



Government of **Western Australia**
Department of **Treasury**

CHIEF FINANCE OFFICERS' FORUM

25 NOVEMBER 2021



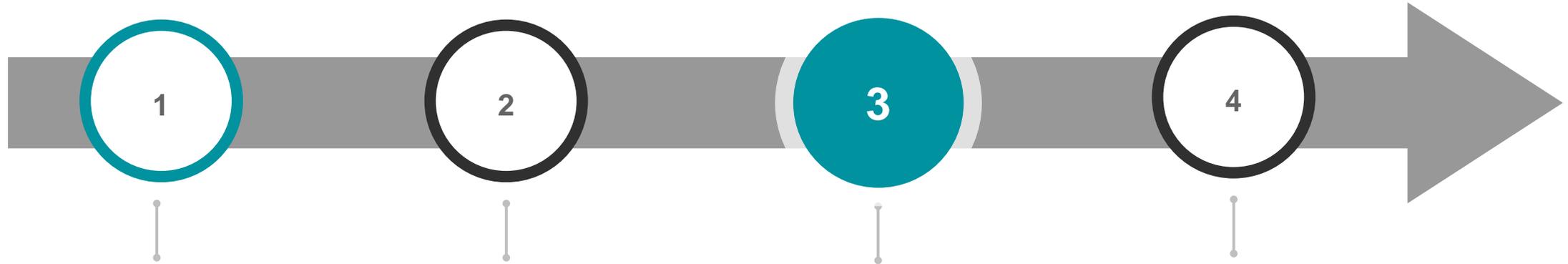


Government of **Western Australia**
Department of **Treasury**

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Financial Legislation Amendment Act 2021

Financial Legislation Amendment Act 2021



1
The Financial Legislation Amendment Bill 2020 was passed by Legislative Assembly and introduced in Legislative Council on 19 March 2020 before lapsing

2
Re-introduced unamended on 12 May 2021

3
Passed by Parliament on 18 August 2021 and came into operation 21 September 2021

4
The Bill arises from the recommendations of two statutory reviews of the FMA (2012 and 2017)

Financial Legislation Amendment Act 2021

The Act enables key reforms to the existing financial management framework under two broad themes:

- ▷ Governance and Accountability
- ▷ Efficiency and Effectiveness

Addresses recurring themes of recent government reviews:

- ▷ Service Priority Review;
- ▷ Special Inquiry into Government Programs and Projects;
- ▷ Red Flags, Red Faces report on public procurement

Governance and Accountability Measures

Increased onus on accountable authorities for robust budget management practices and internal controls

Specifically requires accountable authority to:

- Formally notify the Minister in the event of financial difficulty
- Operate within the agency's approved Expense Limit
- Ensure the agency complies with government financial management policies
- Ensure the agency has documented policies and procedures relating to delegations and authorisations for officers entering into financial obligations

Governance and Accountability Measures

Improves effectiveness of Resource Agreements and Annual Estimates as accountability tools:

Clarifies requirements and processes, including timeframes for submission and approvals process

Requires agencies to prepare Resource Agreements and Annual Estimates (unless exempted) as specified in:

- TI 808 Resource Agreements
- TI 953 Publication and Presentation of Estimates

Requires Resource Agreements to specifically identify Expense Limits

Allows modifications to Resource Agreements given it is a dynamic document

Efficiency and Effectiveness Measures

Resolves deficiencies identified in legislation and provides workable solutions

- ▶ addresses ineffective mechanism for appropriation of new and supplementary expenditures (section 27):
 - ▷ standing appropriation
 - ▷ timely reporting in the Annual Report on State Finances which is tabled in Parliament
- ▶ addresses anomaly in *Loan Act 2017*:
 - ▷ temporary repayment and redraw of borrowings without impacting the authorised borrowing limit
 - ▷ improve whole of government liquidity management and savings in interest expense

