>10</b>	<b>152 087</b>	<b>269 159</b>
<b>2014</b>											
<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>

## 23 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>2015</b>				
Non-current assets classified as held for sale (note 21)	-	2077	-	2077
Land (note 22)	-	38 972	113 114	152 086
Buildings (note 22)	-	4011	1288	5299
Measurement sites (note 22)	-	78 960	-	78 960
	-	<b>124 020</b>	<b>114 402</b>	<b>238 422</b>

	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 21)		722	-	722
Land (note 22)		39 781	114 031	153 812
Buildings (note 22)		3961	1317	5278
Measurement sites (note 22)		78 738	-	78 738
		<b>123 202</b>	<b>115 348</b>	<b>238 550</b>

### 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 non-current prices of comparable assets.

	Land (\$'000)	Buildings (\$'000)
<b>Fair value measurements using significant unobservable inputs (Level 3)</b>		
<b>2015</b>		
Fair value at start of period	114 031	1317
Additions	213	-
Revaluation increments/(decrements) recognised in other comprehensive income	1506	135
Transfer (from/to) Level 2	(2613)	-
Disposals	(23)	-
Depreciation expenses	-	(164)
<b>Fair value at end of period</b>	<b>113 114</b>	<b>1288</b>

	Land (\$'000)	Buildings (\$'000)
<b>Fair value measurements using significant unobservable inputs (Level 3)</b>		
<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>

## 23 Fair value measurements (cont.)

### 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.

### Land (Level 3 fair values)

Fair value for restricted use land is based on comparison with market evidence for land with low level utility (high restricted use land). The relevant comparators of land with low level utility is selected by the Western Australian Land Information Authority (Valuation Services) and represents the application of a significant Level 3 input in this valuation methodology. The fair value measurement is sensitive to values of comparator land, with higher values of comparator land correlating with higher estimated fair values of land.

### Buildings (Level 3 fair values)

Fair value for existing use specialised 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. 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.

Valuation using depreciation replacement cost utilises the significant Level 3 input, consumed economic benefit/obsolescence of asset

which is estimated by the Western Australian Land Information Authority (Valuation Services). The fair value measurement is sensitive to the estimate of consumption/obsolescence, with higher values of the estimate correlating with lower estimated fair values of buildings.

### 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.

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

Description (\$'000)	Fair value 2015 (\$'000)	Fair value 2014 (\$'000)	Valuation technique(s)	Unobservable inputs
Land	113 114	114 031	Market approach	Selection of land with similar approximate utility
Buildings	1288	1317	Depreciated replacement costs	Consumed economic benefit/obsolescence of asset.  Historical cost per square metre floor area (m <sup>2</sup> )

Reconciliations of the opening and closing balances are provided in *Notes 22 and 23*.

## 24 Intangible assets

	2015 (\$'000)	2014 (\$'000)
<b>Computer software</b>		
At cost	4642	4302
Accumulated amortisation	(1898)	(1204)
Accumulated impairment losses	-	-
	<b>2744</b>	<b>3098</b>
<b>Software licences</b>		
At cost	345	345
Accumulated amortisation	(335)	(307)
Accumulated impairment losses	-	-
	<b>10</b>	<b>38</b>
<b>Work in progress</b>		
At cost	12 729	4541
Accumulated amortisation	-	-
Accumulated impairment losses	-	-
	<b>12 729</b>	<b>4541</b>
<b>Total intangible assets</b>	<b>15 483</b>	<b>7677</b>
<b>Reconciliations</b>		
<b>Computer software</b>		
Carrying amount at start of period	3098	286
Additions	-	3115
Transfers in/(out)	340	-
Amortisation expense	(694)	(303)
<b>Carrying amount at end of period</b>	<b>2744</b>	<b>3098</b>

	2015 (\$'000)	2014 (\$'000)
<b>Software licences</b>		
Carrying amount at start of period	38	82
Additions	-	-
Amortisation expense	(28)	(44)
<b>Carrying amount at end of period</b>	<b>10</b>	<b>38</b>
<b>Work in progress</b>		
Carrying amount at start of period	4541	2891
Additions	7742	7929
Reclassification	571	-
Transfers (out) to computer software	(340)	(3115)
Transfers in/(out)	215	(3164)
<b>Carrying amount at end of period</b>	<b>12 729</b>	<b>4541</b>

## 25 Impairment of assets

There were no indications of impairment of property, plant and equipment as at 30 June 2015.

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 2015 have either been classified as assets held for sale or written off.

## 26 Payables

	2015 (\$'000)	2014 (\$'000)
<b>Current</b>		
Trade payables	1521	435
Accrued expense	1485	1192
Accrued salaries	1381	1046
Accrued fringe benefits tax	66	61
<b>Total current payables</b>	<b>4453</b>	<b>2734</b>

## 27 Provisions

	2015 (\$'000)	2014 (\$'000)
<b>Current</b>		
<b>Employee benefits provision</b>		
Annual leave <sup>(a)</sup>	3813	3935
Long service leave <sup>(b)</sup>	7341	6784
Purchased leave <sup>(c)</sup>	126	91
Deferred salary scheme <sup>(d)</sup>	-	81
	<b>11 280</b>	<b>10 891</b>
<b>Other provisions</b>		
Employment on-costs <sup>(e)</sup>	1537	1450
<b>Total current provisions</b>	<b>12 817</b>	<b>12 341</b>
<b>Non-current</b>		
<b>Employee benefits provision</b>		
Long service leave <sup>(b)</sup>	2029	2000
	<b>2029</b>	<b>2000</b>
<b>Other provisions</b>		
Employment on-costs <sup>(e)</sup>	283	303
<b>Total non-current provisions</b>	<b>2312</b>	<b>2303</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:

Within 12 months of the end of the reporting period	2587	2586
More than 12 months after the end of the reporting period	1226	1349
	<b>3813</b>	<b>3935</b>

## 27 Provisions (cont.)

	2015 (\$'000)	2014 (\$'000)
(b) Long service leave liabilities have been classified as current where there is no unconditional right to defer settlement for at least 12 months after the end of the reporting period. Assessments indicate that actual settlements will occur as follows:		
Within 12 months of the end of the reporting period	2892	2658
More than 12 months after the end of the reporting period	6478	6126
	<b>9370</b>	<b>8784</b>

(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:

	2015 (\$'000)	2014 (\$'000)
Within 12 months of the end of the reporting period	126	91
More than 12 months after the end of the reporting period	-	-
	<b>126</b>	<b>91</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:

	2015 (\$'000)	2014 (\$'000)
Within 12 months of the end of the reporting period	-	81
More than 12 months after the end of the reporting period	-	-
	<b>-</b>	<b>81</b>

(e) The settlement of annual and long service leave liabilities gives rise to the payment of employment on costs including workers' compensation insurance. The provision is the present value of expected future payments. The associated expense is disclosed in Note 11 'Other expenses'.

Movements in other provisions	2015 (\$'000)	2014 (\$'000)
<b>Employment on cost provision</b>		
Carrying amount at start of period	1753	1053
Additional/(reversals of) provisions recognised	67	700
<b>Carrying amount at end of period</b>	<b>1820</b>	<b>1753</b>

## 28 Other liabilities

	2015 (\$'000)	2014 (\$'000)
<b>Current</b>		
Revenue received in advance	-	1
Stale cheque holding account	42	47
<b>Total current other liabilities</b>	<b>42</b>	<b>48</b>

## 29 Equity

The Western Australian Government holds the equity interest in the department on behalf of the community. Equity represents the residual interest in the net assets of the department. The asset revaluation surplus represents that portion of equity resulting from the revaluation of non-current assets.

