



Government of **Western Australia**  
Department of **Water and Environmental Regulation**

*We're working for  
Western Australia.*



# Annual report

2020–21

**Disclosures and legal compliance**



# Disclosures and legal compliance



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# Auditor General independent auditor's report



## Auditor General

### INDEPENDENT AUDITOR'S OPINION 2021

#### Department of Water and Environmental Regulation

To the Parliament of Western Australia

### Report on the audit of the financial statements

#### Opinion

I have audited the financial statements of the Department of Water and Environmental Regulation (Department) which comprise:

- the Statement of Financial Position at 30 June 2021, and the Statement of Comprehensive Income, Statement of Changes in Equity, Statement of Cash Flows, and Summary of Consolidated Account Appropriations for the year then ended
- Notes comprising a summary of significant accounting policies and other explanatory information, including administered transactions and balances.

In my opinion, the financial statements are:

- based on proper accounts and present fairly, in all material respects, the operating results and cash flows of the Department of Water and Environmental Regulation for the year ended 30 June 2021 and the financial position at the end of that period
- in accordance with Australian Accounting Standards, the *Financial Management Act 2006* and the Treasurer's Instructions.

#### Basis for opinion

I conducted my audit in accordance with the Australian Auditing Standards. My responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of my report.

I am independent of the Department in accordance with the *Auditor General Act 2006* and the relevant ethical requirements of the Accounting Professional & Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to my audit of the financial statements. I have also fulfilled my other ethical responsibilities in accordance with the Code.

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

### Responsibilities of the Director General for the financial statements

The Director General is responsible for:

- keeping proper accounts
- preparation and fair presentation of the financial statements in accordance with Australian Accounting Standards, the *Financial Management Act 2006* and the Treasurer's Instructions
- such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Director General is responsible for:

- assessing the entity's ability to continue as a going concern
- disclosing, as applicable, matters related to going concern
- using the going concern basis of accounting unless the Western Australian Government has made policy or funding decisions affecting the continued existence of the Department.

### Auditor's responsibilities for the audit of the financial statements

As required by the *Auditor General Act 2006*, my responsibility is to express an opinion on the financial statements. The objectives of my audit are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with Australian Auditing Standards will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.

A further description of my responsibilities for the audit of the financial statements is located on the Auditing and Assurance Standards Board website. This description forms part of my auditor's report and can be found at [https://www.auasb.gov.au/auditors\\_responsibilities/ar4.pdf](https://www.auasb.gov.au/auditors_responsibilities/ar4.pdf).

### Report on the audit of controls

#### Opinion

I have undertaken a reasonable assurance engagement on the design and implementation of controls exercised by the Department of Water and Environmental Regulation. The controls exercised by the Department 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 (the overall control objectives).

My opinion has been formed on the basis of the matters outlined in this report.

In my opinion, in all material respects, the controls exercised by the Department of Water and Environmental Regulation are sufficiently adequate to provide reasonable assurance that the receipt, expenditure and investment of money, the acquisition and disposal of property and the incurring of liabilities have been in accordance with legislative provisions during the year ended 30 June 2021.

### The Director General's responsibilities

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

### Auditor General's responsibilities

As required by the *Auditor General Act 2006*, my responsibility as an assurance practitioner is to express an opinion on the suitability of the design of the controls to achieve the overall control objectives and the implementation of the controls as designed. I conducted my engagement in accordance with Standard on Assurance Engagements ASAE 3150 *Assurance Engagements on Controls* issued by the Australian Auditing and Assurance Standards Board. That standard requires that I comply with relevant ethical requirements and plan and perform my procedures to obtain reasonable assurance about whether, in all material respects, the controls are suitably designed to achieve the overall control objectives and were implemented as designed.

An assurance engagement involves performing procedures to obtain evidence about the suitability of the controls design to achieve the overall control objectives and the implementation of those controls. The procedures selected depend on my judgement, including an assessment of the risks that controls are not suitably designed or implemented as designed. My procedures included testing the implementation of those controls that I consider necessary to achieve the overall control objectives.

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

### Limitations of controls

Because of the inherent limitations of any internal control structure, it is possible that, even if the controls are suitably designed and implemented as designed, once in operation, the overall control objectives may not be achieved so that fraud, error or non-compliance with laws and regulations may occur and not be detected. Any projection of the outcome of the evaluation of the suitability of the design of controls to future periods is subject to the risk that the controls may become unsuitable because of changes in conditions.

### Report on the audit of the key performance indicators

#### Opinion

I have undertaken a reasonable assurance engagement on the key performance indicators of the Department of Water and Environmental Regulation for the year ended 30 June 2021. The key performance indicators are the Under Treasurer-approved key effectiveness indicators and key efficiency indicators that provide performance information about achieving outcomes and delivering services.

In my opinion, in all material respects, the key performance indicators of the Department of Water and Environmental Regulation are relevant and appropriate to assist users to assess the Department's performance and fairly represent indicated performance for the year ended 30 June 2021.

### The Director General's responsibilities 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 internal control as the Director General determines necessary to enable the preparation of key performance indicators that are free from material misstatement, whether due to fraud or error.

In preparing the key performance indicators, the Director General is responsible for identifying key performance indicators that are relevant and appropriate, having regard to their purpose in accordance with Treasurer's Instruction 904 *Key Performance Indicators*.

### Auditor General's responsibilities

As required by the *Auditor General Act 2006*, my responsibility as an assurance practitioner is to express an opinion on the key performance indicators. The objectives of my engagement are to obtain reasonable assurance about whether the key performance indicators are relevant and appropriate to assist users to assess the entity's performance and whether the key performance indicators are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. I conducted my engagement in accordance with Standard on Assurance Engagements ASAE 3000 *Assurance Engagements Other than Audits or Reviews of Historical Financial Information* issued by the Australian Auditing and Assurance Standards Board. That standard requires that I comply with relevant ethical requirements relating to assurance engagements.

An assurance engagement involves performing procedures to obtain evidence about the amounts and disclosures in the key performance indicators. It also involves evaluating the relevance and appropriateness of the key performance indicators against the criteria and guidance in Treasurer's Instruction 904 for measuring the extent of outcome achievement and the efficiency of service delivery. The procedures selected depend on my judgement, including the assessment of the risks of material misstatement of the key performance indicators. In making these risk assessments I obtain an understanding of internal control relevant to the engagement in order to design procedures that are appropriate in the circumstances.

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

### My independence and quality control relating to the reports on controls and key performance indicators

I have complied with the independence requirements of the *Auditor General Act 2006* and the relevant ethical requirements relating to assurance engagements. In accordance with ASQC 1 *Quality Control for Firms that Perform Audits and Reviews of Financial Reports and Other Financial Information, and Other Assurance Engagements*, the Office of the Auditor General maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

### Other information

The Director General is responsible for the other information. The other information is the information in the entity's annual report for the year ended 30 June 2021, but not the financial statements, key performance indicators and my auditor's report.

My opinions do not cover the other information and, accordingly, I do not express any form of assurance conclusion thereon.

### Matters relating to the electronic publication of the audited financial statements and key performance indicators

This auditor's report relates to the financial statements, controls and key performance indicators of the Department of Water and Environmental Regulation for the year ended 30 June 2021 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, controls 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, controls or key performance indicators. If users of the financial statements, controls and key performance indicators are concerned with the inherent risks arising from publication on a website, they are advised to contact the entity to confirm the information contained in the website version of the financial statements, controls and key performance indicators.



Caroline Spencer  
Auditor General for Western Australia  
Perth, Western Australia  
23 September 2021

# Financial statements

## Certification of financial statements

For the reporting period ended 30 June 2021

The accompanying financial statements of the Department of Water and Environmental Regulation have been prepared in compliance with the provisions of the *Financial Management Act 2006* from proper accounts and records to present fairly the financial transactions for the reporting period ended 30 June 2021 and the financial position as at 30 June 2021.

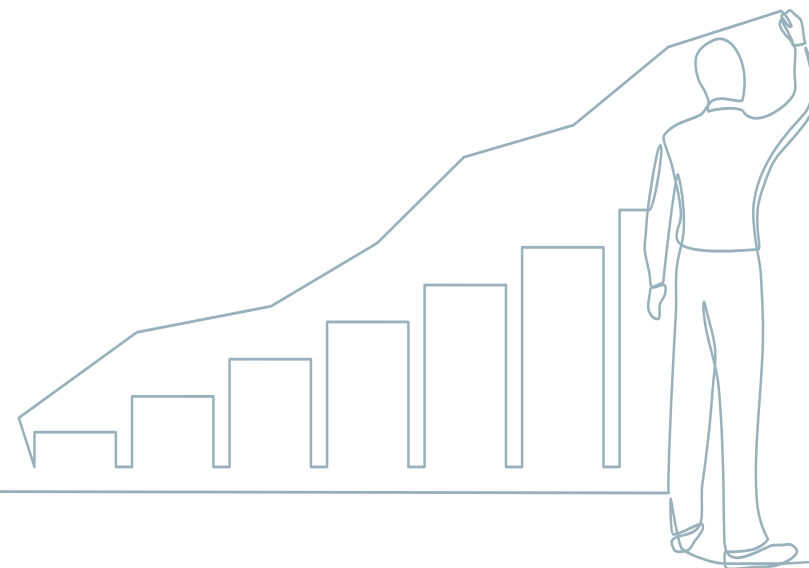
At the date of signing, we are not aware of any circumstances which would render any particulars included in the financial statements misleading or inaccurate.



Hilary Manderson  
**Chief Finance Officer**  
21 September 2021



Michelle Andrews  
**Director General**  
21 September 2021





# Statement of comprehensive income

For the year ended 30 June 2021

	Notes	2021 \$'000	2020 \$'000
<b>Cost of services</b>			
<b>Expenses</b>			
Employee benefits expense	2.1(a)	100,218	102,849
Supplies and services	2.3	32,532	37,013
Depreciation and amortisation expenses	4.1.1, 4.2, 4.3.1	11,995	13,123
Finance costs	6.3	81	84
Accommodation expenses	2.3	8,915	8,566
Grants and subsidies	2.2	21,997	15,317
Other expenses	2.3	6,198	4,988
Loss on disposal of non-current assets	2.4	1,207	694
<b>Total cost of services</b>		<b>183,143</b>	182,634
<b>Income</b>			
User charges and fees	3.2	29,864	29,523
Commonwealth grants	3.3	4,854	4,971
Waste Levy	3.4	78,781	79,639
Interest revenue		913	-
Other income	3.5	5,441	2,247
<b>Total income</b>		<b>119,853</b>	116,380
<b>Net cost of services</b>		<b>63,290</b>	66,254

	Notes	2021 \$'000	2020 \$'000
<b>Income from State Government</b>			
Service appropriation	3.1	104,478	81,890
Income from other public sector entities	3.1	3,095	2,700
Resources received	3.1	3,055	2,789
Royalties for Regions fund	3.1	4,699	4,797
<b>Total income from State Government</b>		<b>115,327</b>	92,176
<b>Surplus for the period</b>		<b>52,037</b>	25,922
<b>Other comprehensive income</b>			
<b>Items not reclassified subsequently to profit or loss</b>			
Changes in asset revaluation surplus	8.10	6,964	3,880
<b>Total other comprehensive income</b>		<b>6,964</b>	3,880
<b>Total comprehensive income for the period</b>		<b>59,001</b>	29,802

The Statement of comprehensive income should be read in conjunction with the accompanying notes.

# Statement of financial position

As at 30 June 2021

	Notes	2021 \$'000	2020 \$'000
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents	6.4	21,555	9,348
Restricted cash and cash equivalents	6.4	49,289	64,402
Receivables	5.1	38,600	22,667
Amounts receivable for services	5.2	6,338	6,057
Other assets	5.3	2,145	2,161
<b>Total current assets</b>		<b>117,927</b>	104,635
<b>Non-current assets</b>			
Restricted cash and cash equivalents	6.4	1,833	1,488
Receivables	5.1	-	563
Amounts receivable for services	5.2	66,712	52,545
Infrastructure, property, plant and equipment	4.1	356,624	350,377
Right-of-use assets	4.2	2,175	3,137
Intangible assets	4.3	18,704	17,582
Other assets	5.3	23	56
<b>Total non-current assets</b>		<b>446,071</b>	425,748
<b>Total assets</b>		<b>563,998</b>	530,383

	Notes	2021 \$'000	2020 \$'000
<b>Liabilities</b>			
<b>Current liabilities</b>			
Payables	5.4	4,702	4,699
Lease liabilities	6.1	900	1,143
Contract liabilities	5.5	2,940	1,749
Employee related provisions	2.1(b)	24,822	24,174
Other current liabilities	5.6	4	4
<b>Total current liabilities</b>		<b>33,368</b>	31,769
<b>Non-current liabilities</b>			
Lease liabilities	6.1	1,344	2,020
Employee related provisions	2.1(b)	6,195	6,002
<b>Total non-current liabilities</b>		<b>7,539</b>	8,022
<b>Total liabilities</b>		<b>40,907</b>	39,791
<b>Net assets</b>		<b>523,091</b>	490,592
<b>Equity</b>			
Contributed equity	8.10	325,128	351,630
Reserves	8.10	24,984	18,020
Accumulated surplus		172,979	120,942
<b>Total equity</b>		<b>523,091</b>	490,592

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 2021

	Notes	Contributed equity \$'000	Reserves \$'000	Accumulated surplus \$'000	Total equity \$'000
Balance at 1 July 2019		373,945	14,140	95,020	483,105
Surplus		-	-	25,922	25,922
Other comprehensive income	8.10	-	3,880	-	3,880
Total comprehensive income for the period		-	3,880	25,922	29,802
Transactions with owners in their capacity as owners:					
Capital appropriations	8.10	6,007	-	-	6,007
Distribution to owners	8.10	(28,322)	-	-	(28,322)
Total		(22,315)	-	-	(22,315)
Balance at 30 June 2020		351,630	18,020	120,942	490,592
<b>Balance at 1 July 2020</b>		<b>351,630</b>	<b>18,020</b>	<b>120,942</b>	<b>490,592</b>
Surplus		-	-	52,037	52,037
Other comprehensive income	8.10	-	6,964	-	6,964
<b>Total comprehensive income for the period</b>		<b>-</b>	<b>6,964</b>	<b>52,037</b>	<b>59,001</b>
Transactions with owners in their capacity as owners:					
Capital appropriations	8.10	7,855	-	-	7,855
Distribution to owners	8.10	(34,357)	-	-	(34,357)
<b>Total</b>		<b>(26,502)</b>	<b>-</b>	<b>-</b>	<b>(26,502)</b>
<b>Balance at 30 June 2021</b>		<b>325,128</b>	<b>24,984</b>	<b>172,979</b>	<b>523,091</b>

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

## Statement of cash flows

### For the year ended 30 June 2021

	Notes	2021 \$'000	2020 \$'000
<b>Cash flows from State Government</b>			
Service appropriation		83,973	63,925
Capital contributions		7,855	6,007
Holding account drawdown		6,057	5,994
Distributions to owner		(32,730)	(24,159)
Net proceeds on sale of land remitted to consolidated account		(160)	-
Royalties for Regions fund		4,699	4,797
Funds from other public sector entities		775	3,777
<b>Net cash provided by State Government</b>		<b>70,469</b>	<b>60,341</b>

Utilised as follows:

	Notes	2021 \$'000	2020 \$'000
<b>Cash flows from operating activities</b>			
<b>Payments</b>			
Employee benefits		(98,635)	(98,896)
Supplies and services		(29,239)	(36,030)
Finance costs		(81)	(83)
Accommodation		(8,747)	(8,476)
Grants and subsidies		(20,712)	(19,390)
GST payments on purchases		(7,145)	(7,667)
Other payments		(6,540)	(3,762)
<b>Receipts</b>			
User charges and fees		29,779	30,791
Commonwealth grants		4,854	6,221
Interest received		40	-
Waste Levy		78,561	78,012
GST receipts on sales		315	357
GST receipts from taxation authority		6,728	8,049
Other receipts		3,714	1,767
<b>Net cash used in operating activities</b>		<b>(47,108)</b>	<b>(49,107)</b>
<b>Cash flows from investing activities</b>			
<b>Payments</b>			
Purchase of non-current assets		(13,959)	(12,133)
Loan payments to WA Return Recycle Renew Ltd		(16,042)	(750)
<b>Receipts</b>			
Receipts from sale of non-current assets		80	105
Loan repayments from WA Return Recycle Renew Ltd		5,167	-
<b>Net cash used in investing activities</b>		<b>(24,754)</b>	<b>(12,778)</b>
<b>Cash flows from financing activities</b>			
<b>Payments</b>			
Principal elements of lease payments		(1,168)	(1,300)
<b>Net cash used in financing activities</b>		<b>(1,168)</b>	<b>(1,300)</b>
Net decrease in cash and cash equivalents		(2,561)	(2,844)
Cash and cash equivalents at the beginning of the period		75,238	78,082
<b>Cash and cash equivalents at the end of the period</b>	6.4	<b>72,677</b>	<b>75,238</b>

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

## Summary of consolidated account appropriations

For the year ended 30 June 2021

	2021 Budget estimate \$'000	2021 Supplementary funding \$'000	Revised budget \$'000	2021 Actual \$'000	2021 Variance \$'000
<b>Delivery of services</b>					
Item 84 Net amount appropriated to deliver services	105,223	-	105,223	104,076	(1,147)
Amount authorised by other statutes					
- <i>Salaries and Allowances Act 1975</i>	402	-	402	402	-
<b>Total appropriations provided to deliver services</b>	<b>105,625</b>	<b>-</b>	<b>105,625</b>	<b>104,478</b>	<b>(1,147)</b>
<b>Capital</b>					
Item 144 Capital appropriation	7,855	-	7,855	7,855	-
<b>Administered transactions</b>					
Administered grants, subsidies and other transfer payments	155	-	155	33	(122)
<b>Total administered transactions</b>	<b>155</b>	<b>-</b>	<b>155</b>	<b>33</b>	<b>(122)</b>
<b>Grand total</b>	<b>113,635</b>	<b>-</b>	<b>113,635</b>	<b>112,366</b>	<b>(1,269)</b>

No supplementary income was received by the department.

# Notes to the financial statements

For the year ended 30 June 2021

## 1 Basis of preparation

The Department of Water and Environmental Regulation (the department) is a Western Australian Government (State Government) entity and is controlled by the State of Western Australia (WA) which is the ultimate parent. The department is a not-for-profit entity (as profit is not its principal objective).

A description of the nature of its operations and its principal activities have been included in the 'Our Performance' section, which does not form part of these financial statements.

These annual financial statements were authorised for issue by the Director General of the department on 21 September 2021.

### (a) Statement of compliance

These general-purpose financial statements are prepared in accordance with:

- 1) The *Financial Management Act 2006* (FMA)
- 2) The Treasurer's Instructions (TIs)
- 3) Australian Accounting Standards (AAS) – Reduced Disclosure Requirements
- 4) Where appropriate, those AAS paragraphs applicable for not-for-profit entities have been applied.

The FMA and the TIs take precedence over AAS. Several AAS are modified by TIs to vary application, disclosure format and wording. Where modification is required and has had a material or significant financial effect upon the reported results, details of that modification and the resulting financial effect are disclosed in the notes to the financial statements.

### (b) Basis of preparation

These financial statements are presented in Australian dollars applying the accrual basis of accounting and using the historical cost convention. Certain balances will apply a different measurement basis (such as the fair value basis). Where this is the case the different measurement basis is disclosed in the associated note. All values are rounded to the nearest thousand dollars (\$'000).

### (c) Judgements and estimates

Judgements, estimates and assumptions are required to be made about financial information being presented. The significant judgements and estimates made in the preparation of these financial statements are disclosed in the notes where amounts affected by those judgements and/or estimates are disclosed. Estimates and associated assumptions are based on professional judgements derived from historical experience and various other factors that are believed to be reasonable under the circumstances.

### (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 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.

### (e) Comparative figures

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

## 2 Use of our funding

### *Expenses incurred in the delivery of services*

This section provides additional information about how the department's funding is applied and the accounting policies that are relevant for an understanding of the items recognised in the financial statements. The primary expenses incurred by the department in achieving its objectives and the relevant notes are:

	Notes	2021 \$'000	2020 \$'000
Employee benefits expense	2.1(a)	100,218	102,849
Employee related provisions	2.1(b)	31,017	30,176
Grants and subsidies	2.2	21,997	15,317
Other expenditure	2.3	47,645	50,567
Loss on disposal of non-current assets	2.4	1,207	694

### 2.1 (a) Employee benefits expense

	2021 \$'000	2020 \$'000
Employee benefits	91,130	94,073
Superannuation – defined contribution plans	9,088	8,776
<b>Total employee benefits expenses</b>	<b>100,218</b>	102,849
Add: AASB 16 Non-monetary benefits	840	969
Less: Employee contributions	(136)	(140)
<b>Net employee benefits</b>	<b>100,922</b>	103,678

#### ► Employee benefits

Include wages and salaries, accrued and paid leave entitlements and paid sick leave; and non-monetary benefits (such as cars, housing and free or subsidised goods or services) for employees.