Efficiency and Effectiveness Measures

- ▶ accommodates a late budget in an election year by increasing:
 - ▷ automatic supply of moneys from 20% to 35%
 - ▷ extending the period from two to four months
- ▶ resolves unintended build-up of large agency holding account balances (on balance sheet)
 - ▷ allows Treasurer to direct holding account balances to be credited to the Consolidated Account where not likely to be utilised

Efficiency and Effectiveness Measures

Reduces unnecessary red tape and administrative burden

- ▶ allows the Treasurer to exempt agencies from reporting key performance indicators (KPI) in annual reports, where justified
- ▶ replaces the Governor's role in the approval of write-offs and act of grace payments with the Treasurer
 - ▷ Treasurer to approve all act of grace payments; Ministers up to \$250,000 under delegated authority
 - ▷ Minister may write off relevant amounts in excess of \$250,000 with prior approval of Treasurer

Implementation



2021

Update 88A of the FAB incorporated the *Financial Legislation Amendment Act 2021* (FLAA) with the updated FMA



currently

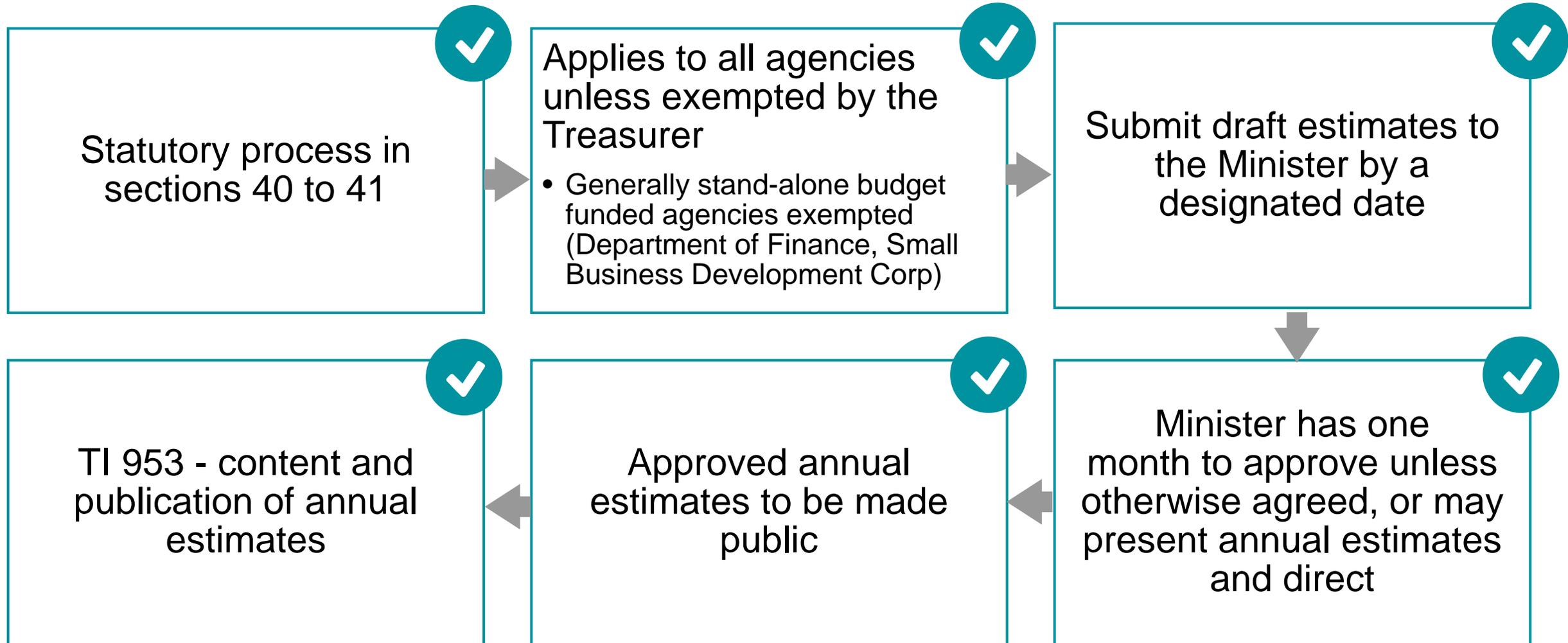
TIs impacted by the FLAA are currently being reviewed