	2015 (\$'000)	2014 (\$'000)
<b>Contributed equity</b>		
Balance at start of reporting period	251 699	238 544
<b>Contributions by owners</b>		
Capital contribution	6447	8739
<b>Other contributions by owners</b>		
Initial recognition of Crown land assets	212	-
Regional infrastructure and headworks account	4100	4777
<b>Total contributions by owners</b>	<b>10 759</b>	<b>13 516</b>
<b>Distribution to owners</b>		
<b>Net assets transferred to government</b>		
Transfer of net assets to other government agencies <sup>(a)</sup>	(28)	(361)
<b>Total distribution to owners</b>	<b>(28)</b>	<b>(361)</b>
<b>Balance at end of reporting period</b>	<b>262 430</b>	<b>251 699</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.

## 29 Equity (cont.)

	2015 (\$'000)	2014 (\$'000)
<b>Reserves</b>		
<b>Asset revaluation reserve:</b>		
Balance at start of reporting period	54 322	45 047
Net revaluation increments/(decrements):		
Land	604	9862
Buildings	842	883
Measurement sites	2067	-
Derecognised revaluation assets <sup>(a)</sup>	(296)	(1470)
<b>Balance at end of reporting period</b>	<b>57 539</b>	<b>54 322</b>
<b>Accumulated surplus/(deficit)</b>		
Balance at start of reporting period	(15 515)	(12 522)
Derecognised revaluation assets <sup>(a)</sup>	296	1470
Result for the period surplus/(deficit)	10 825	(4463)
<b>Balance at end of reporting period</b>	<b>(4394)</b>	<b>(15 515)</b>
<b>Total equity at end of the period</b>	<b>315 575</b>	<b>290 506</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.

## 30 Notes to the statement of cash flows

### Reconciliation of cash

Cash at the end of the financial year as shown in the Statement of cash flows is reconciled to the related items in the Statement of financial position as follows:

Cash and cash equivalents	12 937	9204
Restricted cash and cash equivalents [refer to note 16 'Restricted cash and cash equivalents']	8187	8236
	<b>21 124</b>	<b>17 440</b>

	2015 (\$'000)	2014 (\$'000)
<b>Reconciliation of net cost of services to net cash flows provided by operating activities</b>		
Net cost of services	(77 124)	(90 728)
<b>Non-cash items:</b>		
Depreciation and amortisation expense (note 8 'Depreciation and amortisation expense')	6048	5620
Net (gain)/loss on disposal of non-current assets (note 14 'Net gain/(loss) on disposal of non current assets')	(391)	567
Services received free of charge (note 15 'Resources received free of charge')	1309	715
Initial recognition of assets (note 13 'Other revenue')	(1554)	(204)
<b>(Increase)/decrease in assets:</b>		
Current receivables <sup>(a)</sup>	(175)	432
Other current assets	(783)	(1257)
Other non current assets	(31)	238
<b>Increase/(decrease) in liabilities:</b>		
Current payables <sup>(a)</sup>	1545	(1484)
Current provisions	476	(1032)
Other current liabilities	(6)	(23)
Non-current provisions	9	(464)
Net GST receipts/(payments) <sup>(b)</sup>	3755	3632
Change in GST in (receivables)/payables <sup>(c)</sup>	(3927)	(3816)
<b>Net cash provided by/(used in) operating activities</b>	<b>(70 849)</b>	<b>(87 804)</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.

## 31 Resources provided free of charge

During the period the following resources were provided to other agencies free of charge for functions outside the normal operations of the department:

	2015 (\$'000)	2014 (\$'000)
Swan River Trust	-	2
Department of Agriculture and Food	-	2
Department of Defence	16	-
Department of Parks and Wildlife	-	17
Department of Planning	3	127
Department of Finance	2	-
Department of Mines and Petroleum	-	6
Department of Housing	1	-
Public Transport Authority	24	3
Water Corporation	4	154
Western Australian Planning Commission	6	3
City of Joondalup	14	-
City of Melville	5	-
Harvey Water	3	-
Landcop	3	-
Main Roads Western Australia	6	-
Shire of Kalamunda	10	-
Shire of Murray	19	-
Other agencies	9	4
<b>Total resources provided free of charge</b>	<b>125</b>	<b>318</b>

## 32 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:

	2015 (\$'000)	2014 (\$'000)
Within 1 year	3059	4182
Later than 1 year and not later than 5 years	8553	13 146
Later than 5 years	3	2042
	<b>11 615</b>	<b>19 370</b>

The commitments below are inclusive of GST

### Capital expenditure commitments

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

	2015 (\$'000)	2014 (\$'000)
Within 1 year	3474	5738
Later than 1 year and not later than 5 years	14 561	6005
Later than 5 years	-	-
	<b>18 035</b>	<b>11 743</b>
The capital commitments include amounts for:		
Groundwater bores	15 389	8980
Surface water infrastructure	741	909
Information technology infrastructure	1874	1622
Metering	-	17
Royalties for Regions Water Demand Modelling	27	82
Swan River Trust Nicholson Oxygenation Plant	4	133
<b>Total</b>	<b>18 035</b>	<b>11 743</b>

## 33 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.

(b) 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 2015.

## 34 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.

## 35 Explanatory statements

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

### Statement of comprehensive income (controlled operations)

	Variance note	Original estimate 2015 (\$'000)	Actual 2015 (\$'000)	Actual 2014 (\$'000)	Variance between estimate and actual (\$'000)	Variance between actual results for 2015 and 2014 (\$'000)
<b>Cost of services</b>						
<b>Expenses</b>						
Employee benefits expense		49 530	46 218	49 507	(3312)	(3289)
Supplies and services	1, A	11 919	19 022	22 558	7103	(3536)
Depreciation and amortisation expense	2	7349	6048	5620	(1301)	428
Accommodation expenses		4505	4621	4583	116	38
Grants and subsidies	3, B	3619	4372	1894	753	2478
Other expenses	4, C	7207	1459	2315	(5748)	(856)
Loss on disposal of non-current assets		-	-	567	-	(567)
Refund of unspent Commonwealth grant	D	-	-	7327	-	(7327)
<b>Total cost of services</b>		<b>84 129</b>	<b>81 740</b>	<b>94 371</b>	<b>(2389)</b>	<b>(12 631)</b>
<b>Income</b>						
<b>Revenue</b>						
User charges and fees		54	61	71	7	(10)
Commonwealth grants and contributions	5, E	7592	1364	1677	(6228)	(313)
Other revenue	6, F	1111	2800	1895	1689	905
<b>Total Revenue</b>		<b>8757</b>	<b>4225</b>	<b>3643</b>	<b>(4532)</b>	<b>582</b>
<b>Gains</b>						
Gain on disposal of non-current assets		-	391	-	391	391
<b>Total income other than income from state government</b>		<b>8757</b>	<b>4616</b>	<b>3643</b>	<b>(4141)</b>	<b>973</b>
<b>Net cost of services</b>		<b>75 372</b>	<b>77 124</b>	<b>90 728</b>	<b>1752</b>	<b>(13 604)</b>

## 35 Explanatory statements (cont.)

### Statement of comprehensive income (controlled operations)

	Variance note	Original estimate 2015 (\$'000)	Actual 2015 (\$'000)	Actual 2014 (\$'000)	Variance between estimate and actual (\$'000)	Variance between actual results for 2015 and 2014 (\$'000)
<b>Income from state government</b>						
Service appropriation		73 236	71 532	78 496	(1704)	(6964)
Services received free of charge	7, G	451	1309	715	858	594
Royalties for Regions Fund	8, H	4168	12 047	3521	7879	8526
State grant	9, I	-	3061	3533	3061	(472)
<b>Total Income from state government</b>		<b>77 855</b>	<b>87 949</b>	<b>86 265</b>	<b>10 094</b>	<b>1684</b>
<b>Surplus/(deficit) for the period</b>		<b>(2483)</b>	<b>10 825</b>	<b>(4463)</b>	<b>13 308</b>	<b>15 288</b>
<b>Other comprehensive income</b>						
Items not reclassified subsequently to profit or loss						
Changes in asset revaluation surplus	10, J	-	3513	10 745	3513	(7232)
<b>Total other comprehensive income</b>		<b>-</b>	<b>3513</b>	<b>10 745</b>	<b>3513</b>	<b>(7232)</b>
<b>Total comprehensive income for the period</b>		<b>(2483)</b>	<b>14 338</b>	<b>6282</b>	<b>16 821</b>	<b>8056</b>