#### ► Superannuation

The amount recognised in profit or loss of the Statement of comprehensive income comprises employer contributions paid to the GSS (concurrent contributions), the WSS, the GESBs or other superannuation funds.

#### ► AASB 16 Non-monetary benefits

Non-monetary employee benefits, that are employee benefits expenses, predominantly relate to the provision of vehicle and housing benefits are measured at the cost incurred by the department.

## ► Employee contributions

This line item includes contributions made to the department by employees towards employee benefit that have been provided by the department. This includes both AASB 16 and non-AASB 16 employee contributions.

### 2.1 (b) Employee related provisions

	2021 \$'000	2020 \$'000
<b>Current</b>		
<b>Employee benefits provisions</b>		
Annual leave <sup>(a)</sup>	10,364	9,939
Long service leave <sup>(b)</sup>	13,299	13,081
Purchased annual leave	73	152
Deferred salary scheme <sup>(c)</sup>	170	132
	<b>23,906</b>	23,304
<b>Other provisions</b>		
Employment on-costs <sup>(d)</sup>	<b>916</b>	870
<b>Total current employee related provisions</b>	<b>24,822</b>	24,174
<b>Non-current</b>		
<b>Employee benefits provision</b>		
Long service leave <sup>(b)</sup>	<b>5,965</b>	5,785
<b>Other provisions</b>		
Employment on-costs <sup>(d)</sup>	<b>230</b>	217
<b>Total non-current employee related provisions</b>	<b>6,195</b>	6,002
<b>Total employee related provisions</b>	<b>31,017</b>	30,176

Provision is made for benefits accruing to employees, in respect of annual leave and long service leave for services rendered up to the reporting date and recorded as an expense during the period the services are delivered.

## ► (a) Annual leave liabilities

Classified as current as there is no unconditional right to defer settlement for at least 12 months after the end of the reporting period.

The provision for annual leave is calculated at the present value of expected payments to be made in relation to services provided by employees up to the reporting date.

## ► (b) Long service leave liabilities

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.

The provision for long service leave liabilities is calculated at present value as the department does not expect to wholly settle the amounts within 12 months. The present value is measured taking into account the present value of expected future payments to be made in relation to services provided by employees up to the reporting date. These payments are estimated using the remuneration rate expected to apply at the time of settlement and 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.



### ► (c) Deferred salary scheme liabilities

Classified as current where there is no unconditional right to defer settlement for at least 12 months after the end of the reporting period.

### ► (d) Employment on-costs

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.

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, note 2.3 (apart from the unwinding of the discount [finance cost]) and are not included as part of the department's Employee benefits expense. The related liability is included in Employment on-costs provision.

	2021 \$'000	2020 \$'000
<b>Employment on-costs provision</b>		
Carrying amount at start of period	1,087	227
Additional/(reversals of) provisions recognised	59	860
<b>Carrying amount at end of period</b>	<b>1,146</b>	1,087

### ► Key sources of estimation uncertainty – long service leave

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

Several estimates and assumptions are used in calculating the department's long service leave provision. These include:

- expected future salary rates
- discount rates
- employee retention rates
- expected future payments.

Changes in these estimations and assumptions may impact on the carrying amount of the long service leave provision. Any gain or loss following revaluation of the present value of long service leave liabilities is recognised as employee benefits expense.

## 2.2 Grants and subsidies

	Notes	2021 \$'000	2020 \$'000
<b>Recurrent</b>			
Clean Energy Future Fund – Western Australia Recovery Program		108	-
Commonwealth Grants – National On-Farm Emergency Water Infrastructure Rebate Scheme <sup>(a)</sup>		3,969	3,783
Commonwealth Grants – Smart Farming Partnerships <sup>(b)</sup>		529	525
Container Deposit Scheme		63	126
Contaminated Sites Management Account Grants		243	246
Grants Other		117	65
Keep Australia Beautiful Council (WA)		112	112
Royalties for Regions – Healthy Estuaries Western Australia		25	-
Royalties for Regions – Revitalising Waterways of Geographe Bay #1		-	64
Royalties for Regions – Revitalising Waterways of Geographe Bay #2		100	170
Royalties for Regions – Watering Western Australia		-	150
Rural Water Deficiency and Community Water Supply		366	-
Rural Water Grants		-	207
State-wide Water Efficiency Measures		187	225
Waste Avoidance and Resource Recovery Account	3.4	10,443	9,107
Water Innovation Partnership		194	252
Water Sensitive Cities Australia		150	180
Western Australian Climate Policy		97	-

	Notes	2021 \$'000	2020 \$'000
<b>Non-recurrent</b>			
WA Return Recycle Renew Ltd <sup>(c)</sup>		1,224	-
<b>Capital</b>			
Establishing and Maintaining Vegetation Offsets Account		-	105
Native Vegetation Rehabilitation Scheme <sup>(d)</sup>		2,968	-
Offset Fund for Recovery Program <sup>(e)</sup>		1,102	-
<b>Total grants and subsidies</b>		<b>21,997</b>	<b>15,317</b>

Transactions in which the department provides goods, services, assets (or extinguishes a liability) or labour to another party without receiving approximately equal value in return are categorised as Grant expenses. Grants can either be operating or capital in nature.

Grants can be paid as general-purpose grants which refer to grants that are not subject to conditions regarding their use. Alternatively, they may be paid as specific purpose grants which are paid for a particular purpose and/or have conditions attached regarding their use.

Grants and other transfers to third parties (other than contribution to owners) are recognised as an expense in the reporting period in which they are paid or payable. They include transactions such as: grants, subsidies, personal benefit payments made in cash to individuals, other transfer payments made to public sector agencies, local government, non-government schools, and community groups.

- (a) The State and Commonwealth Governments entered into a project agreement from 1 July 2018 for Commonwealth funding of approximately \$4.620 million for National On-Farm Emergency Water Infrastructure Rebate Scheme for farmers for emergency water supply for livestock. The scheme supported a range of infrastructure works that delivered water for livestock, including installing pumps and pipes for water supply and cleaning out farm dams. The Scheme closed in Western Australia on 20 January 2021.

Additional funding of \$3.620 million in 2020–21 revised the total budget to \$8.240 million.

- (b) The State and Commonwealth Governments entered into a project agreement signed by the department in October 2018 for Commonwealth funding of approximately \$2.365 million for Smart Farming Partnerships – National Landcare Program scheduled to conclude by 30 June 2022. The purpose of the Smart Farming Partnerships is to develop, trial and implement new and innovative tools and farm practices that support industry practice changes that will deliver more productive and profitable agriculture, fishing, aquaculture, and farm industries; protect Australia's biodiversity; protect and improve the condition of natural resources (in particular soils and vegetation); and assist Australia to meet its obligations under relevant international treaties.

The National Landcare program aims to protect, conserve, and provide for the productive use of Australia's water, soil, plants and animals and the ecosystems in which they live and interact.

- (c) The department advanced loan monies from the Waste Avoidance and Resource Recovery Account (refer to note 8.7) to WA Return Recycle Renew Ltd to fund the initial cash flow needs of the container deposit scheme. The difference between the cash advanced and the fair value of these loans has been accounted for as a grant expense when the funds were advanced. For additional information please refer to note 5.1 Receivables.

- (d) The Native Vegetation Rehabilitation Scheme program is a part of the COVID-19 recovery initiatives which will deliver environmental rehabilitation and revegetation projects across the South West land division. Conservation groups will work to improve vegetation condition and build on vegetation corridors through a range of work including fencing, seeding, planting, and managing threats to native vegetation. This will contribute to improving habitat for Western Australia's unique and important flora and fauna species, especially black cockatoos.

This program has a budget of \$14.022 million with scheduled conclusion by 30 June 2023.

- (e) The Offsets Fund for Recovery program is a part of the COVID-19 recovery plan that will support the demographic whose employment is most impacted by the COVID-19 pandemic while achieving the environmental values.

This program will contribute to improving habitat for Western Australia's unique and important flora and fauna species, especially black cockatoos, and remnant vegetation in highly cleared landscapes. This broader revegetation scheme will contribute to the ecosystem services provided by functioning vegetation communities. This program will provide jobs suitable for exactly the demographic whose employment is most affected by the COVID-19 pandemic including the young, unskilled, and under-employed people, and a high proportion of women and other vulnerable people in regional towns with economies heavily reliant on tourism and hospitality.

This program has a budget of \$8.0 million with scheduled conclusion by 30 June 2023 funded by the Establishing and Maintaining Native Vegetation Offsets Account.

- The requirement for an offset counterbalances the loss of native vegetation as a condition of a native vegetation clearing permit, after steps have been taken to avoid, minimise and mitigate the impacts of clearing.

- The Establishing and Maintaining Native Vegetation Offsets Account established under the *Environmental Protection Act 1986* allows for a more strategic approach to offsets. Land purchased or revegetation undertaken using contributions made to the offsets account are published on the Environmental Offsets Register website.
- The department liaises with the Department of Biodiversity, Conservation and Attractions to identify and acquire appropriate areas of native vegetation for addition to the conservation estate.

## 2.3 Other expenditure

	2021 \$'000	2020 \$'000
<b>Supplies and services</b>		
Communications	1,966	2,009
Consultants and contractors	23,806	24,846
Consumables	619	535
Materials	161	296
Travel	636	872
Vehicle expenses	333	260
Minor plant, machinery and equipment	758	289
Plant, machinery and equipment hire	234	322
Chemical analysis expense	800	1,032
Water carting and drought relief	343	2,985
Other supplies and services	2,876	3,567
<b>Total supplies and services expenses</b>	<b>32,532</b>	<b>37,013</b>
<b>Accommodation expenses</b>		
Rental <sup>(a)</sup>	6,927	6,840
Electricity and water	506	626
Rates and taxes	27	64
Security	35	42
Repairs and maintenance	748	521
Cleaning	672	473
<b>Total accommodation expenses</b>	<b>8,915</b>	<b>8,566</b>

	2021 \$'000	2020 \$'000
<b>Other expenses</b>		
Audit fees	314	308
Bad debts written off	3	-
Equipment repairs and maintenance	1,261	1,229
Expected credit losses – (reversed)/expense	(5)	1
Employment on-costs	2,486	1,036
Insurance	707	477
Other operating expenses	1,432	1,937
<b>Total other expenses</b>	<b>6,198</b>	<b>4,988</b>
<b>Total other expenditure</b>	<b>47,645</b>	<b>50,567</b>

- (a) Included within rental costs are short-term leases with a lease term of 12 months or less and low value leases of up to \$5,000. This excludes leases with another wholly owned public sector entity lessor agency. Refer to note 4.2 for aggregate short-term and low value leases expense.

#### ► Supplies and services

Supplies and services are recognised as an expense in the reporting period in which they are incurred. The carrying amounts of any materials held for distribution are expensed when the materials are distributed.

#### ► Accommodation expenses

Repairs, maintenance, cleaning, security, electricity, water, rates and taxes costs are recognised as expenses as incurred.

#### ► Rental expenses include:

- (i) short-term leases with a lease term of 12 months or less
- (ii) low-value leases with an underlying value of \$5,000 or less
- (iii) variable lease payments recognised in the period in which the event or condition that triggers those payments occurs.

#### ► Other operating expenses

Other operating expenses generally represent the day-to-day running costs incurred in normal operations.

#### ► Equipment repairs and maintenance

Repairs and maintenance costs are recognised as expenses as incurred, except where they relate to the replacement of a significant component of an asset. In that case, the costs are capitalised and depreciated.

#### ► Expected credit losses

The allowance for expected credit losses of trade receivables is measured at the lifetime expected credit losses at each reporting date. The department has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

#### ► Employment on-cost

Employment on-cost includes workers' compensation insurance and other employment on-costs. The on-costs' liability associated with the recognition of annual and long service leave liabilities is included at note 2.1(b) Employee related provisions. Superannuation contributions accrued as part of the provision for leave are employee benefits and are not included in employment on-costs.

## 2.4 Loss on disposal of non-current assets

	2021 \$'000	2020 \$'000
<b>Proceeds from disposal of non-current assets</b>		
Land	(80)	(81)
Plant, equipment and vehicles	-	(23)
<b>Carrying amount of non-current assets disposed</b>		
Land	35	184
Buildings	-	75
Measurement sites	1,252	375
Plant, equipment and vehicles	-	155
Computer equipment	-	2
Works of art	-	5
Intangibles	-	2
<b>Loss</b>	<b>1,207</b>	694

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

Gains and losses on the disposal of non-current assets are presented by deducting from the proceeds on disposal the carrying amount of the asset and related selling expenses. Gains and losses are recognised in profit or loss in the Statement of comprehensive income (from the proceeds of sale).

## 3 Our funding services

### *How we obtain our funding*

This section provides additional information about how the department obtains its funding and the relevant accounting policy notes that govern the recognition and measurement of this funding. The primary income received by the department and the relevant notes are:

	Notes	2021 \$'000	2020 \$'000
Income from State Government	3.1	115,327	92,176
User charges and fees	3.2	29,864	29,523
Commonwealth grants	3.3	4,854	4,971
Waste levy	3.4	78,781	79,639
Other income	3.5	5,441	2,247

### 3.1 Income from State Government

	2021 \$'000	2020 \$'000
<b>Appropriation received during the period<sup>(a)</sup>:</b>		
Service appropriation	104,478	81,890
<b>Total appropriation received</b>	<b>104,478</b>	<b>81,890</b>
<b>Income received from other public sector entities during the period<sup>(b)</sup>:</b>		
Establishing and Maintaining Vegetation Offsets Account	746	137
Grants	502	2,167
Interest revenue	86	396
Wooroloo Bushfire Coordinated Residential Clean-up Program	1,761	-
<b>Total income received from other public sector entities</b>	<b>3,095</b>	<b>2,700</b>

	2021 \$'000	2020 \$'000
<b>Resources received from other public sector entities during the period<sup>(c)</sup>:</b>		
<b>Services received free of charge</b>		
Department of Finance – Accommodation lease	151	123
Department of Health – Water source and contaminated sites assessment	195	195
Department of Planning, Lands and Heritage – Spatial data	5	3
Department of Primary Industries and Regional Development – Digital map	16	50
Department of Transport – Environmental assessment	31	-
Landgate – Land information services	55	373
Main Roads Western Australia – Clearing permit assessment	651	250
State Solicitor's Office – Legal services	1,951	1,795
<b>Total services received free of charge</b>	<b>3,055</b>	<b>2,789</b>
<b>Royalties for Regions fund<sup>(d)</sup>:</b>		
Regional Infrastructure and Headworks Account	4,210	3,593
Regional Community Services Account	489	1,204
<b>Total Royalties for Regions Fund</b>	<b>4,699</b>	<b>4,797</b>
<b>Total income from State Government</b>	<b>115,327</b>	<b>92,176</b>

#### ► (a) Service appropriation

Service appropriations are recognised as income at the fair value of consideration received 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 in the bank account or credited to the Amounts receivable for services (holding account) held at Treasury.

Service appropriations fund the net cost of services delivered. Appropriation revenue comprises the following:

- cash component
- a receivable (asset).

The receivable (holding account – note 5.2) comprises the following:

- the budgeted depreciation expense for the year
- any agreed increase in leave liabilities during the year.

#### ► (b) Income from other public service entities

Income from other public service entities is recognised as income when the department has satisfied its performance obligations under the funding agreement. If there is no performance obligation, income will be recognised when the department receives the funds.

#### ► (c) Resources received from other public sector entities

Resources received from other public sector entities are recognised as income (and assets or expenses) equivalent to the fair value of the assets, or the fair value of those services that can be reliably determined and which would have been purchased if not donated.

#### ► (d) Royalties for Regions fund

The Regional Infrastructure and Headworks Account and Regional Community Services Account are sub-funds within the overarching Royalties for Regions fund. The recurrent funds are committed to projects and programs in WA regional areas and are recognised as income when the department receives the funds.

### 3.2 User charges and fees

	2021 \$'000	2020 \$'000
Industry fees <sup>(a)</sup>	24,069	24,278
Controlled waste <sup>(b)</sup>	4,965	4,625
Contaminated sites	283	135
Clearing regulations	464	403
Water regulatory fees	73	70
Other charges and fees	10	12
<b>Total user charges and fees</b>	<b>29,864</b>	<b>29,523</b>

User charges and fees revenue are recognised at the transaction price when the department transfers control of the services to customers. Revenue is recognised for the major activities as follows:

Revenue is recognised at a point-in-time for licences, works approvals and tracking forms. The performance obligations for these user fees and charges are satisfied when the licence, works approval or tracking form is issued to the customer.

- Licensing and registration fees relating to prescribed premises under Part V of the *Environmental Protection Act 1986*.
- Fees for the licensing of vehicles transporting controlled public waste as per the Environmental Protection (Controlled Waste) Regulations 2004.



### 3.3 Commonwealth grants

	2021	2020
	\$'000	\$'000
<b>Commonwealth grants – recurrent</b>	<b>4,854</b>	<b>4,971</b>

Recurrent grants are recognised as income when the grants are receivable.

Capital grants are recognised as income when the department achieves milestones specified in the grant agreement.

Details of the department's Commonwealth grants are as follows:

	2021	2020
	\$'000	\$'000
Environment Online	2,250	-
Indian Ocean Territories Account	450	393
National Pollutant Inventory	83	83
Smart Farming Partnerships – National Landcare Program	721	725
National On-Farm Emergency Water Infrastructure Rebate Scheme	1,350	3,770
<b>Total Commonwealth grants</b>	<b>4,854</b>	<b>4,971</b>

### 3.4 Waste levy

	2021	2020
	\$'000	\$'000
<b>Waste levy</b>	<b>78,781</b>	<b>79,639</b>

The Waste levy transaction price is determined by legislation. The Waste Avoidance and Resource Recovery Account (WARR Account) was established in 2008 under section 79 of the *Waste Avoidance and Resource Recovery Act 2007* (WARR Act). Under the Act, licensed metropolitan landfill operators are required to fund the operations of the WARR Account. The WARR Account holds revenue allocated from the levy to fund waste management programs.

The Waste levy income is recognised and accrued quarterly by the department based on estimated waste volumes and is subsequently adjusted to actual based on actual waste volume determined from the quarterly return submitted by the licensed landfill operators the following month. At the end of the financial year the waste levy is adjusted to actual before the department's financial statements are signed.

### 3.5 Other income

	2021 \$'000	2020 \$'000
Services rendered		
Establishing and maintaining Vegetation Offsets Account <sup>(a)</sup>	468	55
Pilbara Environmental Offsets Fund <sup>(b)</sup>	4,402	685
Lease rentals – land and buildings	193	315
Gain on disposal of lease arrangement	-	1
Tree annuity	174	58
Tree harvest	62	67
Recoup – expense overpaid prior year	-	21
Insurance recovery – workers compensation prior year	-	95
Reversal of impairment losses on plant and equipment	-	69
Asset revenue <sup>(c)</sup>	-	65
Other revenue	142	816
<b>Total other income</b>	<b>5,441</b>	<b>2,247</b>

- (a) The department administers the *Environmental Protection Act 1986* which regulates the clearing of native vegetation. Clearing of native vegetation requires the authority of a clearing permit unless it is of an exempt kind.

Clearing permits may include conditions requiring an offset to counterbalance the impacts of clearing. Offsets requirements are imposed in accordance with the WA Environmental Offsets Policy (2011) and the WA Environmental Offsets Guidelines (2014). Some offset requirements involve payment of a monetary contribution into the Establishing and Maintaining Vegetation Offsets Account, which is an account managed by the department.

Contributions into the Establishing and Maintaining Vegetation Offsets Account are made following the grant of the associated clearing permit, and after any related appeals have been received and determined. Revenue from the offsets are recognised at a point-in-time, i.e. when the department issues an invoice to the permit holder requesting payment of the contribution into the fund.

- (b) In 2012, the WA Minister for Environment mandated that proponents in the Pilbara region pay their environmental offsets into a strategic fund for conservation. In the same year, the Federal Minister for Environment gave proponents the option of doing so. This led to the establishment of the Pilbara Environmental Offsets Fund. The fund combines money from individual offset payments required under Part V of the *Environmental Protection Act 1986* and may combine contributions required under part 9 or 10 of the *Commonwealth Environmental and Biodiversity Conservation Act 1999*. The establishment of the fund enables the State Government to combine offset money and partner with regional land management organisations to deliver projects that achieve better and more connected biodiversity conservation outcomes. The department is responsible for managing the fund to ensure that offset payments directly benefit vegetation and habitat impacted by mining.