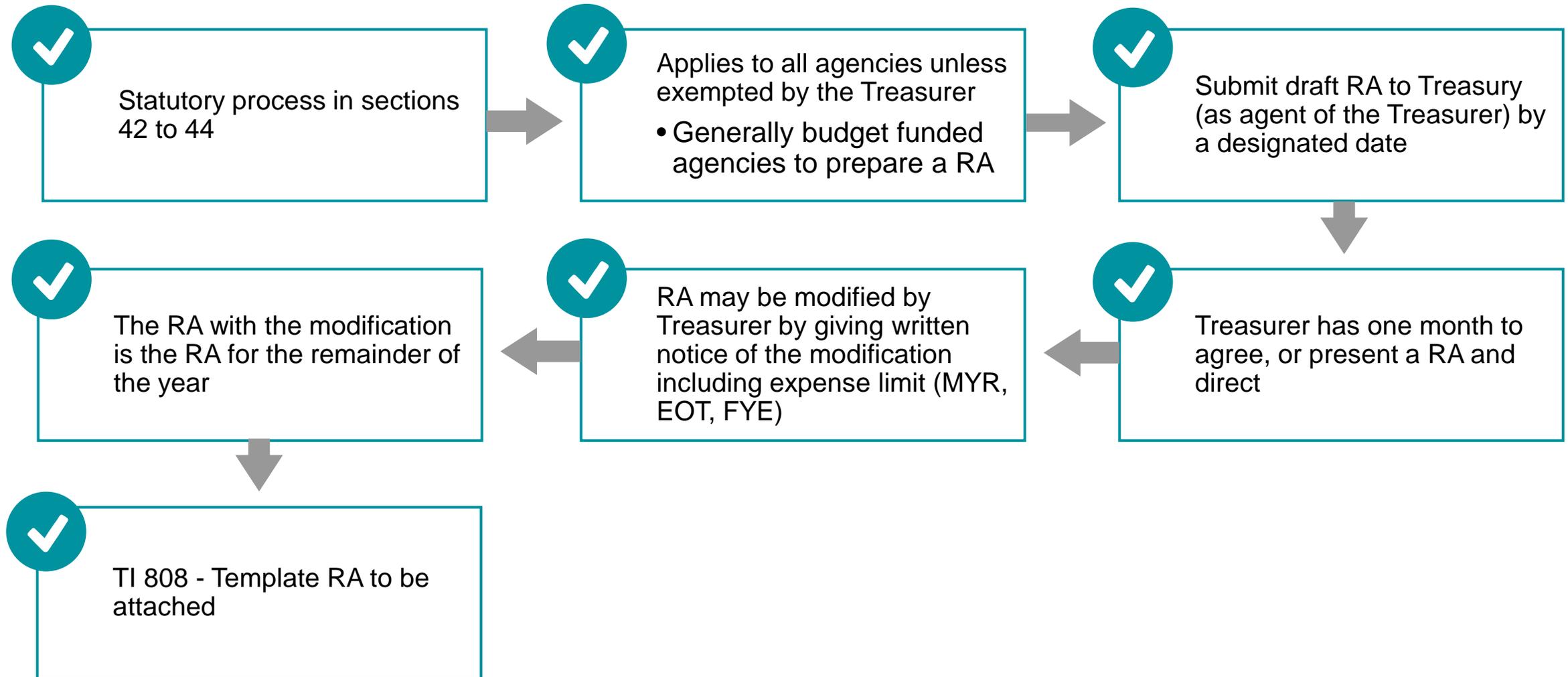
Feb. 2022

Amended TIs for release in the next FAB update

Implementation – Annual Estimates



Implementation – Resource Agreements



Implementation – Holding Account

Review of Holding Account policy

Policy proposal - March 2022

Finalise policy - July 2022

Publish – August 2022

In-house training

CFO Forum - November 2022

Effective 2023-24 Budget



Government of **Western Australia**
Department of **Treasury**

AASB 1060

General Purpose Financial Statements – Simplified Disclosures for For-Profit and Not-For-Profit Tier 2 Entities