## 35 Explanatory statements (cont.)

### Statement of financial position (controlled operations)

	Variance note	Original estimate 2015 (\$'000)	Actual 2015 (\$'000)	Actual 2014 (\$'000)	Variance between estimate and actual (\$'000)	Variance between actual results for 2015 and 2014 (\$'000)
<b>Assets</b>						
<b>Current assets</b>						
Cash and cash equivalents	11, K	2509	12 937	9204	10 428	3733
Restricted cash and cash equivalents	12, L	12 096	8187	6911	(3909)	1276
Inventories	M	-	-	392	-	(392)
Receivables	13, N	1591	1813	1339	222	474
Amounts receivable for services	O	6330	5970	5159	(360)	811
Other current assets	14	860	1979	1979	1119	-
Non-current assets classified as held for sale	15, P	3041	2237	1123	(804)	1114
<b>Total current assets</b>		<b>26 427</b>	<b>33 123</b>	<b>26 107</b>	<b>6696</b>	<b>7016</b>
<b>Non-current assets</b>						
Restricted cash and cash equivalents	16, Q	1287	-	1325	(1287)	(1325)
Amounts receivable for services		17 879	17 272	16 305	(607)	967
Property plant and equipment	17, R	238 332	269 159	256 518	30 827	12 641
Intangible assets	18, S	5549	15 483	7677	9934	7806
Other	19, T	24 076	162	-	(23 914)	162
<b>Total non-current assets</b>		<b>287 123</b>	<b>302 076</b>	<b>281 825</b>	<b>14 953</b>	<b>20 251</b>
<b>Total assets</b>		<b>313 550</b>	<b>335 199</b>	<b>307 932</b>	<b>21 649</b>	<b>27 267</b>

## 35 Explanatory statements (cont.)

### Statement of financial position (controlled operations)

	Variance note	Original estimate 2015 (\$'000)	Actual 2015 (\$'000)	Actual 2014 (\$'000)	Variance between estimate and actual (\$'000)	Variance between actual results for 2015 and 2014 (\$'000)
<b>Liabilities</b>						
<b>Current liabilities</b>						
Payables	20, U	2097	4453	2734	2356	1719
Provisions		12 585	12 817	12 341	232	476
Other current liabilities	21	2159	42	48	(2117)	(6)
<b>Total current liabilities</b>		<b>16 841</b>	<b>17 312</b>	<b>15 123</b>	<b>471</b>	<b>2189</b>
<b>Non-current liabilities</b>						
Provisions	22	2668	2312	2303	(356)	9
<b>Total non-current liabilities</b>		<b>2668</b>	<b>2312</b>	<b>2303</b>	<b>(356)</b>	<b>9</b>
<b>Total liabilities</b>		<b>19 509</b>	<b>19 624</b>	<b>17 426</b>	<b>115</b>	<b>2198</b>
<b>Net assets</b>		<b>294 041</b>	<b>315 575</b>	<b>290 506</b>	<b>21 534</b>	<b>25 069</b>
<b>Equity</b>						
Contributed equity	V	263 415	262 430	251 699	(985)	10 731
Reserves	23	45 047	57 539	54 322	12 492	3217
Accumulated (deficit)/surplus	24, W	(14 421)	(4394)	(15 515)	10 027	11 121
<b>Total equity</b>		<b>294 041</b>	<b>315 575</b>	<b>290 506</b>	<b>21 534</b>	<b>25 069</b>

## 35 Explanatory statements (cont.)

### Statement of cash flows (controlled operations)

	Variance note	Original estimate 2015 (\$'000)	Actual 2015 (\$'000)	Actual 2014 (\$'000)	Variance between estimate and actual (\$'000)	Variance between actual results for 2015 and 2014 (\$'000)
<b>Cash flows from state government</b>						
Service appropriation		65 332	65 097	70 592	(235)	(5495)
Capital contributions	X	6810	6447	8739	(363)	(2292)
Holding account drawdowns	25, Y	5159	4657	8873	(502)	(4216)
Royalties for Regions Fund	26, Z	8625	16 147	8298	7522	7849
State grants	27, AA	-	2934	3533	2934	(599)
<b>Net cash provided by state government</b>		<b>85 926</b>	<b>95 282</b>	<b>100 035</b>	<b>9356</b>	<b>(4753)</b>
Utilised as follows:						
<b>Cash flows from operating activities</b>						
<b>Payments</b>						
Employee benefits	AB	(49 789)	(45 272)	(50 679)	4517	5407
Supplies and services	28, AC	(12 271)	(18 126)	(24 063)	(5855)	5937
Accommodation		(4333)	(4456)	(4755)	(123)	299
Grants and subsidies	AD	(3619)	(3742)	(2105)	(123)	(1637)
GST payments on purchases	29	-	(4776)	(4741)	(4776)	(35)
Other payments	30, AE	(10 344)	(1474)	(2110)	8870	636
Refund of unspent Commonwealth grant	AF	-	-	(7327)	-	7327
<b>Receipts</b>						
User charges and fees		54	61	71	7	(10)
Commonwealth grants and contributions	31, AG	7592	1364	1842	(6228)	(478)
GST receipts on sales	32	-	605	645	605	(40)
GST receipts from taxation authority	33	2750	3755	3632	1005	123
Other receipts	34, AH	2061	1212	1786	(849)	(574)
<b>Net cash provided by/(used in) operating activities</b>		<b>(67 899)</b>	<b>(70 849)</b>	<b>(87 804)</b>	<b>(2950)</b>	<b>16 955</b>

## 35 Explanatory statements (cont.)

### Statement of cash flows (controlled operations)

	Variance note	Original estimate 2015 (\$'000)	Actual 2015 (\$'000)	Actual 2014 (\$'000)	Variance between estimate and actual (\$'000)	Variance between actual results for 2015 and 2014 (\$'000)
<b>Cash flows from investing activities</b>						
<b>Payments</b>						
Purchase of non-current physical assets	35, AI	(18 230)	(22 670)	(17 331)	(4440)	(5339)
Purchase of inventories	AJ	-	-	(188)	-	188
<b>Receipts</b>						
Proceeds from sale of non-current physical assets	AK	1804	1921	1495	117	426
<b>Net cash provided by/(used in) investing activities</b>		<b>(16 426)</b>	<b>(20 749)</b>	<b>(16 024)</b>	<b>(4323)</b>	<b>(4725)</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>1601</b>	<b>3684</b>	<b>(3793)</b>	<b>2083</b>	<b>7477</b>
<b>Cash and cash equivalents at the beginning of period</b>		<b>14 291</b>	<b>17 440</b>	<b>21 233</b>	<b>3149</b>	<b>(3793)</b>
<b>Cash and cash equivalents at the end of period</b>		<b>15 892</b>	<b>21 124</b>	<b>17 440</b>	<b>5232</b>	<b>3684</b>