Despite conditions being included in Ministerial Statements from 2012, the Pilbara Environmental Offset Fund was only established on 18 April 2018. The Ministerial Statements define the proponents of the fund. Implementation conditions within these Ministerial Statements require the preparation of an Impact Reconciliation Report in order to determine the quantum of money owed to the fund by proponents.

Revenue from Pilbara Environmental Offsets Fund is recognised at a point-in-time, i.e. recognised when the department has the right to invoice the proponent. The department has the right to invoice the proponent following submission and acceptance of the proponent's Impact Reconciliation Report.

- (c) Asset revenue is a result of an increment in the value of building assets after revaluation. It is recognised as other revenue to the extent it reverses the loss on revaluation recognised as other expenses in previous years.

## 4 Key assets

### ***Assets the department utilises for economic benefit or service potential***

This section includes information regarding the key assets the department utilises to gain economic benefits or provide service potential. The section sets out both the key accounting policies and financial information about the performance of these assets:

		<b>2021</b>	2020
	<b>Notes</b>	<b>\$'000</b>	<b>\$'000</b>
Infrastructure, property, plant and equipment	4.1	<b>356,624</b>	350,377
Right-of-use assets	4.2	<b>2,175</b>	3,137
Intangible assets	4.3	<b>18,704</b>	17,582
<b>Total key assets</b>		<b>377,503</b>	371,096

## 4.1 Infrastructure, property, plant and equipment

	Capital works in progress	Works of art	Computer equipment	Vehicles and boating	Infrastructure	Plant and equipment	Measurement sites	Leasehold improvements	Buildings	Land	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Year ended 30 June 2021</b>											
<b>1 July 2020</b>											
Gross carrying amount	7,490	103	784	223	1,335	6,759	177,101	229	4,562	154,251	352,837
Accumulated depreciation	-	-	(384)	(93)	(105)	(1,867)	-	(11)	-	-	(2,460)
<b>Carrying amount at start of period</b>	<b>7,490</b>	<b>103</b>	<b>400</b>	<b>130</b>	<b>1,230</b>	<b>4,892</b>	<b>177,101</b>	<b>218</b>	<b>4,562</b>	<b>154,251</b>	<b>350,377</b>
Additions	7,551	8	32	8	-	123	-	-	36	29	7,787
Transfers in/(out) <sup>(a)</sup>	(4,360)	-	101	-	-	527	3,732	-	-	-	-
Transfers to other agencies <sup>(b)</sup>	-	-	-	-	-	(1,326)	-	-	(105)	(113)	(1,544)
Disposals	-	-	-	-	-	-	(1,252)	-	-	(35)	(1,287)
Expensed during the year	-	-	-	-	-	(13)	-	-	-	-	(13)
Revaluation increments/ (decrements)	-	-	-	-	-	-	1,786	-	5	5,173	6,964
Depreciation	-	-	(218)	(34)	(66)	(724)	(4,494)	(13)	(111)	-	(5,660)
<b>Carrying amount at 30 June 2021</b>	<b>10,681</b>	<b>111</b>	<b>315</b>	<b>104</b>	<b>1,164</b>	<b>3,479</b>	<b>176,873</b>	<b>205</b>	<b>4,387</b>	<b>159,305</b>	<b>356,624</b>
Gross carrying amount	10,681	111	917	231	1,335	5,719	176,873	229	4,387	159,305	359,788
Accumulated depreciation	-	-	(602)	(127)	(171)	(2,240)	-	(24)	-	-	(3,164)
Accumulated impairment losses	-	-	-	-	-	-	-	-	-	-	-

(a) Transfers in/(out) from tangible capital works in progress to completed assets.

(b) The Department of Planning, Lands and Heritage (DPLH) is the only department with the power to sell crown land. The land is transferred to DPLH for sale and the department accounts for the transfer as a distribution to owner.

### ► Initial recognition

Items of infrastructure, property, plant and equipment costing \$5,000 or more are measured initially at cost. Where an asset is acquired for no cost or significantly less than fair value, the cost is valued at its fair value at the date of acquisition. Items of infrastructure, property, plant and equipment costing less than \$5,000 are immediately expensed to the Statement of comprehensive income (other than where they form part of a group of similar items which are significant in total).

The cost of a leasehold improvement is capitalised and depreciated over the shorter of the remaining term of the lease or the estimated useful life of the leasehold improvement.

### ► Subsequent measurement

Subsequent to initial recognition of an asset, the revaluation model is used for the measurement of:

- land
- buildings
- measurement sites.

Land is carried at fair value.

Buildings and measurement sites are carried at fair value less accumulated depreciation and accumulated impairment losses.

All other property, plant and equipment are stated at historical cost less accumulated depreciation and accumulated impairment losses.

**Land and buildings** are independently valued annually by the WA Land Information Authority (Landgate) 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.

Land and buildings were revalued as at 1 July 2020 by Landgate. The valuations were performed during the year ended 30 June 2021 and recognised at 30 June 2021. In undertaking the revaluation, fair value was determined by reference to market values for land: \$42,899,450 (2020: \$40,540,100) and buildings: \$2,605,000 (2020: \$2,631,500). For the remaining balance, the fair value of buildings was determined on the basis of current replacement cost and the fair value of land was determined on the comparison utility basis with market evidence for land with low-level utility (high restricted use land).

#### Revaluation model:

Where the fair value of building is determined on the current replacement cost basis, the accumulated depreciation is eliminated against the gross carrying amount of the asset and the net amount restated to the revalued amount.

**Measurement sites** are independently valued every five years by an external services valuer. In the intervening years, the measurement sites are revalued internally by use of other heavy and civil engineering construction building cost index provided by the Australian Bureau of Statistics. Groundwater measurement sites were independently revalued by Aquenta Consulting as at 30 June 2017. Fair value for measurement sites is determined by reference to the cost of replacing the remaining future economic benefits embodied in the asset, i.e. the current replacement cost.

#### Revaluation model:

Where the fair value of measurement sites is determined on the current replacement cost basis, the accumulated depreciation is eliminated against the gross carrying amount of the asset and the net amount restated to the revalued amount.

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

#### ► 4.1.1 Depreciation and impairment

##### Charge for the period

	2021 \$'000	2020 \$'000
<b>Depreciation</b>		
Buildings	111	116
Infrastructure	66	113
Plant and equipment	724	702
Vehicles and boating	34	42
Computer equipment	218	215
Leasehold improvements	13	10
Measurement sites	4,494	4,503
<b>Total depreciation for the period</b>	<b>5,660</b>	5,701

As at 30 June 2021, there were no indications of impairment on infrastructure, property, plant and equipment (2020: \$0).

##### Finite useful lives

All infrastructure, property, plant and equipment 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. The exceptions to this rule include assets held for sale, land and investment properties.

Depreciation is calculated on a straight-line basis, at rates that allocate the asset's value, less any estimated residual value, over its estimated useful life. Typical estimated useful lives for the different asset classes for current and prior years are included in the table below:

Asset	Useful Life: Years
Buildings	20–40 years
Leasehold improvement <sup>(b)</sup>	20 years
Measurement sites	40 years
Plant and equipment	5–20 years
Computer equipment (hardware and software <sup>(a)</sup> )	3–5 years
Infrastructure	20–50 years
Vehicles and boating	5–6 years

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

(b) Leasehold improvements are depreciated over the shorter of the lease term and their useful lives.

The estimated useful lives, residual values and depreciation method are reviewed at the end of each annual reporting period, and adjustments are made where appropriate.

Land and works of art, which are considered to have an indefinite life, are not depreciated. Depreciation is not recognised in respect of these assets because their service potential has not, in any material sense, been consumed during the reporting period.

## Impairment

Non-financial assets, including items of infrastructure, plant and equipment, are tested for impairment whenever there is an indication that the asset may be impaired. 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 is measured at cost is written down to its recoverable amount, an impairment loss is recognised through profit and loss.

Where a previously revalued asset is written down to its recoverable amount, the loss is recognised as a revaluation decrement through other comprehensive income.

As the department is a not-for-profit agency, the recoverable amount of regularly revalued specialised assets is anticipated to be materially the same as fair value.

If there is an indication that there has been a reversal in impairment, the carrying amount shall be increased to its recoverable amount. However, this reversal should not increase the asset's carrying amount above what would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised in prior years.

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 the asset's future economic benefits and to evaluate any impairment risk from declining replacement costs.

## 4.2 Right-of-use assets

	2021 \$'000	2020 \$'000
<b>Right-of-use assets</b>		
Buildings	439	613
Computer equipment	180	395
Motor vehicles	1,556	2,024
Plant and equipment	-	105
<b>Net carrying amount</b>	<b>2,175</b>	<b>3,137</b>

Additions to right-of-use assets during the 2021 financial year were \$0.33 million (2020: \$1 million).

### ► Initial recognition

Right-of-use assets are measured at cost including the following:

- the amount of the initial measurement of lease liability
- any lease payments made at or before the commencement date less any lease incentives received
- any initial direct costs
- restoration costs, including dismantling and removing the underlying asset.

This includes all leased assets other than investment property right-of-use assets, which are measured in accordance with AASB 140 *Investment Property*.

The department has elected not to recognise right-of-use assets and lease liabilities for short-term leases (with a lease term of 12 months or less) and low-value leases (with an underlying value of \$5,000 or less). Lease payments associated with these leases are expensed over a straight-line basis over the lease term.

#### ► Subsequent measurement

The cost model is applied for subsequent measurement of right-of-use assets, requiring the asset to be carried at cost less any accumulated depreciation and accumulated impairment losses and adjusted for any remeasurement of lease liability.

#### ► Depreciation and impairment of right-of-use assets

Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the underlying assets.

If ownership of the leased asset transfers to the department at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

Right-of-use assets are tested for impairment when an indication of impairment is identified. The policy in connection with testing for impairment is outlined in note 4.1.1.

The following amounts relating to leases have been recognised in the statement of comprehensive income:

	2021 \$'000	2020 \$'000
Buildings	251	223
Computer equipment	216	216
Motor vehicles	705	801
Plant and equipment	-	209
<b>Total right-of-use assets depreciation for the period</b>	<b>1,172</b>	<b>1,449</b>
Lease interest expense	81	84
Short-term leases	43	88

The total cash outflow for leases in financial year 2021 was \$1.2 million (2020: \$1.4 million).

The department's leasing activities and how these are accounted for:

The department has leases for vehicles, plant and equipment, computer equipment, office and residential accommodations.

The department has also entered into Memorandum of Understanding (MOU) agreements with the Department of Finance for the leasing of office accommodation. These are not recognised under AASB 16 because of substitution rights held by the Department of Finance and are accounted for as an expense as incurred.

The department recognises leases as right-of-use assets and associated lease liabilities in the Statement of Financial Position.

The corresponding lease liabilities in relation to these right-of-use assets have been disclosed in note 6.1.



### 4.3 Intangible assets

	Capital Works in Progress	Analytical Products	Licences	Computer Software	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Year ended 30 June 2021</b>					
<b>1 July 2020</b>					
Gross carrying amount	4,878	8,857	50	20,590	34,375
Accumulated amortisation	-	(2,610)	(14)	(14,169)	(16,793)
<b>Opening amount at start of period</b>	<b>4,878</b>	<b>6,247</b>	<b>36</b>	<b>6,421</b>	<b>17,582</b>
Additions	6,112	-	-	173	6,285
Transfers in/(out) <sup>(a)</sup>	(1,743)	65	-	1,678	-
Disposal	-	-	-	-	-
Amortisation expense	-	(886)	(18)	(4,259)	(5,163)
<b>Carrying amount at 30 June 2021</b>	<b>9,247</b>	<b>5,426</b>	<b>18</b>	<b>4,013</b>	<b>18,704</b>
Gross carrying amount	9,247	8,922	50	22,441	40,660
Accumulated amortisation	-	(3,496)	(32)	(18,428)	(21,956)

(a) Transfer in/(out) from capital works in progress to completed assets.

#### ► Initial recognition

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.

An internally generated intangible asset arising from development (or from the development phase of an internal project) is recognised if, and only if, all of the following are demonstrated:

- the technical feasibility of completing the intangible asset so that it will be available for use or sale
- an intention to complete the intangible asset and use or sell it
- the ability to use or sell the intangible asset
- the intangible asset will generate future economic benefit
- the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset
- the ability to measure reliably the expenditure directly attributable to the intangible asset during its development.

Acquisitions of intangible assets costing \$5,000 or more and internally generated intangible assets costing \$5,000 or more that comply with the recognition criteria as per AASB 138.57 (as noted above) are capitalised.

Costs incurred below these thresholds are immediately expensed directly to the Statement of comprehensive income.

Costs incurred in the research phase of a project are immediately expensed.

#### ► Subsequent measurement

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

### ► 4.3.1 Amortisation and impairment

	2021 \$'000	2020 \$'000
<b>Charge for the period</b>		
Analytical products	886	886
Computing software	4,259	5,076
Licences	18	11
<b>Total amortisation for the period</b>	<b>5,163</b>	<b>5,973</b>

As at 30 June 2021 there were no indications of impairment to intangible assets.

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.

Amortisation of finite life intangible assets is calculated on a straight-line basis at rates that allocate the asset's value over its estimated useful life. All intangible assets controlled by the department have a finite useful life and zero residual value. Estimated useful lives are reviewed annually.

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

Licences	3 years
Software <sup>(a)</sup>	3–5 years
Analytical products <sup>(b)</sup>	10 years

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

(b) Analytical products are intangible assets such as geophysical datasets and surveys which are usually produced as part of project work. These products are used by the department to improve its understanding and management of water resources.

### Impairment of intangible assets

Intangible assets with finite useful lives are tested for impairment annually or when an indication of impairment is identified.

The policy in connection with testing for impairment is outlined in note 4.1.1.

## 5 Other assets and liabilities

This section sets out those assets and liabilities that arose from the department's controlled operations and includes other assets utilised for economic benefits and liabilities incurred during normal operations:

	Notes	2021 \$'000	2020 \$'000
Receivables	5.1	38,600	23,230
Amounts receivable for services	5.2	73,050	58,602
Other assets	5.3	2,168	2,217
Payables	5.4	4,702	4,699
Contract liabilities	5.5	2,940	1,749
Other current liabilities	5.6	4	4

### 5.1 Receivables

	2021 \$'000	2020 \$'000
<b>Current</b>		
Trade receivables	6,078	1,386
Allowance for impairment of trade receivables	(163)	(168)
Accrued revenue	20,398	20,148
GST receivable	1,013	1,113
Loans and advances:		
Loan to WARRRL – Facility A <sup>(a)</sup>	10,743	-
Loan to WARRRL – Facility B <sup>(a)</sup>	531	188
<b>Total current</b>	<b>38,600</b>	22,667
<b>Non-Current</b>		
Loans and advances:		
Loan to WARRRL – Facility B <sup>(a)</sup>	-	563
<b>Total non-current</b>	<b>-</b>	563
<b>Total receivables</b>	<b>38,600</b>	23,230

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

Trade receivables are recognised at the original invoice amount less any allowances for uncollectible amounts (i.e. impairment). The carrying amount of net trade receivables is equivalent to fair value as it is due for settlement within 30 days.

- (a) On 1 October 2020, Containers for Change commenced in WA. Containers for Change is the statewide container deposit scheme and is run by WA Return Recycle Renew Ltd (WARRRL); a not-for-profit company responsible for establishing the collection network and managing the day-to-day scheme operations.

On 11 June 2020, the state – represented by the department acting for the Waste Authority – entered into a loan agreement with WARRRL to fund the initial cash flow needs of the container deposit scheme. The funds for the loan to WARRRL will be paid out of the Waste Avoidance and Resource Recovery Account (for additional information please refer to note 8.7 Special purpose accounts).

The loan agreement has two distinct facilities:

**Facility A – An interest-bearing loan with a maximum commitment of \$16 million**

The purpose of the loan is to fund payments by the scheme coordinator (WARRRL) to scheme counterparties (such as refund point operators and logistics and processing service providers), payment of other costs reasonably incurred in the implementation of the scheme and other costs approved in writing by the state during the loan period.

The loan commitment period commenced on 11 June 2020 (the commencement date of the loan agreement) and ends on the maturity date; being 18 calendar months after the scheme commencement date (1 October 2020).

Interest is payable at an interest rate applicable to the Public Bank Account on the first day of the interest period. The interest period will be

one month, and the first interest period is the period commencing on the drawdown date for the loan.

Loan repayments commence six months after the scheme commencement date and thereafter on the last business day of each subsequent calendar month. For Facility A, i.e. the amount to be repaid is equal to the amount of the principal outstanding under Facility A on that repayment date divided by the number of periods remaining until maturity date.

Interest repayments commence six months after the scheme commencement date and for each subsequent interest payment the last day of each month.

As the interest payable on Facility A is at a below-market rate of interest, the loan advances have been initially measured at fair value with the difference between the cash advanced and the fair value of the anticipated interest payments and loan repayments recognised as a grant expense in the statement of comprehensive income when the funds were advanced. Over time, interest income (in addition to the cash interest received from WARRRL) is recognised to accrete the loan to face value.

**Facility B – An interest-free loan with a maximum commitment of \$3.5 million**

The purpose of the loan is to fund payments by the scheme coordinator (WARRRL) to network participants approved by the state as eligible recipients whose anticipated revenue was delayed during the loan period due to the scheme's deferral because of the COVID-19 pandemic. The costs that could be met through the loan were limited to commercial property leases, lease outgoings, property utilities costs (for example water services charges and rates); bank loans to secure property; and bank loans to fund construction and collection network employees.

The loan commitment period commenced on 11 June 2020 (the commencement date of the loan agreement) and ends 20 business days after the scheme commencement date (1 October 2020).

Loan repayments commence six months after the scheme commencement date and thereafter on the last business day of each subsequent calendar month. For Facility B, i.e. the amount to be repaid is equal to the amount of the principal outstanding under Facility B on that repayment date divided by the number of periods remaining until maturity date.

As no interest is payable on Facility B, the loan has been initially measured at fair value with the difference between the cash advanced and the fair value of the anticipated loan repayments recognised as a grant expense in the statement of comprehensive income when the funds were advanced. Over time, interest income is recognised to accrete the loan to face value.

Both the loans facilities are secured by a charge over present and after acquired property, interests, rights and proceeds of WARRRL.

## 5.2 Amounts receivable for services (holding account)

	2021 \$'000	2020 \$'000
Current	6,338	6,057
Non-current	66,712	52,545
<b>Balance at end of period</b>	<b>73,050</b>	<b>58,602</b>

Amounts receivable for services represent the non-cash component of service appropriations. It is restricted in that it can only be used for asset replacement or payment of leave liability.

Amounts receivable for services are considered not impaired (i.e. there is no expected credit loss of the holding accounts).

## 5.3 Other assets

	2021 \$'000	2020 \$'000
<b>Current</b>		
Prepayments	2,145	2,161
<b>Total current</b>	<b>2,145</b>	<b>2,161</b>
<b>Non-current</b>		
Prepayments	23	56
<b>Total non-current</b>	<b>23</b>	<b>56</b>
<b>Balance at end of period</b>	<b>2,168</b>	<b>2,217</b>

Other non-financial assets include prepayments which represent payments in advance of receipt of goods or services or that part of expenditure made in one accounting period covering a term extending beyond that period.

## 5.4 Payables

	2021 \$'000	2020 \$'000
<b>Current</b>		
Trade payables <sup>(a)</sup>	245	1,236
Other payables <sup>(a)</sup>	557	1,194
Accrued expenses	2,434	1,134
Accrued salaries <sup>(b)</sup>	1,466	1,135
<b>Balance at end of period</b>	<b>4,702</b>	4,699

- (a) 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.
- (b) Accrued salaries represent the amount due to staff but unpaid at the end of the reporting period. Accrued salaries are settled within a fortnight of the reporting period end. The department considers the carrying amount of accrued salaries to be equivalent to its fair value.

The accrued salaries suspense account (see note 6.4 Restricted cash and cash equivalents) consists of amounts paid annually, from department appropriations for salaries expense, into a Treasury suspense account to meet the additional cash outflow for employee salary payments in reporting periods with 27 pay days instead of the normal 26. No interest is received on this account.

## 5.5 Contract liabilities

	2021 \$'000	2020 \$'000
<b>Reconciliation of changes in contract liabilities</b>		
Opening balance	1,749	516
Additions	2,940	1,749
Revenue recognised in the period	(1,749)	(516)
<b>Balance at end of period</b>	<b>2,940</b>	1,749
<b>Current</b>	<b>2,940</b>	1,749
<b>Non-current</b>	<b>-</b>	-

The department's contract liabilities primarily relate to user charges and fees yet to be performed as the licence, works approval or tracking form has not been issued to the customer.