Overview

- ▶ New stand-alone disclosure standard replacing reduced disclosure requirements (RDR).
- ▶ Move from AASB 1053 towards IFRS.
- ▶ Applies to Tier 2 agencies.
- ▶ Mandatory from 1 July 2021!
- ▶ Whole of Government reporting
 - TI 1107 continues to require some agencies to impose full Tier 1 disclosures for specific transactions and balances.



NO Comparatives for PPE reconciliation.

NO Comparatives for Intangible Assets reconciliation.

NO Comparatives for Right of Use Assets reconciliation.

KMP Remuneration is not required to be disclosed by benefit category.

**Remaining
the Same**

Disclosure of parent-subsidary relationship by government-related entities - excluded from RDR but retained in Treasury Model Annual Reports issued previously for sector consistency.

A third statement of financial position is not required.
(Change Accounting policy, retrospective restatement or reclassification)

Statement of changes in equity remains.
Agencies frequently receiving capital appropriations and equity contributions will require this statement.

Summary of consolidated account appropriations are required for departments. Statutory authorities receiving funding from a department are deemed exempt from this requirement.

**Remaining
the Same**

Changes

Revenue – relief from

- ▶ Narrative disclosures on judgements regarding the transfer of control of goods and services for revenue from performance obligations satisfied at a point in time.
- ▶ Narrative disclosures on amortizing contract liabilities for each reporting period.
- ▶ Quantitative disclosure of amortisation and any impairment losses recognised in the reporting period.
- ▶ Narrative disclosures of practical expedients applied in measuring finance or incremental costs of obtaining a contract.

Remuneration of auditors now required for Tier 2 by AASB 1060.

Additional disclosure of the nature of termination benefit, amount of the obligation and extent of funding at reporting date.

Leases

Addition of Future Lease Payments table for reporters transitioning from RDR to AASB 1060.

General narrative description of significant leasing arrangements is required.

Reductions in disclosures for variable lease payments, options and residual value guarantees.

Disclosures for operating leases - most agencies will only have immaterial disclosures for GROH and GOVS schemes.

Financial Instruments

Most Tier 2 reporters have financial assets and liabilities.

Tier 2 reporters holding loans receivables, shareholdings, finance leases and right of indemnities are extremely limited within the sector. However there are a number of changes under these items. Please see AASB 1060 111-119 if these apply to your agency.

Additions:

Narrative disclosure for measurement/valuation of financial assets and liabilities describing how fair value is determined.

Disclosure of any impairment loss for each class of financial asset.

Treasurer's Instructions

AASB 1060 impacts the following TIs:

TI 1101

Application of
Australian
Accounting
Standards and
Other
Pronouncements

TI 1102

Statements of
Comprehensive
Income

TI 1103

Statements of
Financial Position

TI 1107

Application of
Tiered Reporting
– Reduced
Disclosure
Requirements

D

FAB update 89 will include the new
Tier 2 model financial statements
Fab.enquiries@treasury.wa.gov.au

E

Additional information

Current AASB projects on NFP
and public sector financial
reporting frameworks.

www.aasb.gov.au

[AASB 1060 Key Facts \(03/20\)](#)



Commbiz Webinar Refresh Initiative

Training for Commbiz users via Microsoft Teams

Tasks include;

- Electronic Authorities
- User Management
- Payment Processing, and
- Best practices and platform features

For registration please contact:

Rosemary Gaglioti

Director
Transaction Banking Solutions

Phone (08) 9482 6534 | **Mobile** 0416 167 875 | **Email** gaglioro@cba.com.au



Government of **Western Australia**
Department of **Finance**



Procurement Update

Meg Herbert
Procurement Assurance Officer

Andrew Davy
*Assistant Director Procurement Practice
Improvement*

25 November 2021



The Department of Finance acknowledges the traditional custodians throughout Western Australia and their continuing connection to the land, waters and community. We pay our respects to all members of the Aboriginal communities and their cultures; and to Elders both past and present.