## 35 Explanatory statements (cont.)

### Statement of comprehensive income

#### Major estimate and actual (2015) variance narratives for controlled operations

- 1** Supplies and Services exceeded estimates by \$7.1 million (60%) due to additional expenses associated with the Royalties for Regions funded Water for Food program, which was approved after the 2014–15 Budget (\$1.5 million) and the allocation of expenses to Supplies and Services instead of Other Expenses (see note 4 below).
- 2** Depreciation and amortisation was underspent by \$1.3 million (18%) due to the estimate being overstated compared to the actual for 2013–14.
- 3** Grants and subsidies exceeded estimates by \$0.8 million (21%) mainly due to unbudgeted grant payments associated with Water for Food (\$1.9 million) which were partly offset by savings against the budget for Rural Water Planning grants (\$0.9 million).
- 4** Other Expenses underspent by \$5.7 million (80%) due to expenditure allocated to Supplies and Services (see note 1 above).
- 5** Commonwealth grants and contributions were under budget by \$6.2 million (82%) due to the budgeted amount including grant income from both the Commonwealth and other sources. In addition Commonwealth grants were less than the 2015 estimate. Only Commonwealth grant income is now included against this line item.
- 6** Other Revenue exceeded estimates by \$1.7 million (152%) due to the accounting treatment for the initial recognition of assets and the reclassification of income (see also notes 5 above and 9 below).
- 7** Services received free of charge exceeded estimates by \$0.9 million (190%) mainly due to imagery services provided by Landgate.
- 8** Royalties for Regions funding exceeded estimates by \$7.9 million (189%) mainly due to the Water for Food program (\$7.6 million) which was approved after the 2014–15 Budget.

- 9** State grants income exceeded estimates by \$3.1 million (100%) due to grants from other state government agencies being classified under Commonwealth grants and other contributions in the estimates (see also note 5 above).
- 10** The asset revaluation reserve surplus increased by \$3.5 million (100%) due to this item not being budgeted for.

#### Major actual (2015) and comparative (2014) variance narratives for controlled operations

- A** Supplies and Services decreased by \$3.5 million (16%) mainly due to a reduction in expenditure on software licences (\$1.3 million) and the once-off expenses associated with the roll out from the Office of Shared Services in 2013–14 (\$2.2 million).
- B** Grants and subsidies increased by \$2.5 million (131%) due to grant payments associated with the Water for Food program (\$1.9 million) and Rural Water Planning grants (\$0.6 million).
- C** Other Expenses decreased by \$0.9 million (37%) due to decreases in employment on-costs and expenditure transferred from capital works in progress.
- D** In 2013–14 a refund was made to the Commonwealth for unspent funds relating to the Collie River Salinity Reduction Program.
- E** Commonwealth grants and contributions decreased by \$0.3 million (19%) due to the completion of the Water for the Future project (\$0.1 million) and the Common Registry System (\$0.3 million).
- F** Other Revenue increased by \$0.9 million (48%) mainly due to the accounting treatment for the initial recognition of assets.
- G** Services received free of charge increased by \$0.6 million (83%) mainly due to imagery services provided by Landgate.
- H** Royalties for Regions funding increased by \$8.5 million (242%) mainly due to the Water for Food program (\$7.6 million) which was approved after the 2014–15 Budget, and the Regional Water Availability, Planning and Investigation program (\$0.6 million).

## 35 Explanatory statements (cont.)

- I State grants income decreased by \$0.5 million (13%) mainly due to reduced income from the Swan River Trust and other state government agencies for specific projects.
- J The asset revaluation reserve surplus decreased by \$7.2 million (67%) due to revaluation being a smaller amount in 2014-15.

### Statement of financial position

#### Major estimate and actual (2015) variance narratives for controlled operations

- 11 Current cash and cash equivalents increased by \$10.4 million (416%) due to a higher level of underspending against projects than was anticipated. The balance at 30 June 2015 includes funds held for accruals and future commitments.
- 12 Restricted cash and cash equivalents decreased by \$3.9 million (32%) due to a lower level of restricted cash balances than was anticipated.
- 13 Receivables increased by \$0.2 million (14%) mainly due to increased current receivables and GST receivable.
- 14 Other current assets increased \$1.1 million (130%) due to an increase in prepayments.
- 15 Non-current assets held for sale decreased \$0.8 million (26%) due to lower than anticipated value of land held for sale.
- 16 Non-current restricted cash and cash equivalents in the original estimates included the provision for the 27th pay. This is included in current restricted cash and cash equivalents in the 2015 actual.
- 17 Property, plant and equipment exceeded the estimate by \$30.8 million (13%) mainly due to capital works in progress (see note 19 below).

- 18 Intangible assets increased by \$9.9 million (179%) due to the capital works in progress associated with Water Online and various water modelling projects.
- 19 Other non-current assets were lower than the original estimates by \$24.1 million (100%) due to these being accounted for under the line item Property, plant and equipment (see note 17 above). In addition the 2015 actual includes \$162,000 due to prepayments more than 12 months in advance.
- 20 Payables increased by \$2.4 million (112%) due to increased accrued salaries and higher than anticipated trade payables.
- 21 Other current liabilities decreased by \$2.1 million (98%) due to the estimate not being revised in line with the previous year's actual.
- 22 The non-current liability provision decreased by \$0.4 million (13%) due to long service leave taken.
- 23 Reserves increased by \$12.5 million (28%) due to the revaluation of land and measurement sites and the 2015 estimate being lower than the 2014 actual.
- 24 The accumulated deficit decreased by \$10.0 million (70%) due to the improved operating result.

#### Major actual (2015) and comparative (2014) variance narratives for controlled operations

- K Current cash and cash equivalents increased by \$3.7 million (41%) mainly due to unspent capital appropriation and trade payables.
- L Current restricted cash and cash equivalents increased \$1.3 million (18%) mainly due to the transfer of the provision for the 27th pay from non-current restricted cash and cash equivalents and an increase in Royalties for Regions funds on hand which were partly offset by a decrease in the proceeds from land sales.
- M Inventories decreased by \$0.4 million (100%) due to this line item being reclassified to capital works in progress from 2014-15.
- N Receivables increased by \$0.5 million (35%) mainly due to increased current receivables and GST receivable.

## 35 Explanatory statements (cont.)

- O** Amounts receivable for services increased by \$0.8 million (16%) due to the movement associated with the approved Asset Investment Program.
- P** Non-current assets held for sale increased by \$1.1 million (99%) due to the higher value of land held for sale.
- Q** Non-current restricted cash and cash equivalents decreased by \$1.3 million (100%) due to the transfer of the provision for the 27<sup>th</sup> pay to current restricted cash.
- R** Property, plant and equipment increased by \$12.6 million (5%) mainly due to capital works in progress.
- S** Intangible assets increased by \$7.8 million (102%) due to the capital works in progress associated with Water Online and various water modelling projects.
- T** Other non-current assets increased by \$162 000 (100%) due to prepayments more than 12 months in advance.
- U** Payables increased by \$1.7 million (63%) due to higher than anticipated trade payables and accrued salaries.
- V** Contributed equity increased by \$10.7 million (4%) mainly due to the capital appropriation and the contribution from the Royalties for Regions - Regional infrastructure and headworks account.
- W** The accumulated deficit decreased by \$11.1 million (72%) due to the improved operating result.

## Statement of cash flows

### Major estimate and actual (2015) variance narratives for controlled operations

- 25** Holding account drawdown receipts were \$0.5 million (10%) less than estimated mainly due to the reduction to the program to replace and maintain monitoring bores.
- 26** Royalties for Regions receipts exceeded estimates by \$7.5 million (87%) due to the Water for Food program (\$7.6 million) which was approved after the 2014-15 budget.
- 27** State grants income exceeded estimates by \$2.9 million (100%) due to grants from other state government agencies being budgeted for against Commonwealth and other grants and contributions.
- 28** Supplies and Services payments exceeded estimates by \$5.9 million (48%) due to additional expenses associated with the Royalties for Regions funded Water for Food program, which was approved after the 2014-15 Budget and the allocation of expenditure to Supplies and Services instead of Other Payments (see note 30 below).
- 29** GST payments on purchases payments exceeded estimates by \$4.8 million (100%) due to this line item not being budgeted for.
- 30** Other Payments decreased by \$8.9 million (86%) due to payments being allocated to Supplies and Services (see note 28 above) and the 2015 estimate being overstated compared to the 2014 actual.
- 31** Commonwealth grants and contributions receipts were \$6.2 million (82%) under the estimate due to the budgeted amount including grant income from both the Commonwealth and other sources. In addition Commonwealth grants were less than the 2015 estimate. Only Commonwealth grant income is now included against this line item.