## 5.6 Other current liabilities

	2021 \$'000	2020 \$'000
Stale cheque holding account	4	4
<b>Total current liabilities</b>	<b>4</b>	4

## 6 Financing

This section sets out the material balances and disclosures associated with the financing and cash flows of the department.

	Notes	2021 \$'000	2020 \$'000
Lease liabilities	6.1	2,244	3,163
Assets pledged as security	6.2	2,175	3,137
Finance costs	6.3	81	84
Cash and cash equivalents	6.4	72,677	75,238
Capital commitments	6.5	8,540	8,137

### 6.1 Lease liabilities

	2021 \$'000	2020 \$'000
Current	900	1,143
Non-current	1,344	2,020
<b>Balance at end of period</b>	<b>2,244</b>	<b>3,163</b>

#### ► Initial measurement

The department measures a lease liability, at the commencement date, at the present value of the lease payments that are not paid at that date. The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, the department uses the incremental borrowing rate provided by the WA Treasury Corporation.

Lease payments included by the department as part of the present value calculation of lease liability include:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable
- variable lease payments that depend on an index or a rate initially measured using the index or rate as at the commencement date
- amounts expected to be payable by the lessee under residual value guarantees
- the exercise price of purchase options (where these are reasonably certain to be exercised)
- payments for penalties for terminating a lease, where the lease term reflects the department exercising an option to terminate the lease.

The interest on the lease liability is recognised in profit or loss over the lease term to produce a constant periodic rate of interest on the remaining balance of the liability for each period. Lease liabilities do not include any future changes in variable lease payments (that depend on an index or rate) until they take effect, in which case the lease liability is reassessed and adjusted against the right-of-use asset.

Periods covered by extension or termination options are only included in the lease term by the department if the lease is reasonably certain to be extended (or not terminated).

Variable lease payments, not included in the measurement of lease liability, that are dependent on sales are recognised by the department in profit or loss in the period in which the condition that triggers those payments occurs. This section should be read in conjunction with note 4.2.

#### ► Subsequent measurement

Lease liabilities are measured by increasing the carrying amount to reflect interest on the lease liabilities; reducing the carrying amount to reflect the lease payments made; and remeasuring the carrying amount at amortised cost, subject to adjustments to reflect any reassessment or lease modifications.

## 6.2 Assets pledged as security

	2021 \$'000	2020 \$'000
The carrying amounts of non-current assets pledged as security are:		
Right-of-use asset vehicles	1,556	2,024
Right-of-use asset plant and equipment	-	105
Right-of-use asset computer equipment	180	395
Right-of-use asset buildings	439	613
<b>Total assets pledged as security</b>	<b>2,175</b>	<b>3,137</b>

The department has secured the right-of-use assets against related lease liabilities. In the event of default, the rights to the leased assets will revert to the lessor.

## 6.3 Finance costs

	2021 \$'000	2020 \$'000
<b>Lease interest expense</b>	<b>81</b>	<b>84</b>

Finance cost includes the interest component of lease liability repayments.



## 6.4 Cash and cash equivalents

	2021 \$'000	2020 \$'000
<b>Current</b>		
Cash and cash equivalents	21,555	9,348
Restricted cash and cash equivalents <sup>(a)</sup>	49,289	64,402
<b>Total current</b>	<b>70,844</b>	73,750
<b>Non-current</b>		
Restricted cash and cash equivalents <sup>(b)</sup>	1,833	1,488
<b>Total non-current</b>	<b>1,833</b>	1,488
<b>Balance at end of period</b>	<b>72,677</b>	75,238

- (a) Composed of the Waste Avoidance and Resource Recovery Account (\$29.3 million), Establishing and Maintaining Vegetation Offsets Account (\$10.8 million), Clean Energy Future Fund (\$9.1 million), and other funds (\$0.1 million) that are restricted in their purpose and cannot be used in general operations.
- (b) Funds are held in the accrued salaries suspense account for the purpose of meeting the 27th pay in a reporting period that occurs every 11th year. This account is classified as non-current for 10 out of 11 years.

For the purpose of the statement of cash flows, cash and cash equivalents (and restricted cash and cash equivalent) assets comprise of 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 and the funds held in the suspense account for the purpose of meeting the 27th pay.

## 6.5 Capital commitments

	2021 \$'000	2020 \$'000
Capital expenditure commitments, being contracted capital expenditure additional to the amounts reported in the financial statements, are payable as follows:		
Within 1 year	5,386	3,541
Later than 1 year and not later than 5 years	3,154	4,596
<b>Total capital commitments</b>	<b>8,540</b>	8,137

## 7 Financial instruments and contingencies

This note sets out the key risks management policies and measurement techniques of the department.

	Notes
Financial instruments	7.1
Contingent assets and liabilities	7.2

### 7.1 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:

	2021 \$'000	2020 \$'000
<b>Financial assets</b>		
Cash and cash equivalents	72,677	75,238
Financial liabilities at amortised cost <sup>(a)</sup>	110,637	80,719
<b>Total financial assets</b>	<b>183,314</b>	155,957
<b>Financial liabilities</b>		
Financial liabilities at amortised cost <sup>(b)</sup>	6,946	7,862
<b>Total financial liabilities</b>	<b>6,946</b>	7,862

(a) The amount of Financial assets at amortised cost excludes the GST recoverable from the ATO (statutory receivable).

(b) The amount of Financial liabilities at amortised cost excludes GST payable to the ATO (statutory payable).

## 7.2 Contingent assets and liabilities

Contingent assets and contingent liabilities are not recognised in the statement of financial position but are disclosed and, if quantifiable, are measured at the best estimate.

Contingent assets and liabilities are presented inclusive of GST receivable or payable, respectively.

### ► 7.2.1 Contingent assets

The following contingent assets are excluded from the assets included in the financial statements:

	2021 \$'000	2020 \$'000
Benefit potentially receivable in relation to legal action taken against a Ministerial Body concerning land leased.	-	180
Benefit potentially receivable in relation to the prosecution of an individual for unauthorised clearing of native vegetation.	250	-
Benefit potentially receivable in relation to a Supreme Court action involving a former tenant relating to rent recovery.	120	-
Benefit potentially receivable in relation to the prosecution of a company for breaches of the <i>Environmental Protection Act 1986</i> .	225	-
<b>Total contingent assets</b>	<b>595</b>	<b>180</b>

### ► 7.2.2 Contingent liabilities

The following contingent liabilities are excluded from the liabilities included in the financial statements:

	2021 \$'000	2020 \$'000
Costs potentially payable in relation to Supreme Court action involving a former tenant relating to rent recovery.	500	-
Costs potentially payable in relation to legal action taken against a Ministerial Body concerning land leased.	-	200
Potential exposure in relation to current litigation with a former employee. The matter is on-going, and a further conciliation conference is about to proceed in the Equal Opportunity Commission.	-	75
<b>Contaminated sites</b>		
Under the <i>Contaminated Sites Act 2003</i> , state agencies are required to report known and suspected contaminated sites to the department. In accordance with the Act, the department classifies these sites on the basis of risk to human health, the environment and environmental values. Where sites are classified as <i>contaminated – remediation required</i> or <i>possibly contaminated – investigation required</i> , the department may have a liability in respect of investigation or remediation expenses.		
There is an outstanding contingent liability in relation to the remediation of a liquid waste treatment facility in agreement with the Water Corporation.	200	400
<b>Total contingent liabilities</b>	<b>700</b>	<b>675</b>

## 8 Other disclosures

This section includes additional material disclosures required by accounting standards or other pronouncements for the understanding of this financial report.

	Notes
Events occurring after the end of the reporting period	8.1
Initial application of Australian Accounting Standards	8.2
Key management personnel	8.3
Related party transactions	8.4
Related bodies	8.5
Affiliated bodies	8.6
Special purpose accounts	8.7
Indian Ocean Territories Account	8.8
Remuneration of auditors	8.9
Equity	8.10
Supplementary financial information	8.11
Explanatory statement (controlled operations)	8.12

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

There are no significant events that occurred after the end of the reporting period.

### 8.2 Initial application of Australian Accounting Standards

#### ► AASB 1059 Service Concession Arrangements: Grantors

AASB 1059 applies to annual reporting periods beginning on or after 1 January 2020 and introduces the accounting treatment for assets in service concession arrangements from the perspective of public sector grantors.

A service concession arrangement is a contract effective during the reporting period between a grantor and an operator in which:

- (a) the operator has the right of access to the service concession asset (or assets) to provide public services on behalf of the grantor for a specified period of time;
- (b) the operator is responsible for at least some of the management of the public services provided through the asset and does not act merely as an agent on behalf of the grantor; and
- (c) the operator is compensated for its services over the period of the service concession arrangement.

The department has assessed the standard and considers the abovementioned standard does not have any material impact on the department.

### 8.3 Key management personnel

The department has determined key management personnel to include Cabinet Ministers and senior officers of the department. The department does not incur expenditures to compensate Ministers and those disclosures may be found in the *Annual Report on State Finances*.

The total fees, salaries, superannuation, non-monetary benefits and other benefits for senior officers of the department for the reporting period are presented within the following bands:

	2021	2020
<b>Compensation band (\$)</b>		
\$350,001 – \$360,000	-	1
\$330,001 – \$340,000	1	-
\$250,001 – \$260,000	1	1
\$240,001 – \$250,000	1	-
\$230,001 – \$240,000	1	-
\$220,001 – \$230,000	-	1
\$210,001 – \$220,000	2	2
\$200,001 – \$210,000	1	2
\$190,001 – \$200,000	-	1
\$140,001 – \$150,000	1	-
\$110,001 – \$120,000	1	1
\$100,001 – \$110,000	1	-
\$ 60,001 – \$ 70,000	-	1
\$ 20,001 – \$30,000	1	-
	<b>2021 \$'000</b>	<b>2020 \$'000</b>
<b>Total compensation of senior officers</b>	<b>2,096</b>	<b>2,050</b>

Total compensation includes the superannuation expense incurred by the department in respect of senior officers.

### 8.4 Related party transactions

The department is a wholly owned public sector entity that is controlled by the State of Western Australia.

Related parties of the department include:

- all Cabinet Ministers and their close family members and their controlled or jointly controlled entities
- all senior officers and their close family members and their controlled or jointly controlled entities
- other departments and statutory authorities including related bodies that are included in the whole-of-government consolidated financial statements (i.e. wholly owned public sector entities)
- associates and joint ventures of a wholly owned public sector entity
- the Government Employees Superannuation Board.

#### ► Material transactions with other related parties

Outside of normal citizen type transactions with the department, there were no other related party transactions that involved key management personnel and/or their close family members and/or their controlled (or jointly controlled) entities.

### 8.5 Related bodies

The department currently does not provide any assistance to other agencies which would deem it to be regarded as related bodies under the definitions included in TI 951 Related and Affiliated Bodies.

## 8.6 Affiliated bodies

The following bodies receive more than half its funding and resources from the department, but is not subject to operational control by the department and is therefore considered to be affiliated bodies under the *Financial Management Act 2006*:

	2021 \$'000			2020 \$'000		
	Funding	Services free of charge	Total assistance	Funding	Services free of charge	Total assistance <sup>2</sup>
<b>Government organisations:</b>						
Cockburn Sound Management Council	213	-	213	345	-	345
Contaminated Sites Committee	329	-	329	348	-	348
Environmental Protection Authority	8,245	-	8,245	8,150	-	8,150
Keep Australia Beautiful Council	988	227	1,215	973	227	1,200
Office of the Appeals Convenor	1,166	-	1,166	1,151	-	1,151
Warren Donnelly Water Advisory Committee	4	-	4	18	-	18
Waste Authority	20,922	-	20,922	21,276	-	21,276
<b>Non-government organisations:</b>						
Geographe Catchment Council <sup>1</sup>	742	-	742	669	-	669

1 The department and Geographe Catchment Council entered into a partnership agreement whereby Geographe Catchment Council provides governance and management support to the department and the department provides support and links to the community and on-ground outcomes to achieve water quality improvements in the catchment area.

2 Financial year 2020 figures have been restated.

## 8.7 Special purpose accounts

### ► Contaminated sites management account (i)

The purpose of the account is to enable investigation or remediation of any site where the state or a public authority (excluding local government) is responsible for remediation. The account also funds the department's costs of investigation and ensuring compliance with notices.

	2021 \$'000	2020 \$'000
Balance at start of period	346	557
Receipts	285	135
Payments	(251)	(346)
<b>Balance at end of period</b>	<b>380</b>	<b>346</b>

### ► Waste Avoidance and Resource Recovery Account (i)

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

	<b>2021</b>	2020
	<b>\$'000</b>	\$'000
Balance at start of period	39,795	39,980
Receipts – Repayments of loan to WARRRL <sup>(a)</sup>	5,167	-
Receipts	20,922	21,276
Payments – Loan to WARRRL <sup>(a)</sup>	(16,042)	(750)
Payments	(20,518)	(20,711)
<b>Balance at end of period</b>	<b>29,324</b>	39,795

(a) For additional information please refer to note 5.1 Receivables.

### ► Pilbara Environmental Offsets Fund (ii)

The purpose of the account is to deliver environmental offset projects in the Pilbara bioregion of WA in partnership with traditional owners, conservation agencies, industry and government.

	<b>2021</b>	2020
	<b>\$'000</b>	\$'000
Balance at start of period	496	-
Receipts	947	684
Payments	(352)	(188)
<b>Balance at end of period</b>	<b>1,091</b>	496

(i) Established under section 16(1)(b) of the Financial Management Act 2006

(ii) Established under section 16(1)(d) of the Financial Management Act 2006

## 8.8 Indian Ocean Territories Account

### ► Indian Ocean Territories Account

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

	<b>2021</b>	<b>2020</b>
	<b>\$'000</b>	<b>\$'000</b>
Balance at start of period	47	(12)
Receipts	491	435
Payments	(368)	(376)
<b>Balance at end of period <sup>(a)</sup></b>	<b>170</b>	47

(a) Under the terms of the Service Delivery Arrangement, the department is to provide a statement of operating and capital expenditure and revenue for the previous financial year to the Commonwealth by 31 August each year.

This notification enables adjustments to biannual payments to be made early in the financial year to take into account any under or overspends against budget estimates from the previous financial year.

## 8.9 Remuneration of auditors

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

	<b>2021</b>	2020
	<b>\$'000</b>	\$'000
Auditing the accounts, financial statements, controls and key performance indicators	<b>289</b>	302

## 8.10 Equity

	<b>2021</b>	2020
	<b>\$'000</b>	\$'000
<b>Contributed equity</b>		
Balance at start of period	351,630	373,945
<b>Contributions by owners</b>		
Capital appropriation	7,855	6,007
<b>Total contributions by owners</b>	<b>359,485</b>	379,952
<b>Distributions to owners</b>		
Transfer to consolidated account	(32,813)	(24,236)
Transfer to other agencies:		
Land transferred to Department of Planning, Lands and Heritage	(123)	(432)
Infrastructure and land transferred to Department of Biodiversity Conservation and Attractions	(1,421)	(3,654)
<b>Total distributions to owners</b>	<b>(34,357)</b>	(28,322)
<b>Balance at end of period</b>	<b>325,128</b>	351,630
<b>Asset revaluation surplus</b>		
Balance at start of period	18,020	14,140
Net revaluation increment:		
Land	5,173	840
Buildings	5	11
Measurement sites	1,786	3,029
<b>Total net revaluation increment</b>	<b>6,964</b>	3,880
<b>Balance at end of period</b>	<b>24,984</b>	18,020



## 8.11 Supplementary financial information

### ► (a) Write-offs

	2021 \$'000	2020 \$'000
The accountable authority	3	86
The Minister	-	-
Executive Council	-	-
<b>Total write-offs</b>	<b>3</b>	<b>86</b>

### ► (b) Losses through theft, defaults and other causes

	2021 \$'000	2020 \$'000
Losses of public money and property through theft or default	-	-
Amounts recovered	-	-
<b>Total losses</b>	<b>-</b>	<b>-</b>

### ► (c) Gifts of public property

	2021 \$'000	2020 \$'000
Gifts of public property provided by the department <sup>(a)</sup>	3	-
<b>Total gifts</b>	<b>3</b>	<b>-</b>

(a) On the 12 April 2021, the department gifted a work of art to WA Country Health Service Great Southern. The work of art is to be displayed at the Denmark Hospital.

## 8.12 Explanatory statement (controlled operations)

All variances between annual estimates (original budget) and actual results for 2021, and between the actual results for 2021 and 2020, are shown below. Narratives are provided for key major variances which are greater than 10% and greater than 1% of Total Cost of Services for the Statements of Comprehensive Income and the Statement of Cash Flows i.e., \$1,826,340 (1% of \$182,634,000), and are greater than 10% and greater than 1% of Total Assets for the Statement of Financial Position i.e., \$5,303,830 (1% of \$530,383,000).

## ► 8.12.1 Statement of comprehensive income variances

	Variance note	Estimate 2021 \$'000	Actual 2021 \$'000	Actual 2020 \$'000	Variance between estimate and actual \$'000	Variance between actual results for 2021 and 2020 \$'000
<b>Expenses</b>						
Employee benefits expense		102,974	100,218	102,849	(2,756)	(2,631)
Supplies and services	a	35,973	32,532	37,013	(3,441)	(4,481)
Depreciation and amortisation expenses	1	20,505	11,995	13,123	(8,510)	(1,128)
Finance costs		151	81	84	(70)	(3)
Accommodation expenses		7,822	8,915	8,566	1,093	349
Grants and subsidies	2,b	32,641	21,997	15,317	(10,644)	6,680
Other expenses		6,208	6,198	4,988	(10)	1,210
Loss on disposal of non-current assets		-	1,207	694	1,207	513
<b>Total cost of services</b>		<b>206,274</b>	<b>183,143</b>	182,634	<b>(23,131)</b>	<b>509</b>
<b>Income</b>						
User charges and fees	3	33,762	29,864	29,523	(3,898)	341
Commonwealth grants	4	7,259	4,854	4,971	(2,405)	(117)
Waste levy		83,000	78,781	79,639	(4,219)	(858)
Interest revenue		850	913	-	63	913
Other Income	5,c	7,519	5,441	2,247	(2,078)	3,194
<b>Total income</b>		<b>132,390</b>	<b>119,853</b>	116,380	<b>(12,537)</b>	<b>3,473</b>
<b>Net cost of services</b>		<b>73,884</b>	<b>63,290</b>	66,254	<b>(10,594)</b>	<b>(2,964)</b>

## ► 8.12.1 Statement of comprehensive income variances (cont'd)

	Variance note	Estimate 2021 \$'000	Actual 2021 \$'000	Actual 2020 \$'000	Variance between estimate and actual \$'000	Variance between actual results for 2021 and 2020 \$'000
<b>Income from State Government</b>						
Service appropriation	d	105,625	104,478	81,890	(1,147)	22,588
Income from other public sector entities		2,747	3,095	2,700	348	395
Resources received		1,743	3,055	2,789	1,312	266
Royalties for Regions fund	6	8,746	4,699	4,797	(4,047)	(98)
<b>Total income from State Government</b>		<b>118,861</b>	<b>115,327</b>	92,176	<b>(3,534)</b>	<b>23,151</b>
<b>Surplus for the period</b>						
		44,977	52,037	25,922	7,060	26,115
<b>Other comprehensive income</b>						
<b>Items not reclassified subsequently to profit or loss</b>						
Changes in asset revaluation surplus		-	6,964	3,880	6,964	3,084
<b>Total other comprehensive income</b>		-	6,964	3,880	6,964	3,084
<b>Total comprehensive income for the period</b>						
		44,977	59,001	29,802	14,024	29,199

### ► Major estimate and actual (2021) variance narratives

1. Depreciation and amortisation expense decreased by \$8.5 million (41.5%) mainly due to a deferment of Environment Online and other asset investment programs resulting in a lower than estimated depreciation and amortisation expense.
2. Grants and subsidies decreased by \$10.6 million (32.6%) mainly due to a deferment of grant payments for Clean Western Australia Waste Paper and Cardboard Processing and other grant programs into 2021–22; and a reduction in spending on Clean Energy Future Fund and Offset Fund for Recovery Program in 2020–21.
3. User charges and fees decreased by \$3.9 million (11.6%) mainly due to lower than estimated Waste Licence fees and Clearing Regulation fees.
4. Commonwealth grants decreased by \$2.4 million (33.1%) mainly due to a delay in funding for Environment Online.
5. Other income decreased by \$2.1 million (27.6%) mainly due to a reallocation of previously classified other income to income received from other public sector entities in terms of the requirements of Treasurer's Instruction 1102.
6. Royalties for Regions fund decreased by \$4.0 million (46.3%) mainly due to a deferment of programs relating to Healthy Estuaries Western Australia and Watering Western Australia.