The Debarment Regime

Meg Herbert

*Procurement Assurance
Officer*





Introduction

- What is a debarment regime?
- What does it mean for me?
- Where do I find information?
- Questions



What is a debarment regime?

A debarment regime establishes grounds and processes through which a supplier can be excluded from doing business with government.

Debarment regime

- WA supplier debarment regime is established under the Procurement Act (Part 7)
- Commences operation on 1 January 2022
- Other countries and supranational organisations have debarment regimes – i.e. US, UK, EU, World Bank
- The WA regime is the first of its type in Australia (i.e. applies to suppliers across all industries).



Grounds

- Grounds for debarment conduct are established under a broad range of WA and Commonwealth legislation
- Three categories of debarment conduct:
 - **Category A**, most serious conduct, up to 5 years debarment
 - **Category B**, up to 2 years debarment
 - **‘Other debarment conduct’**, i.e. conduct that may have a material adverse effect on the integrity of or public confidence in procurement by Government (up to 2 years debarment)



Processes

- Investigations initiated by the Finance DG, or on referral from a State agency
- Finance DG is the decision maker, but will rely on investigation by responsible agencies to prove conduct
- Decisions are subject to a public interest test, i.e. once conduct is proved, debarment must also be in the public interest



Supplier exclusion

- ‘Supplier’ means persons and entities that supply or propose to supply to government either directly or indirectly
- Conduct of senior officers of a supplier may be relevant, but an individual senior officer cannot be debarred
- ‘Affiliates’ are related entities of a debarred supplier and they may also be debarred if it is in the public interest
- ‘Exclusion’ refers to debarment or suspension under the regime



Business and government

- ‘Business’ in the context of the debarment regime refers to the supply of goods, services, works, some leases and community services (i.e. procurement subject to the Procurement Act)
- ‘Government’ refers to all State agencies under the Procurement Act
- Authorised bodies may also rely on debarment or suspension decisions



Consequences

- **New contracts:**
 - An excluded supplier can't be awarded a contract
 - An excluded supplier can't be a subcontractor or agent
- **Existing contracts:**
 - Can't be extended (options / extension beyond term)
 - Can't be varied to increase the scope
 - Can terminate contracts with a debarred supplier
- **Waiver of consequences for a contract or subcontract:**
 - State agency must establish 'exceptional circumstances' and DG Finance must be satisfied it is in the public interest
 - DG Finance may offer the supplier a Supplier Undertaking.

Debarred suppliers

- TendersWA will be used to identify suppliers to government
- Release requests, award contracts and record subcontractors on Tenders WA (\$50,000 and above)
- *How do I know if a supplier is debarred?*
 - See the register on the Excluded Suppliers page (TendersWA)
 - Finance will notify your DG
 - Supplier registration(s) will be removed from TendersWA



Suspended suppliers

- *When can a supplier be suspended?*
 - Category A debarment conduct investigation ongoing
 - Suspension is in the public interest
- *How do I know if a supplier is suspended?*
 - We will notify your DG, no public register
 - See the Excluded Suppliers page on TendersWA which will state:
 - if there are any suspended suppliers, and
 - their industry
 - Supplier registration(s) will be removed from TendersWA
 - Investigating use of an online look up tool



What does it mean for me?

- Procurement

- The next information session for procurement people will be held on 9 December at Albert Facey House

- Invoice payments

- When paying an invoice if you come across a payment to an excluded supplier talk to the contract manager
 - Contract managers do not have to terminate their contracts with excluded suppliers (but they can if the supplier is debarred).
 - Contract manager *must not** extend contracts with excluded suppliers or increase the scope of these contracts.

*unless it is in the public interest and approval from DG Finance is secured.



Where do I find information?