## 35 Explanatory statements (cont.)

- 32** GST receipts on sales exceeded estimates by \$0.6 million (100%) due to this line item not being budgeted for.
- 33** GST receipts from taxation authority increased by \$1.0 million (37%) in line with payment activity.
- 34** Other Receipts were \$0.8 million (41%) under the estimate mainly reflecting lower lease rental receipts and fees for data requests.
- 35** Purchase of non-current assets exceeded estimates by \$4.4 million (24%) due to the expenditure in 2014–15 of carryover funds from the 2013–14 Asset Investment Program.

### Major actual (2015) and comparative (2014) variance narratives for controlled operations

- X** Capital appropriation receipts decreased by \$2.3 million (26%) mainly due to reduced funding for the Groundwater Resources Investigation and Monitoring program and the Perth Region Confined Aquifer Capacity Study.
- Y** Holding account drawdown receipts decreased by \$4.2 million (48%) mainly due to the reduction to the program to replace and maintain monitoring bores.
- Z** Royalties for Regions receipts increased by \$7.8 million (95%) due to the Water for Food program (\$7.6 million).
- AA** State grants income decreased by \$0.6 million (17%) mainly due to reduced income from the Swan River Trust and other state government agencies for specific projects.
- AB** Employee benefits payments decreased by \$5.4 million (11%) mainly due to payments associated with the voluntary severance scheme in 2013–14.
- AC** Supplies and Services payments decreased by \$5.9 million (25%) mainly due to a reduction in expenditure on software licences and the once-off expenses associated with the roll out from the Office of Shared Services in 2014.
- AD** Grants and subsidies payments increased by \$1.6 million (78%) mainly due to additional grant payments associated with the Water for Food program (\$1.9 million).
- AE** Other Payments decreased by \$0.6 million (30%) due to the impact of corrective measures.
- AF** In 2013–14 a refund was made to the Commonwealth for unspent funds relating to the Collie River Salinity Reduction Program.
- AG** Commonwealth grants and contributions decreased by \$0.5 million (26%) mainly due to the completion of the Water for the Future project (\$0.1 million) and the Common Registry System (\$0.3 million).
- AH** Other receipts decreased by \$0.6 million (32%) mainly due to lower lease rental receipts and fees for data requests.
- AI** Purchase of non-current assets payments increased by \$5.3 million (31%) due to the expenditure in 2014–15 of carryover funds from the 2013–14 Asset Investment Program.
- AJ** Purchase of inventories decreased by \$0.2 million (100%) due to the reclassification of this expenditure to capital works in progress from 2014–15.
- AK** Proceeds from the sale of land receipts increased by \$0.4 million (28%) due to the additional value of land disposals.

## 36 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 36 (c) 'Financial Instruments Disclosures'* and *note 18 'Receivables'*.

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

#### Liquidity risk

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

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

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

#### Market risk

Market risk is the risk that changes in market prices such as foreign exchange rates and interest rates will affect the department's income or the value of its holdings of financial instruments. The department does not trade in foreign currency and is not materially exposed to other price risks. The department is not exposed to interest rate risk because all cash and cash equivalents cash are non-interest bearing and have no borrowings.

### (b) Categories of financial instruments

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

	2015 (\$'000)	2014 (\$'000)
<b>Financial assets</b>		
Cash and cash equivalents	12 937	9204
Restricted cash and cash equivalents	8187	8236
Receivables <sup>(a)</sup>	23 593	21 513
	<b>44 717</b>	<b>38 953</b>
<b>Financial liabilities</b>		
Financial liabilities measured at amortised cost	4453	2734
	<b>4453</b>	<b>2734</b>

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

## 36 Financial instruments (cont.)

### (c) Financial Instrument disclosures

#### Credit risk

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

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

#### Ageing analysis of financial assets

	Carrying Amount (\$'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>2015</b>								
Cash and cash equivalents	12 937	12 937	-	-	-	-	-	-
Restricted cash and cash equivalents	8187	8187	-	-	-	-	-	-
Receivables <sup>(a)</sup>	351	200	-	127	12	-	-	12
Amounts receivable for services	23 242	23 242	-	-	-	-	-	-
	<b>44 717</b>	<b>44 566</b>	<b>-</b>	<b>127</b>	<b>12</b>	<b>-</b>	<b>-</b>	<b>12</b>
<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	-	-	-	-	-	-
	<b>38 953</b>	<b>38 925</b>	<b>9</b>	<b>12</b>	<b>6</b>	<b>1</b>	<b>-</b>	<b>-</b>

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

## 36 Financial instruments (cont.)

### 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 %	Interest rate exposure				Maturity dates					
		Carrying amount (\$'000)	Fixed interest rate (\$'000)	Variable interest rate (\$'000)	Non-interest bearing (\$'000)	Nominal amount (\$'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>2015</b>											
<b>Financial assets</b>											
Cash and cash equivalents		12 937	-	-	12 937	12 937	12 937	-	-	-	-
Restricted cash and cash equivalents		8187	-	-	8187	8187	6481	-	1706	-	-
Receivables <sup>(a)</sup>		351	-	-	351	351	351	-	-	-	-
Amounts receivable for services		23 242	-	-	23 242	23 242	470	2409	3091	17 272	-
		<b>44 717</b>	<b>-</b>	<b>-</b>	<b>44 717</b>	<b>44 717</b>	<b>20 239</b>	<b>2409</b>	<b>4797</b>	<b>17 272</b>	<b>-</b>
<b>Financial liabilities</b>											
Payables		4453	-	-	4453	4453	4453	-	-	-	-
		<b>4453</b>	<b>-</b>	<b>-</b>	<b>4453</b>	<b>4453</b>	<b>4453</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<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	16 305	-
		<b>38 953</b>	<b>-</b>	<b>-</b>	<b>38 953</b>	<b>38 953</b>	<b>16 444</b>	<b>1221</b>	<b>3658</b>	<b>17 630</b>	<b>-</b>
<b>Financial liabilities</b>											
Payables		2734	-	-	2734	2734	2734	-	-	-	-
		<b>2734</b>	<b>-</b>	<b>-</b>	<b>2734</b>	<b>2734</b>	<b>2734</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

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

## 36 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.

## 37 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:

\$	2015	2014
10 001–20 000	-	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	-	-
110 001–120 000	-	-
120 001–130 000	-	1
140 001–150 000	1	-
150 001–160 000	-	2
160 001–170 000	1	2
170 001–180 000	2	1
190 001–200 000	2	1
200 001–210 000	2	-
210 001–220 000	-	2
220 001–230 000	1	-
230 001–240 000	1	-
260 001–270 000	-	1
	(\$'000)	(\$'000)
Base remuneration and superannuation	2044	1914
Annual leave and long service leave accruals	(10)	(122)
Other benefits	165	146
<b>The total remuneration of senior officers</b>	<b>2199</b>	<b>1938</b>

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

## 38 Remuneration of auditor

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

	2015 (\$'000)	2014 (\$'000)
Auditing the accounts controls, financial statements and performance indicators	92	81

## 39 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"*.

## 40 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.

	2015 (\$'000)	2014 (\$'000)
Balance at start of period	97	97
Receipts	-	-
Payments	(33)	-
<b>Balance at end of period</b>	<b>64</b>	<b>97</b>

## 41 Supplementary financial information

	2015 (\$'000)	2014 (\$'000)
<b>(a) Write offs</b>		
Public property written-off by the accountable authority during the financial year	(5)	(2)
<b>(b) Losses through theft, defaults and other causes</b>		
Losses of public properties through theft or default	(15)	(62)
Amounts recovered	10	11
	<b>(5)</b>	<b>(51)</b>
<b>(c) Gifts of public property</b>		
The department had no gifts of public property during the financial year.		