### ► Major actual (2021) and comparative (2020) variance narratives

- (a) Supplies and services decreased by \$4.5 million (12.1%) mainly due to a decrease in consultants and contractors, water carting and drought relief expenditure.
- (b) Grants and subsidies increased by \$6.7 million (43.6%) mainly due to additional grant expenditure for the Western Australia Recovery Plan and the Waste Avoidance and Resource Recovery Account.
- (c) Other income increased by \$3.2 million (142.2%) mainly due to an increase in offset revenue from the Pilbara Environmental Offsets Fund and from the Establishing and Maintaining Vegetation Offsets Account.
- (d) Service appropriation increased by \$22.6 million (27.6%) mainly due to an increase in funding for Western Australia Recovery Plan programs, Rural Water Deficiency and Community Water Supply.

## ► 8.12.2 Statement of financial position variances

Variance note	Estimate 2021 \$'000	Actual 2021 \$'000	Actual 2020 \$'000	Variance between estimate and actual \$'000	Variance between actual results for 2021 and 2020 \$'000
<b>Assets</b>					
<b>Current assets</b>					
Cash and cash equivalents	8,271	21,555	9,348	13,284	12,207
Restricted cash and cash equivalents	42,641	49,289	64,402	6,648	(15,113)
Receivables	30,667	38,600	22,667	7,933	15,933
Amounts receivable for services	5,535	6,338	6,057	803	281
Other assets	2,161	2,145	2,161	(16)	(16)
<b>Total current assets</b>	<b>89,275</b>	<b>117,927</b>	104,635	<b>28,652</b>	<b>13,292</b>
<b>Non-current assets</b>					
Restricted cash and cash equivalents	1,864	1,833	1,488	(31)	345
Receivables	2,916	-	563	(2,916)	(563)
Amounts receivable for services	67,516	66,712	52,545	(804)	14,167
Infrastructure, property, plant and equipment	353,972	356,624	350,377	2,652	6,247
Right-of-use assets	2,985	2,175	3,137	(810)	(962)
Intangible assets	20,287	18,704	17,582	(1,583)	1,122
Other assets	56	23	56	(33)	(33)
<b>Total non-current assets</b>	<b>449,596</b>	<b>446,071</b>	425,748	<b>(3,525)</b>	<b>20,323</b>
<b>Total assets</b>	<b>538,871</b>	<b>563,998</b>	530,383	<b>25,127</b>	<b>33,615</b>

## ► 8.12.2 Statement of financial position variances (cont'd)

Variance note	Estimate 2021 \$'000	Actual 2021 \$'000	Actual 2020 \$'000	Variance between estimate and actual \$'000	Variance between actual results for 2021 and 2020 \$'000
<b>Liabilities</b>					
<b>Current liabilities</b>					
Payables	4,860	4,702	4,699	(158)	3
Lease liabilities	1,143	900	1,143	(243)	(243)
Contract liabilities	1,754	2,940	1,749	1,186	1,191
Employee related provisions	24,063	24,822	24,174	759	648
Other current liabilities	-	4	4	4	-
<b>Total current liabilities</b>	<b>31,820</b>	<b>33,368</b>	31,769	<b>1,548</b>	<b>1,599</b>
<b>Non-current liabilities</b>					
Lease liabilities	1,900	1,344	2,020	(556)	(676)
Employee related provisions	6,002	6,195	6,002	193	193
<b>Total non-current liabilities</b>	<b>7,902</b>	<b>7,539</b>	8,022	<b>(363)</b>	<b>(483)</b>
<b>Total liabilities</b>	<b>39,722</b>	<b>40,907</b>	39,791	<b>1,185</b>	<b>1,116</b>
<b>Net assets</b>	<b>499,149</b>	<b>523,091</b>	490,592	<b>23,942</b>	<b>32,499</b>
<b>Equity</b>					
Contributed equity	315,208	325,128	351,630	9,920	(26,502)
Reserves	18,020	24,984	18,020	6,964	6,964
Accumulated surplus	165,921	172,979	120,942	7,058	52,037
<b>Total equity</b>	<b>499,149</b>	<b>523,091</b>	490,592	<b>23,942</b>	<b>32,499</b>

## ► Major estimate and actual (2021) variance narratives

Nil

## ► Major actual (2021) and comparative (2020) variance narratives

Nil

## ► 8.12.3 Statement of cash flows variances

	Variance note	Estimate 2021 \$'000	Actual 2021 \$'000	Actual 2020 \$'000	Variance between estimate and actual \$'000	Variance between actual results for 2021 and 2020 \$'000
<b>Cash flows from State Government</b>						
Service appropriation	a	85,119	83,973	63,925	(1,146)	20,048
Capital appropriations	b	7,855	7,855	6,007	-	1,848
Holding account drawdown		6,057	6,057	5,994	-	63
Distributions to owner	1,c	(44,276)	(32,730)	(24,159)	11,546	(8,571)
Net proceeds on sale of land remitted to consolidated account		-	(160)	-	(160)	(160)
Royalties for Regions fund	2	8,746	4,699	4,797	(4,047)	(98)
Funds from other public sector entities	3,d	2,747	775	3,777	(1,972)	(3,002)
<b>Net cash provided by State Government</b>		<b>66,248</b>	<b>70,469</b>	60,341	<b>4,221</b>	<b>10,128</b>
<b>Cash flows from operating activities</b>						
<b>Payments</b>						
Employee benefits		(102,924)	(98,635)	(98,896)	4,289	261
Supplies and services	4,e	(34,990)	(29,239)	(36,030)	5,751	6,791
Finance costs		(150)	(81)	(83)	69	2
Accommodation		(7,832)	(8,747)	(8,476)	(915)	(271)
Grants and subsidies	5	(32,641)	(20,712)	(19,390)	11,929	(1,322)
GST payments on purchases		(5,929)	(7,145)	(7,667)	(1,216)	522
Other payments	f	(5,448)	(6,540)	(3,762)	(1,092)	(2,778)

## ► 8.12.3 Statement of cash flows variances (cont'd)

	Variance note	Estimate 2021 \$'000	Actual 2021 \$'000	Actual 2020 \$'000	Variance between estimate and actual \$'000	Variance between actual results for 2021 and 2020 \$'000
<b>Receipts</b>						
User charges and fees	6	33,762	29,779	30,791	(3,983)	(1,012)
Commonwealth grants	7	7,259	4,854	6,221	(2,405)	(1,367)
Interest received		850	40	-	(810)	40
Waste levy		83,000	78,561	78,012	(4,439)	549
GST receipts on sales		634	315	357	(319)	(42)
GST receipts from taxation authority		5,305	6,728	8,049	1,423	(1,321)
Other receipts	8,g	7,519	3,714	1,767	(3,805)	1,947
<b>Net cash used in operating activities</b>		<b>(51,585)</b>	<b>(47,108)</b>	(49,107)	<b>4,477</b>	<b>1,999</b>
<b>Cash flows from investing activities</b>						
<b>Payments</b>						
Purchase of non-current assets	9,h	(26,001)	(13,959)	(12,133)	12,042	(1,826)
Loan payments to WARRRL	10,i	(18,954)	(16,042)	(750)	2,912	(15,292)
<b>Receipts</b>						
Proceeds from sale of non-current assets		-	80	105	80	(25)
Loan repayments from WARRRL	11,j	8,600	5,167	-	(3,433)	5,167
<b>Net cash used in investing activities</b>		<b>(36,355)</b>	<b>(24,754)</b>	(12,778)	<b>11,601</b>	<b>(11,976)</b>
<b>Cash flows from financing activities</b>						
<b>Payments</b>						
Principal elements of lease payments		(770)	(1,168)	(1,300)	(398)	132
<b>Net cash used in financing activities</b>		<b>(770)</b>	<b>(1,168)</b>	(1,300)	<b>(398)</b>	<b>132</b>
Net increase/(decrease) in cash and cash equivalents		(22,462)	(2,561)	(2,844)	19,901	283
Cash and cash equivalents at the beginning of the period		75,238	75,238	78,082	-	(2,844)
<b>Cash and cash equivalents at the end of the period</b>		<b>52,776</b>	<b>72,677</b>	75,238	<b>19,901</b>	<b>(2,561)</b>



### ► Major estimate and actual (2021) variance narratives

1. Distributions to owner decreased by \$11.6 million (26.1%) mainly due to the retention of adequate restricted and working cash.
2. Royalties for Regions fund decreased by \$4.0 million (46.3%) mainly due to a deferment of programs relating to Healthy Estuaries Western Australia and Watering Western Australia.
3. Funds from other public sector entities decreased by \$2.0 million (71.8%) mainly due to the transfer of water monitoring of the Swan and Canning rivers to the Department of Biodiversity, Conservation and Attractions, and lower than budgeted revenue from other public sector entities.
4. Supplies and services decreased by \$5.8 million (16.4%) mainly due to less spend than estimated on consultants and contractor costs.
5. Grants and subsidies decreased by \$11.9 million (36.6%) mainly due to a deferment of grant payments for Clean Western Australia Waste Paper and Cardboard Processing and other grant programs into 2021–22; and a reduction in spending on Clean Energy Future Fund and Offset Fund for Recovery Program in 2020–21.
6. User charges and fees decreased by \$4.0 million (11.8%) mainly due to lower than estimated Waste Licence fees and Clearing Regulation fees.
7. Commonwealth grants decreased by \$2.4 million (33.1%) mainly due to a delay in funding for Environment Online.
8. Other receipts decreased by \$3.8 million (50.6%) mainly due a lower than estimated receipt of funds for the Contaminated Sites Management Account and Pilbara Environmental Offsets Fund.
9. Purchase of non-current assets were lower by \$12.0 million (46.3%) mainly due to deferred acquisitions of land and other fixed assets.

10. Loan payments to WARRRL were lower by \$2.9 million (15.4%) mainly due to a lower drawdown than estimated.

11. Loan repayments from WARRRL were lower by \$3.4 million (39.9%) mainly due to the repayment of a lower drawdown than estimated.

### Major actual (2021) and comparative (2020) variance narratives

- (a) Service appropriation increased by \$20.0 million (31.4%) mainly due to an increase in funding for Western Australia Recovery Plan programs, Rural Water Deficiency and Community Water Supply.
- (b) Capital appropriations increased by \$1.8 million (30.8%) mainly due to a deferral of capital appropriation for Land Acquisition in Priority 1 Areas from 2019–20 to 2020–21.
- (c) Distributions to owner increased by \$8.6 million (35.5%) mainly because the department retained more working cash in financial year 2020 than financial year 2021.
- (d) Funds from other public sector entities decreased by \$3.0 million (79.5%) mainly due to the transfer of water monitoring of the Swan and Canning rivers to the Department of Biodiversity, Conservation and Attractions, and lower than budgeted revenue from other public sector entities.
- (e) Supplies and services decreased by \$6.8 million (18.9%) mainly due to a decrease in consultants and contractors, water carting and drought relief expenditure.
- (f) Other payments were higher by \$2.8 million (73.8%) mainly due to the payment of payroll tax in 2020–21.

- (g) Other receipts increased by \$1.9 million (110.2%) mainly due to an increase in receipts from proponents of the Murujuga Rock Art Monitoring Program.
- (h) Purchases of non-current assets were higher by \$1.8 million (15.1%) mainly due to the capitalisation of the Environment Online project and other intangible asset projects.
- (i) Loan payments to WARRRL increased by \$15.3 million (2,038.9%) mainly due to the drawdown on the Facility A loan in 2020–21.
- (j) Loan repayments from WARRRL increased by \$5.2 million (100%) as no loan repayments had to be made in the prior financial year.

## 9 Administered disclosures

This section sets out all the statutory disclosures regarding the financial performance of the department.

	Notes
Administered income and expenses	9.1
Explanatory statement for administered items	9.2
Administered assets and liabilities	9.3

### 9.1 Administered income and expenses

	2021 \$'000	2020 \$'000
<b>Income</b>		
For transfer:		
Regulatory fees and other charges <sup>(a)</sup>	33	89
<b>Total administered income</b>	<b>33</b>	<b>89</b>
<b>Expenses</b>		
Payments into the consolidated account <sup>(a)</sup>	33	88
<b>Total administered expenses</b>	<b>33</b>	<b>88</b>

- (a) Payments into the consolidated account included water fines collected on behalf of the Water Corporation, and environmental infringement regulatory fees and fines collected on behalf of the State Government.

## 9.2 Explanatory statement for administered items

All variances between annual estimates and actual results for 2021, and between the actual results for 2021 and 2020 are shown below. Narratives are provided for key major variances, which are greater than 10% and greater 1% of Total Administered Income i.e., \$890 (1% of \$89,000).

	Variance note	Estimate 2021 \$'000	Actual 2021 \$'000	Actual 2020 \$'000	Variance between estimate and actual \$'000	Variance between actual results for 2021 and 2020 \$'000
<b>Income from administered items</b>						
<b>Income</b>						
For transfer:						
Regulatory fees and other charges <sup>(a)</sup>	1	155	33	89	(122)	(56)
<b>Total administered income</b>		<b>155</b>	<b>33</b>	89	<b>(122)</b>	<b>(56)</b>
<b>Expenses</b>						
Payments into the consolidated account <sup>(a)</sup>	2	155	33	88	(122)	(55)
<b>Total administered expenses</b>		<b>155</b>	<b>33</b>	88	<b>(122)</b>	<b>(55)</b>

(a) Payments into the consolidated account included water fines collected on behalf of the Water Corporation, and environmental infringement regulatory fees and fines collected on behalf of State Government.

### ► Variance narratives

- The variance between the estimate and the actual results for 2021 and the variance between the actual results for 2021 and 2020 are explained by the following reasons:
  - In April 2020, the Water Corporation informed the department that due to COVID-19 it is reducing sprinkler restriction monitoring and adopting a compassionate enforcement approach by only issuing letters of warning for proven breaches of scheme water restrictions, rather than infringements. For consistency, the department's Executive Director, Regional Delivery supported the Water Corporation's compassionate approach and warning notices rather than infringements were issued to proven first-time offenders. This is the reason for the decrease in number of infringements for breaches of garden bore restrictions under the Water Agencies (Water Use) By-laws 2010 and;
  - The bulk of the infringement value comes from modified penalty notices which attract a penalty of upwards of \$6,250 per notice. To be eligible for a modified penalty notice one must meet certain legislative requirements under section 99A of the *Environmental Protection Act 1986*. During financial year 21, the department did not issue any modified penalty notices for any of the matters that were investigated. The department does issue infringement notices that are set at \$250 or \$500 but these are not issued in large volumes and thus these infringements would not have had an impact on the actual results.
- The variance between the estimate and the actual results for 2021 and the variance between the actual results for 2021 and 2020 are explained in the abovementioned number 1.

### 9.3 Administered assets and liabilities

	2021 \$'000	2020 \$'000
<b>Assets</b>		
<b>Current assets</b>		
Cash and cash equivalents	1	1
<b>Total administered current assets</b>	<b>1</b>	<b>1</b>
<b>Total administered assets</b>	<b>1</b>	<b>1</b>
<b>Liability</b>		
<b>Current liability</b>		
Payables	-	-
<b>Total administered current liabilities</b>	<b>-</b>	<b>-</b>
<b>Total administered liabilities</b>	<b>-</b>	<b>-</b>

# Outcome-based management framework

## Certification of key performance indicators

I hereby certify that the key performance indicators are based on proper records, are relevant and appropriate for assisting users to assess the Department of Water and Environmental Regulation's performance, and fairly represent the performance of the Department of Water and Environmental Regulation for the financial year ended 30 June 2021.



Michelle Andrews  
**Director General**  
21 September 2021



**Government goal – Better places: A quality environment with liveable and affordable communities and vibrant**

Agency outcome		Key effectiveness indicators	Page	Agency services	Key efficiency indicators	Page
Outcome 1	Western Australia's growth and development is supported by the sustainable management of water resources for the long-term benefit of the state	1 Proportion of stakeholders who perceive the department to be effectively managing the state's water as a resource for sustainable, productive use	64	1. Water information and advice	Proportion of statutory referrals from decision-making authorities where advice is provided within target timeframes	70
					Average cost per statutory referral assessment	71
					Average cost per water measurement site managed	71
		2 Proportion of priority growth areas that have a water supply planning strategy	64	2. Water planning, allocation and optimisation	Average cost per plan, report or guidance document to support water planning, allocation and optimisation	72
					Average cost per hour of scientific support for water planning, allocation and optimisation	73
				3. Water regulation, licensing and industry governance	Average cost of assessing a water licence application by risk assessment category	74
Outcome 2	Emissions, discharges and clearing of native vegetation are effectively regulated to avoid unacceptable risks to public health and the environment	3 Percentage of regulatory compliance activities completed as planned	65	4. Environmental regulation	Average cost per works approval and licence application	77
		4 Percentage of potential environmental risks identified during compliance monitoring program that are rectified within two months	66		Average cost per native vegetation clearing permit application	77
Outcome 3	Development and implementation of strategic policy and legislation that promoted sustainable environmental outcomes	5 Percentage of advice and recommendations that met Ministerial approval, without the need for significant modification	66	5. Environmental and water policy	Average cost per hour of policy advice and recommendations	79

Agency outcome		Key effectiveness indicators	Page	Agency services	Key efficiency indicators	Page
Outcome 4	Waste avoided and the recovery of materials from landfill maximised	6 Percentage of municipal solid waste reported as diverted from landfill through recycling compared to waste strategy target in the Perth metropolitan region	<a href="#">66</a>	6. Waste strategies	Cost of landfill levy compliance as a percentage of landfill levy income collected	<a href="#">80</a>
		7 Percentage of commercial and industrial waste reported as diverted from landfill through recycling compared to the statewide waste strategy target	<a href="#">67</a>			
		8 Percentage of construction and demolition waste reported as diverted from landfill through recycling compared to the statewide waste strategy target	<a href="#">67</a>			
Outcome 5	Quality advice to the Environmental Protection Authority (EPA) and Minister for Environment on significant proposals and environmental issues	9 The EPA's satisfaction with the department's environmental impact assessment (EIA) service, during the year, in line with best practice principles of EIA	<a href="#">68</a>	7. Environmental impact assessment services to the EPA	Cost per standardised unit of assessment output	<a href="#">81</a>
		10 Percentage of project-specific conditions which did not require significant change following the appeal process	<a href="#">68</a>	8. Environmental management services to the EPA	Cost per standardised unit of environmental management services output	<a href="#">82</a>
		11 Percentage of assessments that met agreed timelines	<a href="#">69</a>			
		12 The EPA's satisfaction with the department's provision of environmental management services during the year	<a href="#">69</a>			
Outcome 6	Compliance with Ministerial Statement implementation conditions are monitored effectively	13 The number of Ministerial Statements audited compared to targets	<a href="#">69</a>	9. Compliance monitoring services to the Minister for Environment	Average cost per environmental audit completed	<a href="#">83</a>

Following the machinery of government changes, the Department of Water, the Department of Environment Regulation and the Office of the Environmental Protection Authority were amalgamated and formed the Department of Water and Environmental Regulation (the department) on 1 July 2017. This is the fourth reporting period for the department post amalgamation.

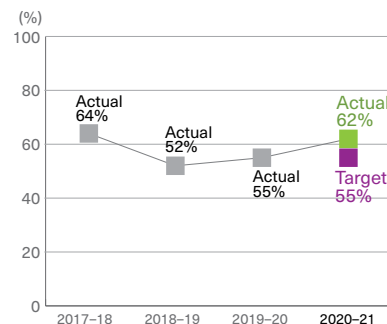
Results with significant variances of 10% or more compared with the Target and prior year results are explained. The majority of the movements between the 2020–21 Target and the 2020–21 Actual are due to changes in resource cost allocations.

## Key effectiveness indicators

### 1 Proportion of stakeholders who perceive the department to be effectively managing the state's water as a resource for sustainable, productive use<sup>(a)</sup>

(a) The 2020–21 survey results have a confidence interval of  $\pm 4.29\%$  at 95% confidence level. Other survey statistics include:

- population size: 1,218 stakeholders
- population character: stakeholder contacts provided by the department
- stakeholders invited to participate: 1,218 stakeholders
- number of respondents: 365
- response rate: 30%
- how sample was selected: Total population as provided by the department contacted by email or mail (for those without email contact details). The initial contact sought assistance with an online survey. Phone follow-up interviews were sought with stakeholders who did not respond to the online self-completion invitation.



The management of the state's water resources to enable growth and development is a core objective for the department, and this occurs within the context of ensuring the sustainability of the resources and their dependent environments.