- WA.gov.au FAQs, State agency guide
Request and Contract conditions
- Legislation.wa.gov.au *Procurement Act 2020*
Procurement (Debarment of Suppliers)
Regulations 2021
- TendersWA Excluded Suppliers page
- [Contact us](mailto:procurementassurance@finance.wa.gov.au) procurementassurance@finance.wa.gov.au



Procurement Update

Andrew Davy

*Assistant Director Procurement
Practice Improvement*





General Update

Procurement Reform (is now business as usual)

- The WA Procurement Rules came into effect 1 June 2021
- Areas of interest from agencies include:
 - How to ensure changes reflected in systems and processes
 - Cooperative Procurement Arrangements
 - The Social Procurement Framework

• Aboriginal Procurement Policy

- Aboriginal participation requirements to be included in applicable tenders released on or after 1 January 2022
- 2020-21 agency performance report approved by the Minister for Finance and will soon be published on WA.gov.au



General Update

State Commissioning Strategy

- Agency commissioning plans (ACPs) submitted by 10 agencies
- Independent review of four main agencies' ACPs
- Discussion paper released in July seeking feedback
- Consultation feedback
 - highlighted areas for improvement
 - developed into four themes
- Draft strategy developed

Next steps:

- Update to Cabinet December 2021
- Implementation plan to be developed early 2022
- Draft Strategy and implementation plan to Cabinet early 2022



General Update

Strategic Forward Procurement Plans

- Required under the WA Procurement Rules
- Provide visibility of planned procurements for two financial years for:
 - Finance and agencies
 - Facilitate strategic procurement opportunities
 - Support the Social Procurement Framework
 - Support effective procurement planning
 - Industry
 - Intended Government contracting opportunities
- Will be ready for 2022-23 financial year reporting requirements
- Minimising reporting burdens and duplication is important
- More detailed comms to come in early 2022



For more information

- **WA.gov.au**
 - Western Australian Procurement Rules
 - Social Procurement Framework, including guidance materials
 - Procurement templates, guides and resources
 - Aboriginal Procurement Policy, including annual performance reports and Agency Practice Guide
 - State Commissioning Strategy
 - Strategic Forward Procurement Plan
- **Procurement Practice and Policy advice**
 - Your Department of Finance customer team contact
 - Department of Finance procurement policy teams
 - If commercial procurement policy or practice, procurementadvice@finance.wa.gov.au
 - If Aboriginal Procurement Policy or WA Disability Enterprise related, socialprocurement@finance.wa.gov.au
 - If community services procurement matter, cspp@finance.wa.gov.au

Questions?





Supporting continuous improvement in Environmental, Social & Governance outcomes for Western Australia

Richard McKenzie

November 2021

WESTERN AUSTRALIAN
TREASURY CORPORATION

A Whole of WA Government Initiative

Financial Solutions
for the Benefit of All
Western Australians

SUPPORTING CONTINUOUS IMPROVEMENT IN ESG OUTCOMES FOR WESTERN AUSTRALIA



NOVEMBER 2021

WA Government ESG Information Pack: Launched by Premier Tuesday 16 November

‘Brings together key policy commitments and actions in progress addressing the key environmental and social challenges facing WA now and into the future’

For whom?

- Primarily for investors in WA Government debt securities
- Expected also to have broad appeal to wider range of investors considering WA as an investment destination

Initiative across WA Government over 2021

ACKNOWLEDGEMENTS

This information pack has been prepared as an initiative of the Western Australian Government. Key contributing agencies are:



Government of **Western Australia**
Department of **Communities**



Department of **Biodiversity,
Conservation and Attractions**



Government of **Western Australia**
Department of **Education**



Government of **Western Australia**
Department of **Finance**



Government of **Western Australia**
Department of **Health**



Government of **Western Australia**
Department of **Jobs, Tourism, Science and Innovation**



Government of **Western Australia**
Department of **Justice**



Department of
**Local Government, Sport
and Cultural Industries**



Government of **Western Australia**
Department of **Mines, Industry Regulation and Safety**