## 42 Administered income and expenses by service

For the year ended 30 June 2015

	Urban water management and industry services		Water use allocation and optimisation		Catchment and waterways health		General (not attributed)		Total	
	2015 (\$'000)	2014 (\$'000)	2015 (\$'000)	2014 (\$'000)	2015 (\$'000)	2014 (\$'000)	2015 (\$'000)	2014 (\$'000)	2015 (\$'000)	2014 (\$'000)
<b>Income from administered items</b>										
<b>Income</b>										
Service appropriation	-	-	-	-	-	-	-	56	-	56
For transfer:										
Regulatory fees and other charges	-	-	-	-	-	-	18	11	18	11
<b>Total administered income</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>18</b>	<b>67</b>	<b>18</b>	<b>67</b>
<b>Expenses</b>										
Grants and subsidies	-	-	-	-	-	-	-	55	-	55
Payments into the consolidated account <sup>(a)</sup>	-	-	-	-	-	-	18	11	18	11
<b>Total administered expenses</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>18</b>	<b>66</b>	<b>18</b>	<b>66</b>

In 2002, the Government of Western Australia entered into an agreement to provide subsidies to the Ord Irrigation Cooperative and the Gascoyne Water Cooperative. The agreement specifies that government pay diminishing installments adjusted for CPI to the Cooperatives 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) Payments into the Consolidated account included water fines collected.

## 43 Explanatory statement for administered items

	Variance note	Original estimate 2015 (\$'000)	Actual 2015 (\$'000)	Actual 2014 (\$'000)	Variance between estimate and actual (\$'000)	Variance between actual results for 2015 and 2014 (\$'000)
<b>Income from administered items</b>						
<b>Income</b>						
Service appropriation	A	-	-	56	-	(56)
For transfer:						
Regulatory fees and other charges		25	18	11	(7)	7
<b>Total administered income</b>		<b>25</b>	<b>18</b>	<b>67</b>	<b>(7)</b>	<b>(49)</b>
<b>Expenses</b>						
Grants and subsidies		-	-	55	-	(55)
Payments into the consolidated account <sup>(a)</sup>		25	18	11	(7)	7
<b>Total administered expenses</b>		<b>25</b>	<b>18</b>	<b>66</b>	<b>(7)</b>	<b>(48)</b>
<b>Net income from administered items</b>		<b>-</b>	<b>-</b>	<b>1</b>	<b>-</b>	<b>(1)</b>

### Major variance narratives (administered items) variances between actual results for 2015 and 2014

A The administered service appropriation decreased by \$56 000 (100%) due to the final subsidy payment to the Gascoyne Water Cooperative being made in 2013-14.

(a) Payments into the Consolidated account included water fines collected.

## 44 Administered assets and liabilities

	2015 (\$'000)	2014 (\$'000)
<b>Asset</b>		
<b>Current asset</b>		
Cash and cash equivalents	18	18
<b>Total administered current assets</b>	<b>18</b>	<b>18</b>
<b>Total administered assets</b>	<b>18</b>	<b>18</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

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For the year ended 30 June 2015

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 2015.



**Mike Rowe**

A/Director General  
Department of Water

31 August 2015



## 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 for 2014–15

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

2014–15	ACTUAL	87%
2014–15	TARGET	87%
2013–14	ACTUAL	86%
2012–13	ACTUAL	85%
2011–12	ACTUAL	85%

#### Relevance to desired outcome

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

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

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

#### Variance analysis

There is no variation between target and actual for 2014–15 because the Gingin groundwater allocation plan replaces the *Gingin groundwater allocation plan for public comment* without changing the planning category.

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

2014-15	ACTUAL	79%
2014-15	TARGET	85%
2013-14	ACTUAL	81%
2012-13	ACTUAL	80%
2011-12	ACTUAL	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 their allocation limit.

### Variance analysis

The variance between the target 2014-15 and the actual 2014-15 results were mainly due to climate-related reductions to some allocation limits in the state's south-west, leaving the total of licensed entitlements above the new allocation limit. A second issue was temporary licence entitlements to enable dewatering for urban developments over the long-term allocation limit.

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

2014-15	ACTUAL	100%
2014-15	TARGET	100%
2013-14	ACTUAL	100%
2012-13	ACTUAL	93%
2011-12	ACTUAL	90%

### 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.

### Variance analysis

Since 2000, public drinking water source protection plans have been prepared for public drinking water sources servicing towns and cities. The variation between actual 2012-13 and actual 2013-14 reflects the completion of two new and seven updated plans. In 2014-15 Onslow was added to the list of public drinking water source protection areas whilst Bickley, Brunswick and Wellington were removed as they are no longer used for public drinking water supply. This resulted in 127 public drinking water source areas which are all covered by these plans.



## Urban water management and industry services

### Service 1 Efficiency indicators

This service ensures 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 (\$) 2011-12	Actual (\$) 2012-13	Actual (\$) 2013-14	Target (\$) 2014-15	Actual (\$) 2014-15
50 976	34 535	34 955	42 806	19 117

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 by the total number of instruments produced.

#### Variance analysis

The downward trend between actual 2011-12 and actual 2014-15 reflects an increase in the number of services policy instruments resulting from the additional workload associated with licence exemptions under the *Water Services Act 2012* and from advice provided to the Minister on the *Water Corporations Act 1995* following gazettal of the Department of Water to this role in 2014.

## Average cost per drinking water source protection plan

Actual (\$) 2011-12	Actual (\$) 2012-13	Actual (\$) 2013-14	Target (\$) 2014-15	Actual (\$) 2014-15
665 778	382 162	491 558	410 033	338 872

### Relevance to service

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

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

This indicator shows the average cost of producing a drinking water source protection plan. The indicator provides a measure of cost efficiency of the development of 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 plans 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 department, while still delivering eight plans (five new plans and three reviews). In contrast, the higher average cost in 2013-14 reflects nine completed plans (two new and seven reviews) which were, on average, larger and more complex. The average cost in actual 2014-15 was lower due to the completion of 10 plans comprising one new and nine reviews. Reviews are less expensive than new plans, which involve extensive public consultation and original risk assessment, whereas reviews involve desktop assessments, a site visit and a review of the risk assessment.

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

Actual (\$) 2011-12	Actual (\$) 2012-13	Actual (\$) 2013-14	Target (\$) 2014-15	Actual (\$) 2014-15
5902	7407	6860	4959	6199

### Relevance to service

Drainage and water management plans and assessments provide for the management of water in the 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 the complexity of plans and assessments. The average cost in 2013-14 reflects a return to normal referral levels. The decrease in the average cost in actual 2014-15 compared with actual 2013-14 mainly reflects increases in the number of plans and assessments associated with residential developments in the Peel region and resource developments in the North West and Mid West regions.

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

Actual (\$) 2011-12	Actual (\$) 2012-13	Actual (\$) 2013-14	Target (\$) 2014-15	Actual (\$) 2014-15
500	45	30	31	35

### 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 2012-13, actual 2013-14 and actual 2014-15 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.