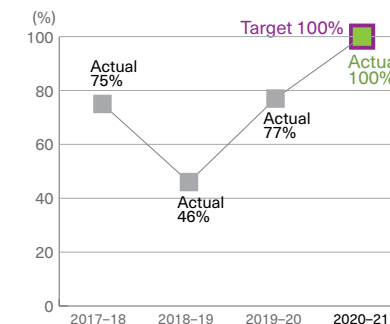
The department has many stakeholders with competing interests, including those from industry, investment, community and environmental sectors.

A survey was conducted between 16 November 2020 and 20 December 2020 with the intent to determine the extent to which stakeholders perceive the department to be effectively fulfilling the statutory and other obligations that form its core role rather than satisfaction with a particular decision or handling of a specific issue.

The indicator is based on feedback received from the stakeholders through the survey. It is calculated as a percentage of respondents answering 'very effective' or 'quite effective' to a question in the survey about their perception of the department effectively managing the state's water as a resource for sustainable productive use. The other options for selection included 'neither one nor the other', 'quite ineffective', 'very ineffective' or 'don't know'.

### 2 Proportion of priority growth areas that have a water supply planning strategy

'Priority growth areas' refers to a list of significant projects and water resources areas. For each priority growth area the department, or key stakeholders in collaboration with the department, develops a water supply plan or strategy to identify current and future water resource and supply options to meet demand for industry and population growth over the long-term. This supports the timely development of resource and supply options to meet demand in areas of state priority.



Projects included in the priority growth areas have strategic significance for the state; and include areas identified through the Water Supply-Demand Model as having a gap between future water demand and water availability.



The indicator is calculated as a percentage of the priority growth areas with a water supply planning strategy (or advisory report for key stakeholders) out of the total priority growth areas that the department is currently working on.

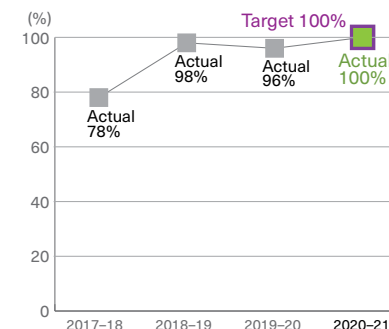
#### ► Variance analysis

Before 2018–19, the proportion of priority growth areas with implemented water supply planning strategy was based on the five-year water supply strategic plan for the period 2013–14 to 2017–18. The five-year plan ended in 2017–18. The approach for establishing the total priority growth areas has changed since 2018–19, where a list of total priority growth areas will be reset every three years so that the Target and Actual percentage of priority growth areas with a water supply planning strategy or advisory report will be reported on the cumulative number of areas that have a water supply planning strategy over a three-year period.

A list of 13 new priority growth areas were established for the period covering 2018–19 to 2020–21, of which six (46%) outputs were completed in 2018–19 and four (31%) outputs were completed during 2019–20 with a cumulative 10 (77%) outputs completed during the period 2018–19 to 2019–20. The remaining three (23%) outputs were completed during the period 2020–21 for the three-year cycle ending 2020–21.

### 3 Percentage of regulatory compliance activities completed as planned

Compliance activities are an integral part of the department's regulatory work and include promotion, monitoring and enforcement. Information gathered and assessed through compliance activities is also used to inform and revise both regulation and policy frameworks as well as to inform legislative reform programs.



The department is a risk-based regulator that focuses its resources to address the areas of greatest risks to public health, the environment and water resources and is responsive to emerging risks and issues.

The prescribed premises compliance monitoring program is focused on the assessment of emissions and discharges from premises to ensure they are managed appropriately by the current instrument and relevant legislation. The program identifies premises and targets activities based on a risk assessment informed by environmental and operational risk including type of activity, compliance history and intelligence gathered, including from complaints and incidents.

The waste sector compliance monitoring program assesses compliance at landfills and associated industries with the requirements of the landfill levy.

#### ► Variance analysis

The department conducted 200 of the 200 planned inspections in 2020–21. In addition, a further 44 unplanned inspections were completed for the levy compliance monitoring program.

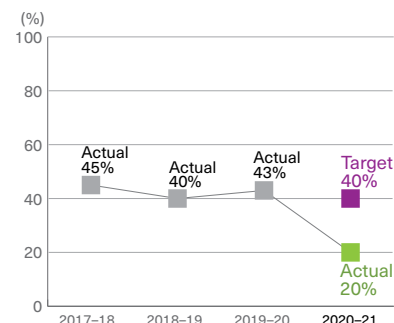
#### 4 Percentage of potential environmental risks identified during compliance monitoring program that are rectified within two months

Non-compliances identified through inspections undertaken as part of the prescribed premises compliance monitoring program and the waste sector compliance monitoring program are recorded and the length of time taken for these non-compliances to be rectified is tracked.

Non-compliances vary in nature, they may be administrative, technical, or operational. Administrative and technical non-compliances generally pose a low risk to public health, the environment or water resources, whereas operational non-compliances and emissions may pose a higher risk.

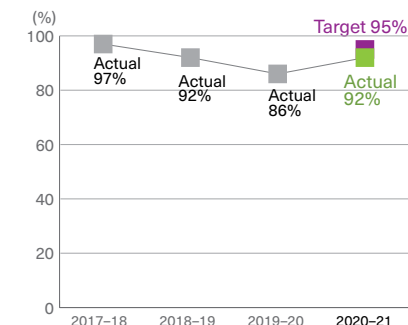
##### ► Variance analysis

During 2020–21, a total of 249 non-compliances were identified from inspections under the waste sector and the prescribed premises compliance monitoring programs. The target of 40% of non-compliances being closed within two calendar months was not achieved because of the compliance monitoring programs targeting inspections at areas of greatest risk; 20% of non-compliances were closed within the specified timeframe. A further 53% were closed in the reporting period; however, not within the target timeframe. The resolution of the identified non-compliances is often protracted, particularly if capital works are involved, and also due to work undertaken by third parties requiring longer than the two-calendar-month target timeframe.



#### 5 Percentage of advice and recommendations that met Ministerial approval, without the need for significant modification

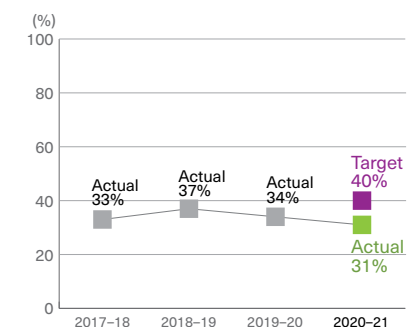
This indicator seeks to ensure that the advice provided by the department is consistent with the State Government's policy direction by measuring how well it meets the Minister for Environment's expectations.



#### 6 Percentage of municipal solid waste reported as diverted from landfill through recycling compared to waste strategy target in the Perth metropolitan region

The indicator is a direct measure of the effectiveness of the State Government's waste management goal of diverting waste from landfill and reflects the target in the waste strategy.

Due to the significant time required to gather the relevant information, 2019–20 data, as reported in *Waste and recycling in Western Australia 2019–20*, was used to calculate this indicator for 2020–21. From 2021 the data is derived from annual returns submitted under regulation 18C of the amended Waste Avoidance and Resource Recovery Regulations 2008 and composition data submitted with waste levy returns. Data was previously sourced from voluntary surveys.



### ► Variance analysis

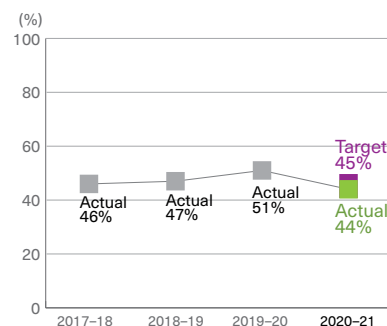
Two-bin kerbside waste services typically only divert about 20% of waste from landfill. The State Government has promoted adoption of a three-bin model which can deliver MSW diversion rates greater than 50%. In 2019–20, only 16 Perth local governments reported providing a three-bin waste collection service. The 2020–21 target could not be met due to lower-than-expected three-bin services offered by local governments. The headline strategy in the Waste Strategy 2030 is a three bin kerbside collection system in the Perth and Peel Region by 2025. Roll-out of the Food Organics Garden Organics (FOGO) bin services is ongoing and requires the development of FOGO-derived products and the development of processing capacity to support local governments in adopting these systems. More recently the State Government has set a goal for all local governments in the Perth metropolitan and Peel regions to introduce FOGO services by 2025. These services can recover 65% or more of kerbside collections.

The overall diversion rate has decreased by 3% from 2019–20 to 2020–21. This may be partly due to better data quality received through mandatory reporting requirements. Lower recovery rates were also reported at some material recovery facilities compared to the previous year.

## 7 Percentage of commercial and industrial waste reported as diverted from landfill through recycling compared to the statewide waste strategy target

The indicator is a direct measure of the effectiveness of the State Government's waste management goal of diverting waste from landfill and reflects the target in the waste strategy.

Due to the significant time required to gather the relevant information, 2019–20 data, as reported in the *Waste and recycling in Western Australia 2019–20*,



was used to calculate this indicator for 2020–21. From 2021 the data is derived from annual returns submitted under regulation 18C of the amended Waste Avoidance and Resource Recovery Regulations 2008 and composition data submitted with waste levy returns. Data was previously sourced from voluntary surveys.

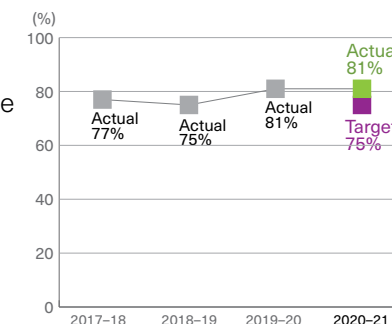
### ► Variance analysis

Increases in the waste levy rate since 2015 have increased the cost of landfilling but led to a more limited response from the industry than expected. Although organic waste already represents a significant proportion of recovered materials from the C&I stream, there are likely to be significant opportunities to improve performance against this target with increased recovery of this material type. C&I diversion is also strongly influenced by international markets for waste materials, which have been increasingly uncertain.

## 8 Percentage of construction and demolition waste reported as diverted from landfill through recycling compared to the statewide waste strategy target

The indicator is a direct measure of the effectiveness of the State Government's waste management goal of diverting waste from landfill and reflects the target in the waste strategy.

Due to the significant time required to gather the relevant information, 2019–20 data, as reported in *Waste and recycling in Western Australia 2019–20*, was used to calculate this indicator for 2020–21. From 2021 the data is derived from annual returns submitted under regulation 18C of the amended Waste Avoidance and Resource Recovery Regulations 2008 and composition data submitted with waste levy returns. Data was previously sourced from voluntary surveys.



### ► Variance analysis

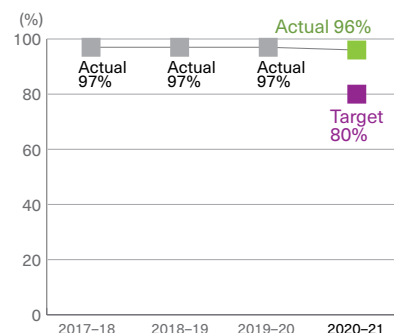
Scheduled increases in the waste levy since 2015 have made C&D waste landfilling more cost-prohibitive. The variance between the 2020–21 Target and the 2020–21 Actual is most likely due to the stockpiling of C&D waste in lieu of disposal which has contributed to the decrease in the quantity of C&D disposed to landfill, thus increasing the overall diversion rate. Waste levy avoidance may also contribute to the reported diversion rate.

## 9 The EPA's satisfaction with the department's environmental impact assessment (EIA) service, during the year, in line with best practice principles of EIA

The indicator is determined through surveys of the EPA's members (service recipients) who rate the quality of each service against best practice principles (currently, the International Association for Impact Assessment's Principles of EIA Best Practice).

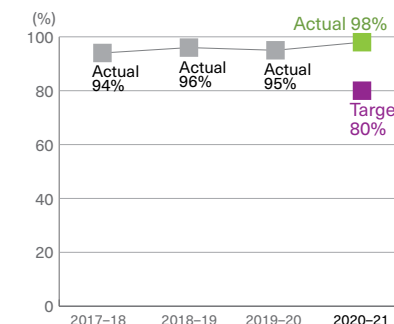
### ► Variance analysis

The department strives to ensure that all advice provided to the EPA is as practical, efficient, rigorous, participative and fit-for-purpose as possible. In line with this goal, this year the EPA considered the EIA services provided by the department were of a very high standard, which resulted in the KPI Target being exceeded by more than 10%.



## 10 Percentage of project-specific conditions which did not require significant change following the appeal process

The indicator assists stakeholders in ascertaining the quality of conditions recommended by the department's EIA services. The department provides periodic reports to the EPA outlining the results of the appeals process and drawing attention to significant changes to the recommended conditions. This provides an important part of the State Government's expectation of a 'continuous improvement loop' in the appeals process.



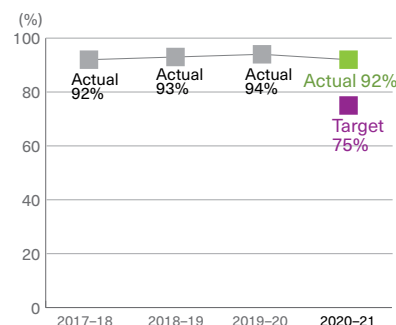
A significant change can be deemed as a substantial change to the form of a condition, the deletion or addition of a new condition, or a substantial change to the outcome or objective specified in a condition. A substantial change to the specified requirements of an environmental management plan or environmental monitoring plan and a change to a prescribed action are determined on a case-by-case basis.

### ► Variance analysis

The department strives to ensure the conditions recommended to the EPA are as robust and comprehensive as the project requires and therefore does not require substantial change by the Office of the Appeals Convenor. In line with this goal, this year the department's recommended conditions required minimal substantial changes and therefore exceeded the KPI Target by more than 10%.

## 11 Percentage of assessments that met agreed timelines

The agreed timeline is stated in the EPA's report and recommendations and refers to the time between the endorsement of the final assessment document and the release of the report and recommendations. The timeline for an assessment may vary according to the complexity of the project and is usually agreed with the proponent soon after the level of assessment is determined.



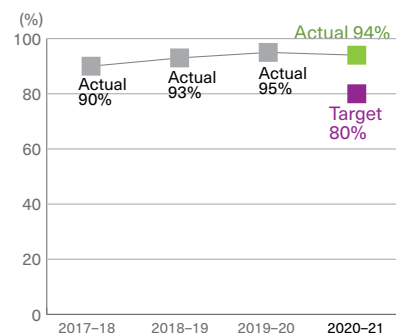
### ► Variance analysis

The department strives to ensure that assessments are completed in a timely manner and within the timelines published in EPA guidelines. In line with this goal, this year the department exceed the KPI Target by more than 10%.

## 12 The EPA's satisfaction with the department's provision of environmental management services during the year

The level of quality is determined by the EPA with reference to the desirable underlying qualities of good environmental management advice. The EPA rates the quality of advice on strategic advice, statutory policies or guidelines provided by the department.

Each of the EPA members who participate in a decision rates the product on a scale of one to five (poor to excellent) and the scores of each member are averaged, combined, and proportionally adjusted to a percentage. The final indicator is the average



rating awarded to all environment management services endorsed by the EPA during the period.

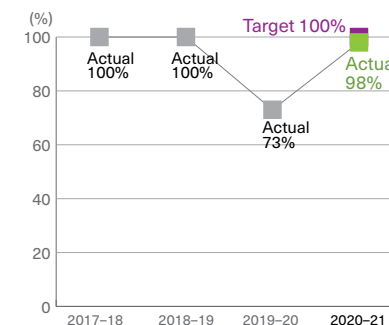
### ► Variance analysis

The department strives to ensure that all environmental management services provided to the EPA have a clear purpose, are rigorous, readable, applicable and consistent, and informed by stakeholder input as possible. In line with this goal, this year the EPA considered the EIA services provided by the department were of a very high standard, which resulted in the KPI Target being exceeded by more than 10%.

## 13 The number of Ministerial Statements audited compared to targets

Compliance monitoring is managed through a structured annual compliance management program. The annual program sets out the number of audits to be undertaken and, using a priority matrix, identifies the Ministerial Statements to be audited.

The Minister imposes conditions on proposals to ensure they are managed in an environmentally acceptable manner.



### ► Variance analysis

The variance from the 2019-20 Actual to 2020-21 Actual is due to reallocation of compliance resources to priority areas of achieving assessment performance.

## Key efficiency indicators

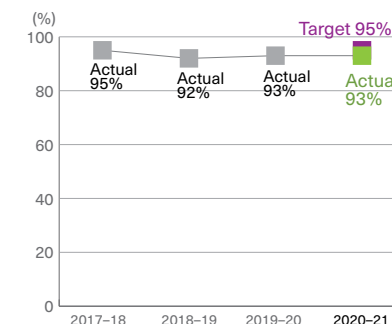
### Service 1: Water information and advice

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. The information also underpins policy advice for consideration by State Government and supports other government agencies and stakeholders in their planning for future economic growth, and urban and rural development.

### Proportion of statutory referrals from decision-making authorities where advice is provided within target timeframes

Technically proficient, reliable, and timely advice on the state's water resources enables effective decision-making by decision-making authorities (DMAs) that directly supports growth, development and investment for the long-term benefit of the state. DMAs include the:

- Department of Water and Environmental Regulation
- Department of Planning, Lands and Heritage
- Department of Mines, Industry Regulation and Safety
- Department of Local Government, Sport and Cultural Industries.



This includes advice about water availability; the avoidance, management, and mitigation of impacts on water resources; and the protection of public drinking water sources.

This indicator represents a measure of the department's timeliness with respect to the provision of advice on various statutory referrals from DMAs. It demonstrates the efficiency with which the department is meeting statutory timeframes in providing water information and advice.

A statutory referral is a formal request for water advice from a DMA that has a statutory timeframe associated with the provision of that water advice. This indicator is calculated as a percentage of the total number of statutory referrals from DMAs to the department for advice that met the 35-business-day timeframe within the period.

### Average cost per statutory referral assessment

Actual 2017–18 \$	Actual 2018–19 \$	Actual 2019–20 \$	Target 2020–21 \$	Actual 2020–21 \$
13,072	11,442	7,182	6,126	<b>5,125</b>

This measure provides information on the amount of operational expenditure being used for statutory referrals that enable decisions on proposals that support the state's growth and development.

The indicator is relevant to the service because it is a directly attributable operational cost incurred in service delivery to meet the desired outcome.

An assessment is generated from both a formal request for water advice from a DMA or proponent such as under the Better Urban Water Management Framework. The indicator is calculated using the total cost of the water information and advice service divided by the total number of assessments conducted within the period.

#### ► Variance analysis

With the volume of statutory referral assessments resulting in advice remaining relatively stable year on year, the significant reduction in the 'average cost per statutory assessment' in 2020–21 (from the 2019–20 Actual and the 2020–21 Target) was driven by a reduction in the total costs of service resulting from changes in resource cost allocations.

### Average cost per water measurement site managed

Actual 2017–18 \$	Actual 2018–19 \$	Actual 2019–20 \$	Target 2020–21 \$	Actual 2020–21 \$
8,754	7,118	9,437	12,027	<b>7,437</b>

Access to reliable and current information about water resources – quantity and quality – is a core input to decision-making by State Government and water-dependent businesses that enables growth and development of the state.

Stakeholders access water information and data to support investment and business decisions. It also supports accurate water resource management decisions and advice. To service this need, the department measures or holds water data for more than 116,000 groundwater and surface water field sites, verifies and stores the data and makes it available as water information.

Regular or periodic field measurements are essential to maintain up-to-date data, and verification, storage and accessibility are essential to make data available as reliable information.

This indicator is calculated by dividing the annual cost of water measurement and water information functions by the number of active operational sites.

#### ► Variance analysis

The decrease in the Actual for 2020–21 from the 2019–20 Actual and the 2020–21 Target resulted from a decrease in the total cost for measurement sites managed due to changes in resource cost allocations to allocate cost to this service, with the volume of sites managed remaining relatively consistent.



## Service 2: Water planning, allocation and optimisation

The department undertakes and facilitates water planning, allocation, and optimisation to ensure the sustainable management of water resources for the long-term benefit of the state, which relies on good science. 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.

### Average cost per plan, report or guidance document to support water planning, allocation and optimisation

Actual 2017–18 \$	Actual 2018–19 \$	Actual 2019–20 \$	Target 2020–21 \$	Actual 2020–21 \$
417,794	431,338	348,488	241,146	<b>233,709</b>

Water resources need to be sustainably managed to achieve sufficient water quantity and quality for current and future needs. Increasingly precise, systematic, and transparent management is produced in science-based water allocation and optimisation plans, reports and guidance documents. They guide and define management decisions to meet demand and avoid, mitigate, or minimise unsustainable impacts on resources. With this in place sufficient good-quality surface and groundwater will remain an ongoing part of future water supply for economic and population growth, and the liveability of towns and cities.

Average cost is calculated by dividing the cost of the services by the total number of the following types of documents or advice produced:

#### 1. Plans

- Water allocation plan
- Drinking water source protection plan
- Statement of response to public submissions

#### 2. Plans for public comment

- Water allocation plan for public comment
- Water source protection plan for public comment



### 3. Technical reports

- Drinking water source protection area assessments
- Environmental water requirements report, or provisions report
- Allocation limits methods report

### 4. Guidance documents

- Water quality protection notes and information sheets
- Local water licensing strategy (e.g. Indigenous Land Use Agreement, allocation statement)

### 5. Status reports including:

- Annual or tri-annual compliance Jandakot, and Gnamara compliance reports
- Water allocation plan evaluations
- Drinking water source protection reviews
- Statewide planning reports (e.g. water resources inventory)
- Pre-planning or implementation phase status reports (e.g. discussion paper, review of allocation limits or components)
- Communication products (or sets of communication products) (e.g. water availability outlooks, website text, fact sheets)

#### ► Variance analysis

The decrease in the Actual for 2020–21 from the 2019–20 Actual and 2020–21 Target is mainly due to a reduction in total costs resulting from changes in resource cost allocations to allocate cost to this service, with the number of documents remaining relatively consistent.

### Average cost per hour of scientific support for water planning, allocation and optimisation

Actual 2017–18 \$	Actual 2018–19 \$	Actual 2019–20 \$	Target 2020–21 \$	Actual 2020–21 \$
196	145	161	269	172

The sustainable management of water resources for the long-term benefit of the state relies on quality and contemporary water science. The indicator will enable judgement about the efficient application of the department's science capacity.

This indicator shows the average cost of providing scientific support for the achievement of water planning, allocation and optimisation outcomes.

This indicator is calculated by dividing annual cost of full-time equivalent (FTE) and operational expenses by total hours worked by employees directly supporting scientific outcomes for this service.

#### ► Variance analysis

The decrease in the Actual for 2020–21 from the 2020–21 Target is due to an increase in the number of hours of scientific support for water planning, allocation and optimisation and changes in resource cost allocations resulting in lower cost allocations to this service. The increase in the 2020–21 Actual from the 2019–20 Actual is due to changes in resource cost allocations, resulting in higher cost allocations to this service more than offset by an increase in the number of hours of scientific support for water planning, allocation and optimisation.

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

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. This service includes the management of water licensing. It also includes the management of the legislation governing the operations of water service providers.

### Average cost of assessing a water licence application by risk assessment category

Risk assessment category	Actual 2017–18 \$	Actual 2018–19 \$	Actual 2019–20 \$	Target 2020–21 \$	Actual 2020–21 \$
Low	3,400	3,788	3,284	3,390	<b>3,412</b>
Medium	4,534	5,051	4,378	4,520	<b>4,549</b>
High	5,667	6,313	5,473	5,650	<b>5,686</b>

Responsible, proportional regulation gives confidence that Western Australia's water resources are being sustainably managed for the long-term benefit of the state.

Water licensing is the main tool for sharing and allocating the state's water resources. A licence to take water authorises a licensee to take a specified volume of water from a particular water resource and is the principal tool for ensuring sustainable productive use of water in Western Australia. Other licences and permits administered by the department authorise the construction and alteration of water access infrastructure, such as wells and dams, as well as activities that interfere with the beds and banks of watercourses.

This indicator enables judgement about the costs of the department's water licence application assessments, within a risk-based assessment framework.

The indicator shows the average cost to assess a licence or permit application by risk category grouping. The indicator includes applications for permits to interfere with bed and banks, licences to construct a well, licences to access water, and renewal of and amendments to existing licences to access water, trades, transfers and agreements.

The indicator is calculated by dividing the departmental cost of providing the water licencing service per application risk category, by the total number of

licence and permit applications assessed within each risk category, within the period.

### Average time taken (days) to assess a licence application by risk assessment category

Risk assessment category	Actual 2017–18 \$	Actual 2018–19 \$	Actual 2019–20 \$	Target 2020–21 \$	Actual 2020–21 \$
Low	73	57	46	65	<b>30</b>
Medium	134	133	85	75	<b>39</b>
High	158	213	87	95	<b>47</b>

Water licences are one of the fundamental assets that support investment decisions in water-dependent industries. Investment decisions by licensees, existing and prospective, are also time-bound and require that applications for access to water are dealt with by the department in a timely manner.

The department ensures that the level of assessment effort applied to a water licence application is proportionate to the risk posed should a licence be granted, for example higher-risk licence applications are generally more complex and require more time to assess.

Risk categories for water licence or permit applications guide the level of assessment that is carried out by the department based on the risk should a licence or permit be granted. Risk categories are defined as low, medium or high. Primary factors considered when assigning an assessment risk category are the volume of water being requested, how much water is available in the resource where the water is being requested, and potential impact of the proposed water use on other water users and/or the environment, including cumulative impacts.

This indicator enables judgement about the department's efficiency in decision-making for water licence and permit applications within this risk-based assessment framework.

The indicator shows the average time taken to assess a water licence or permit application by risk category. The indicator includes applications for permits to interfere with bed and banks, licences to construct a well, licences to take water, and renewal of and amendments to existing licences to take water, trades, transfers and agreements.

The indicator is calculated by dividing the total time taken to assess all water licence and permit applications within each risk category, by the total number of licence and permit applications assessed within each risk category, within the period.

The measurement of assessment timeframes includes 'stop the clock'. When a water licence application assessment process is outside of the department's control, the time taken during this assessment process is not included when calculating application assessment times. The assessment clock is 'stopped' in these instances.

#### ► Variance analysis

The average time taken to process a water licence application has been significantly reduced in 2020–21 across all water licence application risk categories, driven by the successful implementation of the water licensing backlog action plan and several other water licensing business performance initiatives. The 2020–21 Targets were outperformed across all risk categories (average 49% reduction).

Importantly, it should be noted that the average processing duration for low-risk applications, which represented more than 75% of the total water licence applications processed in 2020–21, is 35 days (or 54%) less than the target of 65 days.

### Average cost of compliance monitoring and enforcement action

Actual 2017–18 \$	Actual 2018–19 \$	Actual 2019–20 \$	Target 2020–21 \$	Actual 2020–21 \$
743	608	205	213	<b>118</b>

The department relies on water usage information for accurate water resource management advice and decisions. The department's compliance monitoring of licensed use provides accurate information on actual licensed water use to ensure the sustainable management of water resources for the long-term benefit of the state.

The department undertakes compliance monitoring and, where appropriate, enforcement action when licensed water use is found to be not in accordance with terms, restrictions, and conditions. Compliance monitoring within a risk-based framework ensures the department fulfils its legislative requirements, while ensuring efficient and sustainable productive water use.

Investment decisions by licensees, existing and prospective, are time-bound and require that applications for access to water are dealt with by the department in a timely manner. Water licenses are one of the fundamental assets that support investment decisions.

This indicator is calculated using the departmental cost of compliance and enforcement activities divided by the number of compliance and enforcement actions undertaken by the department during the year.

The enforcement actions include the following activities undertaken by the department when licenced water use is found to be inconsistent with the licencing terms, restrictions and conditions:

- incidents of suspected non-compliance identified
- educational letters
- licence amendments
- warnings, infringements, or direction notices
- prosecutions.

#### ► Variance analysis

The significant reduction in the average cost of compliance monitoring and enforcement action for the 2020–21 Actual from the 2020–21 Target and 2019–20 Actual reflects a significant increase in compliance monitoring events and incidents in 2020–21 as an outcome of compliance monitoring event backlog reduction initiatives and expanded regional compliance monitoring scheduling. This was driven by the commencement of stage three of the water metering regulations, and a reduction in the actual costs of service (driven by changes in the resource cost allocations to allocate costs to this service).

## Service 4: Environmental regulation

The department seeks to prevent, control and abate activities with the potential to cause pollution or environmental harm. It has adopted a risk-based approach to delivering its regulatory role, which broadly fits into three main functions:

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

### Average cost per works approval and licence application. Average cost per native vegetation clearing permit application

Efficiency indicator	Actual 2018–19 \$	Actual 2019–20 \$	Target 2020–21 \$	Actual 2020–21 \$
Average cost per works approval and licence application	47,505	47,220	36,549	<b>51,891</b>
Average cost per native vegetation clearing permit application	29,865	17,644	26,432	<b>33,217</b>

These measures of efficiency were established to reflect the costs per regulatory action for an instrument for the department's industry regulation and native vegetation regulation functions. These are considered relevant efficiency indicators as they:

- capture the primary regulatory functions of the department
- measure the amount of resources required to assess and determine an industry regulation instrument and native vegetation instrument
- are of interest to parties paying regulatory fees
- are relevant to the review and determination of the department's regulatory fees and charges.

The indicators are considered relevant to the service as they can track the efficiency of the assessment of regulatory instruments over time and provide a simple metric for users of the department's budget statements and annual report.

The indicator is calculated by dividing the total group costs deemed relevant to the agency activity of carrying out and administering the function of works approvals and licences – being applications assessment and

decision-making on works approval and licence applications under Part V Division 3 of the *Environmental Protection Act 1986* – by the number of work approvals, licences, licence renewals and amendments assessed to provide the average cost.

#### ► Variance analysis

The increase in average cost per works approval and licence application from the 2019–20 Actual and the 2020–21 Target to the 2020–21 Actual is largely due to changes in resource cost allocations resulting in higher cost allocations to this service partially offset by lower number of works approval and licence applications decided.

The increase in average cost per native vegetation clearing permit application from the 2019–20 Actual and 2020–21 Target to the 2020–21 Actual is due to changes in resource cost allocations resulting in higher cost allocations to this service, with the number of native vegetation clearing permit applications decided remaining relatively consistent.

## Service 5: Environmental and water policy

Develop and implement policies and strategies that promote environmental outcomes.

### Average cost per hour of policy advice and recommendations

Actual 2017–18 \$	Actual 2018–19 \$	Actual 2019–20 \$	Target 2020–21 \$	Actual 2020–21 \$
89	84	118	158	148

This measure of efficiency was established to reflect the cost per hour of policy advice. This is considered a relevant efficiency indicator as it:

- captures a significant function of the department
- measures the amount of resources required to develop and implement policies and strategies
- is of interest as it shows the cost of policy development
- is relevant to the use of funds being expended to develop and implement strategic policy and legislation that promotes sustainable environmental outcomes.

The indicator is relevant to this service as they can track the efficiency of the policy development and implementation over time and provide a simple metric for users of the department's budget statements and annual report.

The indicator is calculated by totalling the functional group costs associated with agency activity of carrying out and administering the

function of providing policy advice and recommendations. The advice and recommendations mainly relate to the development, review and amendment of environmental policy, national policy, primary and subsidiary legislation, and environmental programs, providing advice to the Minister and the State Government in relation to legislation administration. The total number of available FTE hours for the services is divided into the costs to provide an average cost per hour of policy advice and recommendations.

#### ► Variance analysis

The increase in average cost per hour of policy advice and recommendations from the 2019–20 Actual to the 2020–21 Actual is largely due to changes in resource cost allocations, further impacted by lower FTEs allocations. The decrease in average cost per hour of policy advice and recommendations from the 2020–21 Target to the 2020–21 Actual is largely due to changes in resource cost allocations and deferral of grants and subsidies for the Clean Energy Future Fund from 2020–21 to 2021–22, further impacted by lower FTEs allocations, resulting in lower average cost per hour of policy advice and recommendations.

## Service 6 Waste strategies

Waste avoided and the recovery of materials from landfill maximised.

### Cost of landfill levy compliance as a percentage of landfill levy income collected

Actual 2017–18 %	Actual 2018–19 %	Actual 2019–20 %	Target 2020–21 %	Actual 2020–21 %
1.31	2.10	1.94	1.94	<b>1.60</b>

This measure of efficiency was established to reflect the cost of levy compliance as a percentage of the landfill levy income collected. This is considered a relevant efficiency indicator as it:

- measures the amount of resources applied to the waste avoidance strategies and landfill diversion strategies
- is of interest as it shows the cost of managing the waste strategies
- is relevant to the use of funds being expended to develop and implement strategic policy and legislation that promotes sustainable environmental outcomes.

The indicator is relevant to the service as it can track the efficiency of managing waste strategies and provides a simple metric for users of the department's budget statements and annual report.

The cost of landfill levy compliance as a percentage of landfill levy income collected is determined by totalling those functional group costs deemed relevant to the department's activity of carrying out and administering the function of providing landfill levy compliance – being the administration of the landfill levy returns, auditing of those returns, processing of exemptions and undertaking inspections at a range of waste facilities, and carrying out unauthorised waste activity investigations. The indicator is calculated by dividing the cost of levy compliance by the amount of landfill levy income collected for the year.

#### ► Variance analysis

The decrease in the cost of landfill levy compliance as a percentage of landfill levy income collected from the 2019–20 Actual and the 2020–21 Target to the 2020–21 Actual is due to reductions in dedicated resources monitoring and enforcing landfill levy compliance activities.



## Service 7: Environmental impact assessment services to the EPA

Conduct, for the EPA, environmental impact assessments of significant proposals and schemes.

### Cost per standardised unit of assessment output

Actual 2017–18 \$	Actual 2018–19 \$	Actual 2019–20 \$	Target 2020–21 \$	Actual 2020–21 \$
34,681	33,082	39,924	37,519	<b>62,466</b>

While the variation in assessment complexity is reflected in the level of assessment set, several other factors affect how complex a proposal is to assess. To account for this range in difficulty, each assessment completed is assigned a weighting.

The difficulty often influences the amount of time spent dealing with a proposal, how the complexity weightings were allocated and trialled, in consultation with experienced officers, according to inherent proposal characteristics that cause a proposal to be more difficult rather than what causes an assessment to take more time to complete. This ensures that the indicator measures the efficiency of the department's provision of EIA advice to the EPA rather than the department's cost per hour. The total complexity is calculated by summing the individual complexities allocated to each assessment according to their inherent characteristics.

The cost per standardised unit of assessment output is calculated by dividing the total cost of assessments (including an allocation of post-approval costs

and a portion of costs for policy and administrative support) by the total complexity weighting of assessments completed during the financial year.

#### ► Variance analysis

The increase in cost per standardised unit of assessment output from the 2019–20 Actual and the 2020–21 Target to the 2020–21 Actual is due to changes in resource cost allocations to allocate cost to this service.

## Service 8: Environmental management services to the EPA

Develop, for the EPA, statutory policies, guidelines, and strategic advice to manage environmental impacts and protect the environment.

### Cost per standardised unit of environmental management services output

Actual 2017–18 \$	Actual 2018–19 \$	Actual 2019–20 \$	Target 2020–21 \$	Actual 2020–21 \$
31,377	21,049	34,793	27,279	<b>34,572</b>

Due to the variation in complexity of environmental management services provided, an average cost per piece of advice provided would not fairly represent the department's efficiency in providing such advice to the EPA. In fact, such a measure could provide a perverse incentive to produce many straightforward pieces of advice rather than tackling more complex issues that are more difficult to investigate. To account for this range in difficulty, each assessment completed is assigned a weighting.

The difficulty often influences the amount of time spent investigating a matter, how the complexity weightings were allocated, in consultation with experienced officers, according to inherent characteristics that cause a piece of environmental management advice to be more difficult rather than what causes it to take more time to complete. This ensures that the indicator measures the efficiency of the department's provision of environmental management advice to the EPA rather than the department's cost per hour.

The cost per standardised unit of environmental management services output is calculated by dividing the total cost of environmental management services (including an allocation of administrative support) by the total complexity weighting of environmental management services endorsed during the period.

#### ► Variance analysis

Strategic advice and support for environmental management services to the EPA is provided by a dedicated EPA services directorate within the department with support from other functions of the department for specialist environmental services. The cost per standardised unit of environmental management services output is higher than the 2020–21 Target due to changes in resource cost allocations to allocate higher costs to this service more than offset by an increase in the number of environmental management services outputs. Additional advice and support were provided by the department in 2020–21.

## Service 9: Compliance monitoring services to the Minister

Audit the compliance with conditions set under Ministerial approvals and undertake enforcement action as appropriate.

### Average cost per environmental audit completed

Actual 2017-18 \$	Actual 2018-19 \$	Actual 2019-20 \$	Target 2020-21 \$	Actual 2020-21 \$
18,069	31,719	65,666	40,407	<b>56,117</b>

The indicator is calculated by dividing the total cost (including an allocation of administrative overheads) allocated to compliance monitoring services by the total number of audits (not including desktop scans) completed during the period.

#### ► Variance analysis

Compliance monitoring services to the Minister for Environment are provided by a dedicated compliance and enforcement directorate within the department with support from other functions of the department. The actual average cost per environmental audit completed in 2020-21 is higher than the 2020-21 Target due to changes in resource cost allocations to allocate costs to this service and reallocation of staff to priority areas, than previously predicted. The decrease in the average cost per environmental audit completed from 2019-20 Actual to 2020-21 Actual is due to changes in resource cost allocations to allocate costs to this service.

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requirements





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**The department's Prime House head office in Joondalup**

## Other legal requirements

### Expenditure on advertising, market research, polling and direct mail

In accordance with section 175ZE of the *Electoral Act 1907*, the department incurred the below expenditure in advertising, market research, polling, direct mail and media advertising. Total expenditure for 2020–21 was \$393,311.55 (excluding GST).

Expenditure	Total	Expenditure paid to	Amount
Advertising agencies	Nil		Nil
Market research organisations	Nil		Nil
Polling organisations	Nil		Nil
Direct mail organisation	Nil		Nil
Media advertising organisations	\$390,980.37	Carat	\$268,793.78
		Facebook	\$13,114.27
		Google	\$27,244.69
		Initiative Media Australia	\$77,958.03
		Independent & general media	\$1,341.36
		State Law Publisher	\$2,331.18
		Tribe Digital	\$2,528.24
		<b>TOTAL</b>	<b>\$393,311.55</b>

### Unauthorised use of purchasing cards

During 2020–21, there were 40 instances where a State Government purchasing card was used for personal use. The aggregate amount of personal use expenditure was \$1,750. All expenditure was recovered by 30 June 2021. No disciplinary actions were instigated by the notifiable authority during the reporting period.

### Public sector standards and ethical codes

In accordance with section 21 of the *Public Sector Management Act 1994*, the department complies with standards of merit, equity and probity in relation to human resources activities.

No breaches of the Western Australian Public Sector Standards in Human Resources (Employment Standard) were lodged in the fiscal year. One breach of the Public Sector Standards in Human Resources (Grievance Standard) was lodged in the fiscal year.



## Recordkeeping

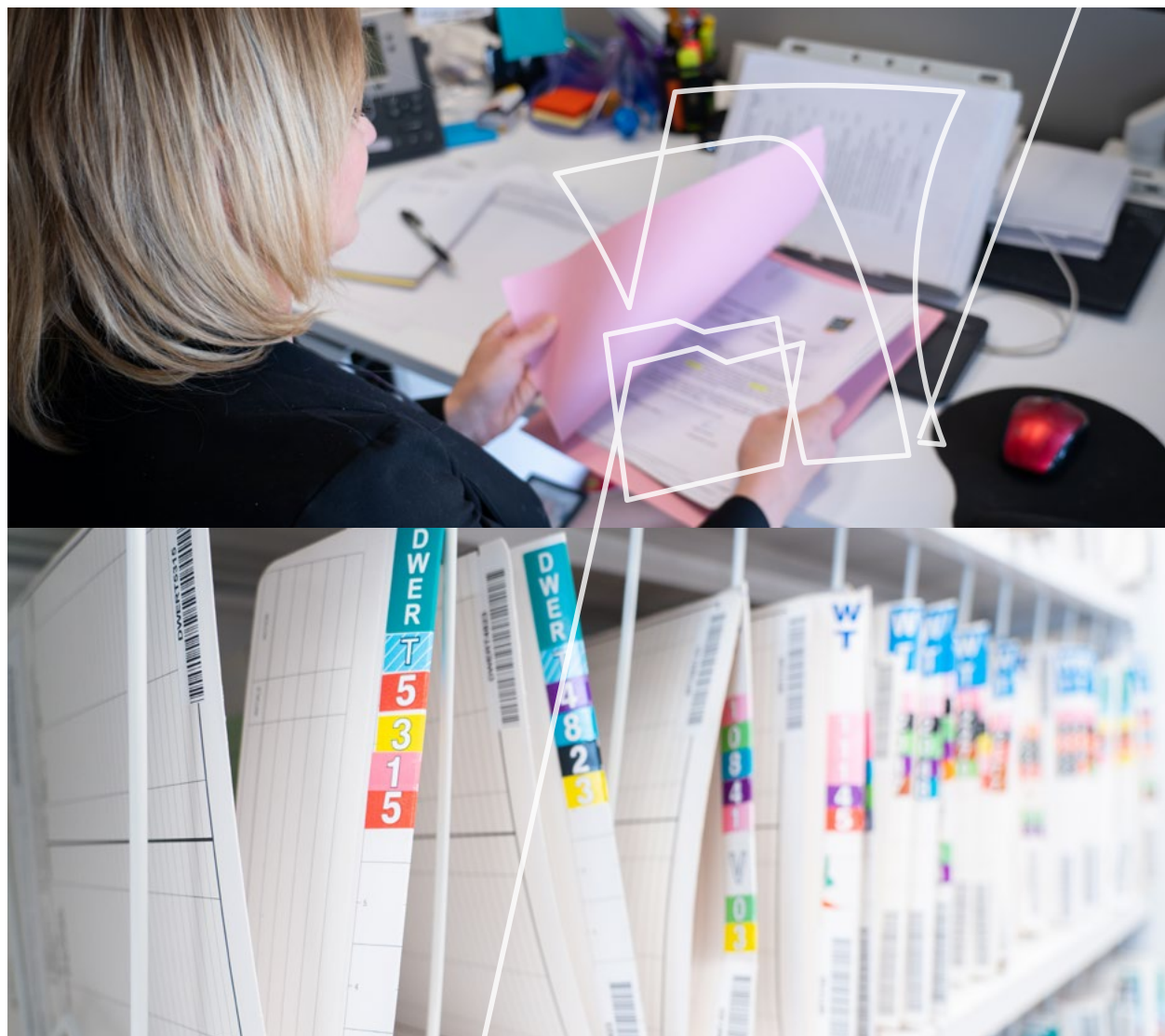
We are committed to continuously improving our recordkeeping culture, tools and practices to ensure compliance with the *State Records Act 2000* and best business outcomes for the department. In line with the State Records Commission (SRC) Standard 2, Principle 6, the following information is provided.