## Water use allocation and optimisation

### Service 2 Efficiency indicators

This service ensures 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 (\$) 2011–12	Actual (\$) 2012–13	Actual (\$) 2013–14	Target (\$) 2014–15	Actual (\$) 2014–15
1 419 826	1 776 789	2 364 566	1 542 312	1 991 394

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

#### Relevance to service

The department 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 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.

The lower average cost in the three years to 2014–15 is due to an increase in the average number of plans completed (although this was lower than the target).

## Average time taken to process a licence by water category grouping

	Actual (days) 2011–12	Actual (days) 2012–13	Actual (days) 2013–14	Target (days) 2014–15	Actual (days) 2014–15
Category 1	60	45	73	40	34
Category 2	68	45	60	40	32
Category 3	70	47	56	50	34
Category 4	64	65	48	60	32

### 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.

The variance between the actual 2013–14 and actual 2014–15 reflects improved administration processes within the department and an improved reporting ability (through 'stop the clock' processes), which only includes the department's assessment timeframes and not the time taken for external information to be provided to the department.

## Expenditure on water licence administration

	Actual 2011-12	Actual 2012-13	Actual 2013-14	Target 2014-15	Actual 2014-15
<b>Average cost per water licence (all categories)</b>					
	\$2436	\$2506	\$2666	\$2700	\$2413
<b>Total number of licences processed by category grouping</b>					
Category 1	846	804	748	800	728
Category 2	2204	1447	1575	1500	1385
Category 3	3293	3336	2823	3500	3755
Category 4	5473	4389	4956	4500	4264

### 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 12 735 surface and groundwater licences as of 30 June 2015. 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 2015. 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 all years reflects incremental efficiency improvements in licence assessment processes and 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 and 12 735 in actual 2014-15.



## Catchment and waterways health

### Service 3 Efficiency indicators

This service protects the state’s waterways and catchments through river management and recovery programs. It also 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 (\$) 2011-12	Actual (\$) 2012-13	Actual (\$) 2013-14	Target (\$) 2014-15	Actual (\$) 2014-15
293	183	0	0	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 actual 2013-14 and both target and actual 2014-15.

#### Average cost per waterway management plan developed

Actual (\$) 2011-12	Actual (\$) 2012-13	Actual (\$) 2013-14	Target (\$) 2014-15	Actual (\$) 2014-15
1 125 513	456 576	2 148 180	764 096	1 031 858

#### 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 and 10 in both the target and actual for 2014-15. 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.

## Ministerial directives

There were no Ministerial directives in 2014–15.

## 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 2014–15 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

There was one change to the department’s executive structure in 2014–15 with the addition of a Director Water for Food position that has been advertised and filled for a three-year term. The remaining structure is 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 is filled via a secondment appointment and was advertised in April 2015 to select a candidate for a term of up to five years.

All director positions are filled on contracts expiring 30 June 2016, with the exception of the Director, Water Assessment and Allocation, which expires on 27 December 2018.



### Boards and committee remuneration

All remuneration paid by the Department of Water during 2014–15 to positions on boards and committees is summarised in the table below.

Position	Name	Type of remuneration	Period of membership	Gross/actual remuneration
Chair	David Kemp	Chair	12 months	\$9970
Deputy Chair	Robin Flowers	Half day	12 months	\$1056
Member	Jeff Falconer	Half day	12 months	\$1056
Member	Catherine Oldman	Half day	12 months	\$1056
Member	Geoffery Oddy	Half day	12 months	\$880
Member	Coralie Tarbotton	Half day	12 months	\$528
Member	Leslie Mutton	Half day	12 months	\$352
			<b>Total</b>	<b>\$14 898</b>

No payments were made to the Carnarvon Water Allocation Advisory Committee and Warren-Donnelly Water Advisory Committee during 2014-15.

## Commitment to employees

The department recognises that its strength is in the many dedicated employees who deliver water planning, policy and management, and is committed to its employees by providing a safe and healthy workplace.

The agency's executive team fully supports the department's occupational safety and health policy management system to ensure all employees of the department have a safe, healthy workplace.

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

Through the Employee Recognition Program two staff members, Malcolm Robb and Susan Worley were awarded Australia Day Medallions in January 2015 in recognition of their outstanding achievement to the water industry through their commitment to scientific research and education.

The department's workforce and diversity plan expires on 30 June 2015 and work is underway to develop a new plan to underpin the organisation's workforce requirements during the next five years.

A comprehensive review of our recruitment and selection practices was undertaken during the year and a number of recommendations to create efficiencies and better meet workforce demands are being implemented.



## Workforce profile

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

Occupations categories	30 June 2014	30 June 2015
Managers	42	59
Professionals	276	296
Technicians and trades workers	8	6
Clerical and administrative workers	86	96
<b>Total FTE</b>	<b>412</b>	<b>456</b>



## SNAPSHOTS

## New strategic plan

&lt;PREVIOUS SNAPSHOT

During 2014–15 the department ran a number of workshops and engaged with stakeholders and the workforce to review and develop a new strategic plan.

To develop the plan, the department established a reference group comprising the department's Corporate Executive, leadership team and nominated staff. The reference group met regularly and consulted with all staff and external stakeholders.

The recently produced Strategic Plan 2015–2020 includes a new vision, purpose, values, strategic directions and initiatives.

The 2015–16 business plan was also developed during the year to link with the new strategic plan and the department reaffirmed its commitment to the People for Water program to achieve high levels of employee engagement and embed the new values and associated behaviours across the organisation.



As a part of this program, work began on an employee engagement survey to be implemented in September 2015.

The Strategic Plan 2015–2020, the business plan, and the new values and associated behaviours formed the basis of the 2015 workforce development plans developed with staff and their managers across the department.

New key performance indicators were also developed during 2014–15 to align with the new strategic directions and initiatives.

Benchmark data against which the performance indicators could be compared was formulated in 2014–15. This included independent stakeholder research to establish the proportion of stakeholders who perceived the department to be effectively managing the state's water as a resource for sustainable productive use.

#### *Department of Water Strategic Planning Reference Group*

*Paul Stewart, Justin Story, Ben Drew, Daniel Ferguson, Leon Brouwer, Kerrin Cox, Simon Skevington, Iqbal Samnakay, Gillian White, Antonietta Torre, Susan Worley, Paul Brown, Erin Tuckwell, Tadas Bagdon, Greg Claydon, Arabella Taylor, Michelle Jahn, Mike Rowe, Carole Harris, Matthew Awang, Warren Tierney, Karen Sykes, Don Crawford, Hazel Kural, Craig Sinclair, Linda Candy, Cath Howard, John Connolly, Carolyn Hills, Laz Leonhard, Eric Isailovic, Tim Sparks, Melinda Burton, Ursula Kretzer, Tym Duncanson.*



Read the department's Strategic Plan online



## New performance management framework

Approval was granted to introduce a new framework in 2015–16 comprising the following services

<p><b>NEW</b></p>  <p>Water information and advice</p> <p><b>Service 1</b></p>	<p><b>NEW</b></p>  <p>Water planning, allocation and optimisation</p> <p><b>Service 2</b></p>	<p><b>NEW</b></p>  <p>Water regulation, licensing and industry governance</p> <p><b>Service 3</b></p>
<p>The department enables investment decisions of regional and state significance through the provision of data and information on the quantity, quality, location of, and demand for, water across the state.</p> <p>The information also underpins policy advice for consideration by government and supports other government agencies and stakeholders in their planning for future economic growth and urban and rural development.</p>	<p>Water planning, allocation and optimisation ensures the sustainable management of water resources for the long-term benefit of the state and rely on good science.</p> <p>This includes planning and allocating water for sustainable productive use, protecting public drinking water sources, and ensuring the sustainability of water resources and their dependent ecosystems.</p>	<p>Responsible, proportional regulation ensures investment, growth and development is underpinned by sustainable management of the state's water resources for the long-term benefit of the state.</p> <p>This service includes the management of water licensing. It also includes the management of the legislation governing the operations of water service providers.</p>

## New performance management framework

Actual results versus budget targets | Service areas – summary of new unaudited key performance indicators<sup>1</sup>

### Effectiveness indicators

Performance indicator	Target (%) 2014–15*	Actual (%) 2014–15	Variance (\$)
Proportion of stakeholders who perceive the department to be effectively managing the state's water as a resource for sustainable, productive use	N/A	55	N/A
Proportion of priority growth areas that have a water supply planning strategy <sup>(a)</sup>	44	44	N/A

\* As specified in the budget statements.