Our recordkeeping manual covers the broad range of recordkeeping requirements necessary to ensure staff create, manage and maintain departmental records, regardless of format, to support the business needs and ensure the department and its staff meet the legislative requirements.

In 2020–21, record-awareness training across the department was completed by 577 staff, resulting in 758 department employees successfully completing this training to date.

These figures include regional staff and staff of the Office of the Appeals Convenor.

A records awareness refresher training module is now available. Once users have successfully completed record-keeping awareness training, they will be required to complete the refresher module every two years. So far, 137 staff have completed this training.





# Government policy requirements

## Substantive equality

We are committed to implementing substantive equality measures and strive to make our services available to all Western Australians in a form that meets individual needs.

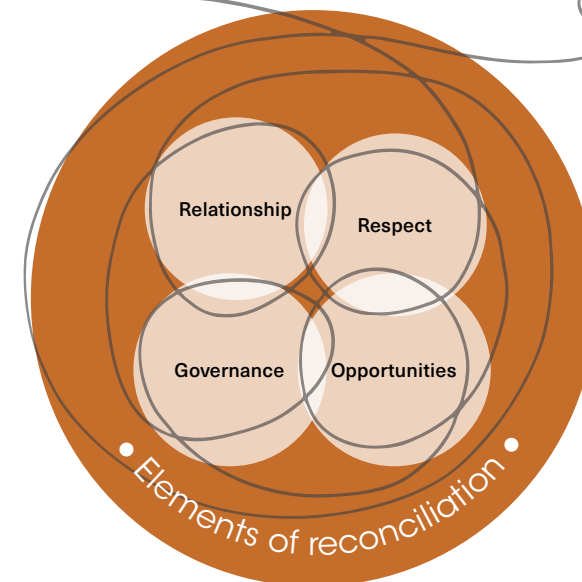


We deliver this by ensuring our processes associated with water and environmental management and planning practices are developed with input from members of the public and stakeholders as well as broad public invitations to comment on draft documents.

Our equity and diversity panel has oversight of the development and implementation of an equity framework which integrates substantive equality strategies.

Importantly, we seek to listen, learn and build strong partnerships with the traditional custodians of the land. We aim to provide genuine opportunities for Aboriginal people within our workforce and through our business, and we are continuing to build sustainable relationships with the Aboriginal community.

Our reconciliation commitment is to incorporate and consider Aboriginal and Torres Strait Islander peoples' social and cultural wellbeing as well as rights when working on Country with traditional custodians. The department incorporates Acknowledgement of Country protocols into all official meetings and events to recognise Aboriginal and Torres Strait Islander peoples' spiritual and cultural connection to lands and waters.



This promotes an awareness consistent with the actions and commitments of the department's [Reconciliation Action Plan 2020–21](#) (RAP).

The department is scheduled to release its second RAP in late 2021, in collaboration with Reconciliation Australia. This will be built around the elements of reconciliation: relationship, respect, opportunities and governance.

The department recognises the importance of land and waters in Aboriginal culture, while understanding its own regulatory function to deliver sustainable water and environmental



outcomes to the communities of WA. Using this understanding and knowledge, the department is committed to bringing its most vulnerable and influential community, Aboriginal people, on board to participate and co-design engagement and decisions. This will be done by implementing the department's commitments in the RAP and the Aboriginal Engagement Strategy (AES).

We have taken a proactive approach in developing the RAP and AES to create opportunities for Aboriginal people in our workforce and decision-making processes, and to value and recognise Aboriginal cultural protocols, histories, knowledge and rights in water and environmental matters. The department is committed to incorporating Aboriginal views, knowledge and understanding in the workplace by developing tools and processes to empower Aboriginal people.



## Diversity and inclusion

### Inclusive access

Our Disability Access and Inclusion Plan (DAIP) affirms the department's commitment to inclusive public service and recognises the rights of all employees to access services, information and facilities, and to participate in community consultation.

This five-year plan champions initiatives that positively address the challenges faced by some employees.

Our Corporate Executive is committed to monitoring the plan to ensure it continues to meet the needs of employees and those in the wider community who engage with the department.

Staff have embraced our mission to create sustainable change so everyone within the business benefits, not only the intended targets of diversity and inclusion strategies and initiatives.

### Workforce diversity



The department's Workforce and Diversity Plan affirms that every day we support and inspire each other to be our whole and best selves to thrive and reach our full potential.

We celebrate, acknowledge, respect and embrace differences, because we know when people from different backgrounds and with different points of view work together, we create the most value and better reflect the community that we serve.

During 2020–21, we worked closely with Edith Cowan University to run our first 'DIVERSITY Census' aimed at helping us better understand our diverse workforce and their experiences of inclusion.

Some 650 staff participated in the survey and the results painted a picture of a team largely reflecting the broader community:

- 35.1% of sampled employees were born overseas
- 13.1% had a first language other than English
- 1.3% identified as Aboriginal
- 11.1% had ongoing disability
- 48.9% had caring responsibilities.

The survey results also highlight areas for attention, particularly in regard to Aboriginal staff, staff with disability, and our LGBTQI+ staff. Human Resources will continue to work closely with our Equity and Diversity Panel and our DAIP and RAP working groups, to identify initiatives that build greater inclusivity.





## Occupational health, safety and injury management

### Providing safe spaces

We understand that family and domestic violence is a complex issue. We also recognise the adverse impact it can have on our employees and fully support the State Government's Safe Spaces initiative.

Flexible work arrangements and leave are available for employees experiencing family and/or domestic violence to enable them to deal with health, legal, court, caring, counselling, relocation, safety and financial matters.

### Occupational safety and health and injury management

As a department, we recognise that our strength is in the work of our dedicated employees, and we are committed to providing a safe and healthy workplace for all.

We take the health and safety of all our staff seriously, both onsite and in the office.

We have established an occupational safety and health (OSH) consultation system which includes a Health and Safety Steering Committee (meets quarterly) and a Sub-Health and Safety Committee (meets quarterly), which comprise safety and health representatives, employee representatives and management representatives.

These groups focus on the continuous improvement of our OSH systems, processes and performance, workplace safety, and risk and hazard awareness.

Our Steering Committee is also responsible for ensuring that our department-wide OSH Action Plan is implemented and meets its targets.

The OSH committees, which include employee representatives, are integral to effective OSH consultation within our department. The locations and details of our safety and health representatives, as well as associated documents and forms, are available to all staff through our intranet.

### Mechanisms for consultation with employees

The primary mechanism for consultation with employees is through our OSH committees and representatives.

We also have an incident management reporting system in place which clearly articulates notification protocols and escalation points.

Our online platforms are further means to ensure effective and inclusive engagement with our staff for their feedback on department policy and procedures, as well as to update and announce events occurring in our safety and wellbeing space.

## Commitment to return employees back to work after injury

We have a workers' compensation and injury management policy and guidelines to help injured employees to return to work as soon as medically appropriate.

This system ensures we can intervene promptly and effectively in injury management, enabling injured employees to remain at work or return to work at the earliest possible time.

This system and our 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, our department's insurer.

## Performance

In managing the health and safety of our people, our obligations are primarily set out under the Public Sector Commissioner's Circular – Code of Practice: Occupational Safety and Health in the Western Australian Public Sector, as well as the requirements of the *Occupational Safety and Health Act 1984* and the *Workers' Compensation and Injury Management Act 1981*. The department complies with the code and the requirements of the acts.

Our performance against the targets set in the code is demonstrated in the table on right.

## Injury performance

Measures	Results 2018–2019	Results 2019–2020	Results 2020–2021	Targets	Comments towards targets
Number of fatalities	0	0	0	0	The department has had 0 fatalities.
Lost time injury and disease incidence rate	0.5	0.3	0.3	0	While the number of lost time injuries is low, we are continuously reviewing better and more efficient ways of managing risk and injuries in the workplace to reach our target of zero time lost to injuries.
Lost time injury and severity rate	0	0	0	0	Severe claims are measured against those which have lost 60 days or more.
Percentage of injured workers returned to work within 13 weeks	100%	100%	100%	100%	Injured employees must return to work in some capacity before 13 weeks, with restrictions on work in the original area of employment or other meaningful work.
Percentage of injured workers returned to work within 26 weeks	100%	100%	100%	100%	We have put strategies in place to ensure all claimants return to work within 13 weeks, as guided by the clinical advice.
Percentage of managers trained in occupational safety, health and injury management responsibilities, including refresher training within three years	60%	Injury management training 77%  Online training modules for managers 79%	Online training modules for managers 75%	100%	We will continue to provide injury management training, with all managers required to complete this. Refresher training will occur for online modules every two years.

## Manager and supervisor training in OHS and injury management

To maintain the highest safety standards, the department has appointed OSH representatives to work closely with management teams.

These voluntary roles include work site inspections for potential hazards, incident investigation, and communications with the department, staff or directly through the OSH committee.

All our managers and employees are required to undertake annual OSH training, made available and easily accessible through the department's online learning system. Training modules cover OSH legal framework, duty of care, hazard and risk management, incident management, OSH training and injury management, and return-to-work programs.

We require all our managers and supervisors to complete this training every two years, achieving a pass mark of at least 80 per cent. In 2020–21, we achieved a guide success rate of 75 per cent, with further training scheduled to occur in the 2021–22 financial year.

The department also organised onsite work health and safety training with 407 staff completing it. Further training will occur in the 2021–22 financial year.

## Complaints procedure

We welcome feedback on our service delivery because it helps us improve or adjust our services to ensure the highest quality service.

We have a dedicated [feedback and complaints portal](#), and we encourage our stakeholders to use this to bring matters to our attention.

If a matter relates to a complaint, we will protect the complainant's confidentiality and privacy and offer whatever assistance they need to lodge their complaint, recognising their right to be heard without fear of retribution and at no charge.

We will also ensure that customers who need to contact us are not disadvantaged because of language barriers. Interpreters can be organised on behalf of customers and documents can be translated into an appropriate language upon request.

Complaints made through the feedback and complaints portal are recorded and can be monitored.

We aim to respond to general complaints within 10 business days. Complainants who feel the department's response is unsatisfactory can contact us again, and if after further discussion they remain dissatisfied, they may refer the matter to the [Ombudsman Western Australia](#).



**We aim to respond to general complaints within 10 business days.**

## Freedom of information

It is our commitment to make information available as soon as possible and at the least possible cost.

In accordance with section 10 of the *Freedom of Information Act 1992* (FOI Act), a person has a right to be given access to documents of an agency subject to and in accordance with the FOI Act.

For the 2020–21 period, we received 237 FOI applications. One of these applications progressed to an internal review and none were reviewed externally by the Office of the Information Commissioner.

This financial year:

- the average time taken to process FOI applications was 38 days\*
- we received three applications for personal information

- we received 234 applications for non-personal information
- in addition to the 237 FOI applications received by the department, we handled a further 40 consultations from other agencies.

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\* The mandatory requirement under the FOI Act is 45 days

# Appendices

## Appendix A: Legislation

### Legislation administered by the Department of Water and Environmental Regulation as at 30 June 2021

- *Carbon Rights Act 2003*
- *Contaminated Sites Act 2003*
- *Country Areas Water Supply Act 1947*
- *Environmental Protection Act 1986*
- *Environmental Protection Amendment Act 2020*
- *Environmental Protection (Landfill) Levy Act 1998*
- *Litter Act 1979* (The Department of Water and Environmental Regulation is the agency principally assisting the Minister for Environment in the administration of this Act assisted by the Keep Australia Beautiful Council [Western Australia])
- *Metropolitan Arterial Drainage Act 1982*
- *Metropolitan Water Supply, Sewerage and Drainage Act 1909*
- *National Environmental Protection Council (Western Australia) Act 1996*
- *Plumbers Licensing Act 1995* (except part 5A which is administered by the Minister for Commerce principally assisted by the Department of Mines, Industry Regulation and Safety) – alternative citations are *Water Services Coordination Act 1995* and *Water Licensing Act 1995*
- *Rights in Water and Irrigation Act 1914*
- *Waste Avoidance and Resource Recovery Act 2007* (The Department of Water and Environmental Regulation is the agency principally assisting the Minister for Environment in the administration of this Act assisted by the Waste Authority)
- *Waste Avoidance and Resource Recovery Levy Act 2007* (The Department of Water and Environmental Regulation is the agency principally assisting the Minister for Environment in the administration of this Act assisted by the Waste Authority)
- *Water Agencies (Powers) Act 1984*
- *Water Agencies Restructure (Transitional and Consequential Provisions) Act 1995*
- *Water Corporations Act 1995*
- *Water Efficiency Labelling and Standards Act 2006*
- *Water Resources Legislation Amendment Act 2007*
- *Water Services Act 2012*
- *Water Services Coordination Act 1995*
- *Water Services Licensing Act 1995*
- *Waterways Conservation Act 1976*



## Regulations administered by the Department of Water and Environmental Regulation as at 30 June 2021

- Clean Air (Determination of Air Impurities in Gases Discharged to the Atmosphere) Regulations 1983
- Contaminated Sites Regulations 2006
- Country Areas Water Supply (Clearing Licence) Regulations 1981
- Environmental Protection (Abattoirs) Regulations 2001
- Environmental Protection (Abrasive Blasting) Regulations 1998
- Environmental Protection (Clearing of Native Vegetation) Regulations 2004
- Environmental Protection (Concrete Batching and Cement Product Manufacturing) Regulations 1998
- Environmental Protection (Controlled Waste) Regulations 2004
- Environmental Protection (Fibre Reinforced Plastics) Regulations 1998
- Environmental Protection (Goldfields Residential Areas) (Sulfur Dioxide) Regulations 2003
- Environmental Protection (Kwinana) (Atmospheric Wastes) Regulations 1992
- Environmental Protection (Metal Coating) Regulations 2001
- Environmental Protection (NEPM-NPI) Regulations 1998
- Environmental Protection (NEPM-UPM) Regulations 2013
- Environmental Protection (Noise) Regulations 1997
- Environmental Protection (Packaged Fertiliser) Regulations 2010
- Environmental Protection (Petrol) Regulations 1999
- Environmental Protection (Plastic Bag) Regulations 2018
- Environmental Protection (Recovery of Vapours from the Transfer of Organic Liquids) Regulations 1995
- Environmental Protection (Rural Landfill) Regulations 2002
- Environmental Protection (Solid Fuel Burning Appliances and Firewood Supply) Regulations 1998
- Environmental Protection (Unauthorised Discharges) Regulations 2004
- Environmental Protection Regulations 1987
- Litter Regulations 1981
- Noise Abatement (Noise Labelling of Equipment) Regulations (No. 2) 1985
- Plumbers Licensing and Plumbing Standards Regulations 2000
- Rights in Water and Irrigation Regulations 2000
- Waste Avoidance and Resource Recovery (Container Deposit Scheme) Regulations 2019
- Waste Avoidance and Resource Recovery Regulations 2008
- Waste Avoidance and Resource Recovery Amendment Regulations 2019
- Waste Avoidance and Resource Recovery Levy Regulations 2008
- Water Agencies (Entry Warrant) Regulations 1985
- Water Agencies (Infringements) Regulations 1994
- Water Corporations (Transitional Provisions) Regulations 2013
- Water Services Regulations 2013
- Water Services Coordination Regulations 1996
- Water Services (Water Corporations Charges) Regulations 2014
- Waterways Conservation Regulations 1981

## Other subsidiary legislation affecting our activities

For all other subsidiary legislation including by-laws, notices, declarations, proclamations, approvals, exemptions, orders, policy, pollution control areas, vesting orders, irrigation districts, standards and guidelines, please visit [www.legislation.wa.gov.au](http://www.legislation.wa.gov.au).

## Other key legislation affecting our activities

In the performance of our functions, the department complied with the following laws:

- *Aboriginal Heritage Act 1972*
- *Auditor General Act 2006*
- *Corruption and Crime Commission Act 2003*
- *Disability Services Act 1993*
- *Equal Opportunity Act 1984*
- *Financial Management Act 2006*
- *Freedom of Information Act 1992*
- *Government Employees Housing Act 1964*
- *Industrial Relations Act 1979*
- *National Environmental Protection Council Act 1997 (Cwlth)*
- *Long Service Leave Act 1958*
- *Minimum Conditions of Employment Act 1993*
- *Native Title Act 1993 (Cwlth)*
- *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*
- *Workers' Compensation and Injury Management Act 1981*

## Appendix B: Shortened forms

Term	Definition
AES	Aboriginal Engagement Strategy
AWEAG	Aboriginal Water and Environment Advisory Group
C&D	Construction and demolition
DAIP	Disability Access and Inclusion Plan
DBCA	Department of Biodiversity, Conservation and Attractions
DLSCI	Department of Local Government, Sport and Cultural Industries
DMIRS	Department of Mines, Industry Regulation and Safety
DPLH	Department of Planning, Lands and Heritage
EIA	Environmental impact assessment
EPA	Environmental Protection Authority
FOGO	Food organics, garden organics
FOI	Freedom of Information
FTE	Full-time equivalent
HHW	Household hazardous waste
IWSS	Integrated Water Supply Scheme
KABC	Keep Australia Beautiful Council
KPI	Key performance indicators
LGA	Local government authority

Term	Definition
MAC	Murujuga Aboriginal Corporation
MAR	Managed Aquifer Recharge
MLA	Member of the Legislative Assembly
MLC	Member of the Legislative Council
MoU	Memorandum of Understanding
MRWA	Main Roads WA
OSH	Occupational safety and health
PDWSA	Public drinking water source areas
PEU	Phytoplankton Ecology Unit
PTA	Public Transport Authority
RAP	Innovate Reconciliation Action Plan
RtR	Roads to Reuse
WA	Western Australia
WALGA	Western Australian Local Government Association
WARRRL	WA Return Recycle Renew Ltd
WIR	Water information reporting
WSUD	Water sensitive urban design
WWS	Waste Wise Schools

## Contact us

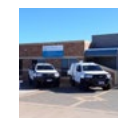
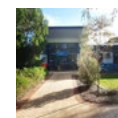
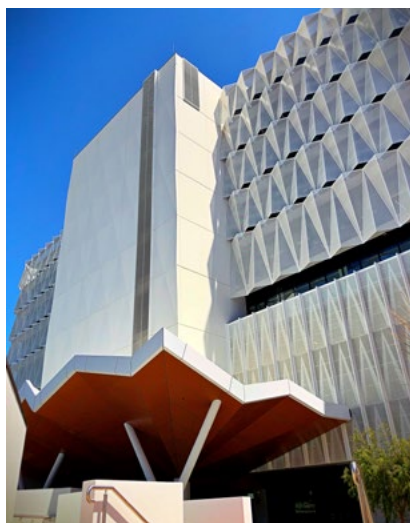
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- Did the report help you understand the department, its purpose, services and performance?

not at all	not really	somewhat	yes	absolutely
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Please send your comments by 5pm, Friday 3 December 2021



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