(a) Priority growth areas will be based on future growth areas identified through the Water Supply-Demand Model plus agreed prioritisation criteria (e.g. economic significance to the state). Priority growth areas will be identified in the department's annual (November) supply and demand outlook statement. This will be provided to the state's Infrastructure Coordinating Committee for input and advice before submission to the Minister for Water.

### Service 1: Water information and advice

#### Efficiency indicators

Performance indicator	Target 2014–15*	Actual 2014–15	Variance
Proportion of statutory referrals from decision-making authorities where advice is provided within target timeframes <sup>(a)</sup>	N/A	97%	N/A
Average cost per statutory referral assessment	\$5439	\$4963	-\$476
Average cost per water measurement site managed	\$8004	\$7459	-\$545

\* As specified in the budget statements.

(a) Decision-making authorities include the Office of the Environmental Protection Authority, Western Australian Planning Commission, Department of Mines and Petroleum, Department of Environment Regulation and Local Government. The target timeframe is 35 business days.

<sup>1</sup> Summary of new key performance indicators are not subject to audit during the 2014–15 financial year.

## New performance management framework

Actual results versus budget targets | Service areas – summary of new unaudited key performance indicators<sup>1</sup>

### Service 2: Water planning, allocation and optimisation

#### Efficiency indicators

Performance indicator	Target (\$) 2014–15*	Actual (\$) 2014–15	Variance (\$)
Average cost per plan, report or guidance document to support water planning, allocation and optimisation	131 099	152 482	21 383
Average cost per hour of scientific support for water planning, allocation and optimisation	184	146	-38

\* As specified in the budget statements.

### Service 3: Water regulation, licensing and industry governance

#### Efficiency indicators

Performance indicator	Target 2014–15*	Actual 2014–15	Variance
Average cost of assessing a water licence application by risk assessment category (\$)			
Low risk	N/A	\$4700	N/A
Medium risk	N/A	\$3282	N/A
High risk	N/A	\$4255	N/A
Average time taken (days) to assess a licence application by risk assessment category			
Low risk	N/A	55	N/A
Medium risk	N/A	57	N/A
High risk	N/A	48	N/A
Average cost of compliance monitoring and enforcement action	\$911	\$1072	\$161

\* As specified in the budget statements.

<sup>1</sup> Summary of new key performance indicators are not subject to audit during the 2014–15 financial year.

## Aboriginal Traineeship program

In 2014, the department recommenced its program to engage young Aboriginal staff members through the Aboriginal Traineeship Program of the Public Sector Commission (PSC). Working with the PSC, the department engaged two people – Shaneece Davis and Ray Williams – for a year under the program.

Shaneece and Ray have each successfully taken on positions in the Human Resources and Water Information and Modelling branches, where they have gained experience in the department's core water management business as well as corporate services. With one permanent position secured beyond 2015, Human Resources are now also looking at options to secure another permanent role to retain our new employees.

In May the department began work on its first reconciliation action plan to improve how the agency works with Aboriginal stakeholders, as well as how it engages with Aboriginal people in our workforce. The department's vision for reconciliation is that Aboriginal people are engaged with its workforce and water business.



*"The traineeship program has been a great opportunity and something that I was determined to get into. Being placed in the Department of Water for the 12 months of my traineeship has been a pleasure; meeting new people, developing new skills and knowledge, gaining confidence in an office environment and completing my qualification have all been significant accomplishments. The department conducts meaningful work and it is inspiring to know that we are making a difference."*

**Shaneece Davis, Water Information Officer**

*"The traineeship program has been a big starting point and stepping stone for me. I was able to learn and gain experience of what it's like working in a government agency, and also working and being exposed to the different areas of an agency. With the experience and knowledge gained after talking to fellow colleagues I can take the next step to achieving my goal of becoming an environmental scientist."*

**Ray Williams, Human Resource Officer**

## Other legal requirements

### Expenditure on advertising 2014–15 financial year

Expenditure for the 2014–15 financial year on advertising, market research, polling and direct mail (*Electoral Act 1907 s175ZE*):

Category	Actual (\$)
<b>Information advertising</b>	
Adcorp Australia	6283
Price Consulting Group	3073
Ray White	1914
State Law Publisher	12 989
Water Corporation	20 000
West Australian newspaper	213
<b>Subtotal</b>	<b>44 472</b>
<b>Recruitment and tender advertisements</b>	
Adcorp Australia	13 128
Beilby Corporation	8602
CoreStaff	3779
Email Media	150
PDT Consultancy	3832
<b>Subtotal</b>	<b>29 491</b>
<b>Total advertising costs</b>	<b>73 963</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 finalised its new *Disability access and inclusion plan 2014–2018* and, during the past 12 months, the following actions have been undertaken:

- Information about the plan was published on the intranet and internet for the public and department staff.
- The objectives of the plan were considered in the development of a new workforce and diversity plan for the organisation.
- Planning for the lease of potential new premises included complying with the Disability Standards 2010.

- Recruitment advertising included information about the department as an equal opportunity employer.
- Internal policies prohibited discriminatory practices.

### Public Sector Standards

There were two claims of breaches of the Western Australian Public Sector Standards in Human Resource Management (Employment Standard) lodged. One claim was resolved internally and the other was referred to the PSC with a determination that no breach had occurred.



Download a copy of the Disability access and inclusion plan





### 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 identification and assessment of records from legacy agencies.

A record-keeping awareness training program was completed by 28 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 81 members of 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, the numbers of files created, and the response times to service requests.

## Government policy requirements

### Substantive equality

The department is committed to implementing substantive equality measures and strives to make its services available to all Western Australians in a form that meets different needs.

During the past 12 months the department refocused efforts to develop an integrated equity framework. It also began planning for a new internal committee to ensure all policies conform with substantive equality principles, including ensuring that all the staff members are aware of them. Progress in coordinating the department's effort to implement 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*.

Both management and employees are committed to effective consultation in the workplace to provide employees with an opportunity to participate in decisions that affect their working lives. The department has established a consultation system that includes an Occupational Safety and Health (OSH) Steering Committee, area committees and safety and health representatives. These groups focus on the continuous improvement of OSH systems, processes and performance in the department.

The OSH committees, including employee representatives, are integral to OSH consultation within the agency. The locations and details of the health and safety representatives are given to all employees.

The department's OSH Steering Committee meets quarterly while local area OSH committees meet more frequently to discuss and resolve OSH issues and review hazard and incident reports. The OSH Steering Committee is responsible 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 agency has established a *Workers' compensation and injury management policy* to assist 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 all employees through the department's intranet.

### Assessment of the occupational health and safety system

The department's OSH management system was externally audited in 2013 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	
	2012–13	2014–15	Target	Comment on result
Number of fatalities	0	0	0	Target achieved
Lost time injury and/or disease incidence rate	0.43%	0.43%	0 or 10% reduction	Target 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	84%	83%	Greater than or equal to 80%	Target achieved

# Contact us

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### Geocatch network centre

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## Mid West Gascoyne region

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### Carnarvon district office

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## North West region

Karratha regional office  
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