Government of **Western Australia**
Department of **the Premier and Cabinet**



Department of
**Primary Industries and
Regional Development**



Government of **Western Australia**
Department of **Transport**



Government of **Western Australia**
Department of **Treasury**



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



Government of **Western Australia**
Energy Policy WA

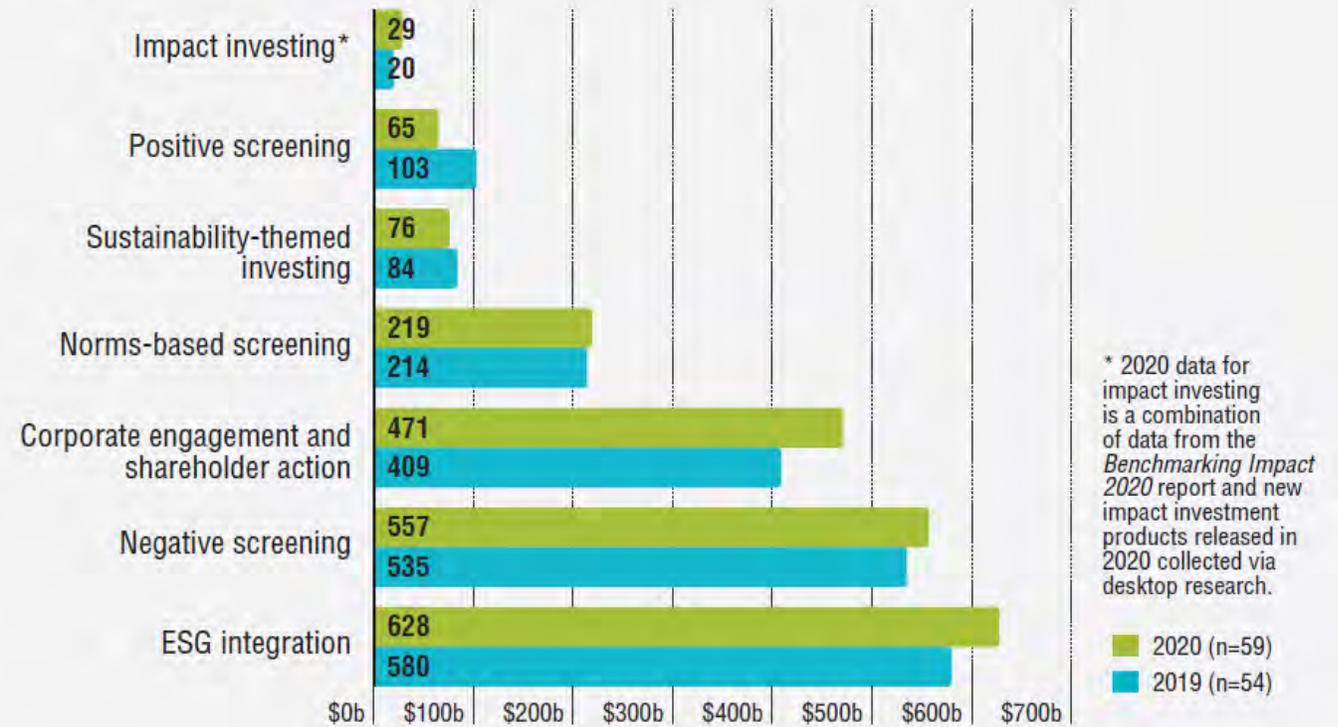


The why: Financial Markets mega trend

Investors impacting with their money

- Funds invested under a range of responsible investment considerations increasing
 - Estimated that 40% of funds placed Australia last year have a responsible investment lens
- Coverage of assets and asset classes increasing
- ESG profiling by investors to support their capital decisions is both becoming the standard and an expectation from an ethical business practice perspective
- Rating agencies, litigation and exclusion!

FIGURE 5 Total AUM covered by responsible investment approaches of survey respondents



What do we hope to achieve?

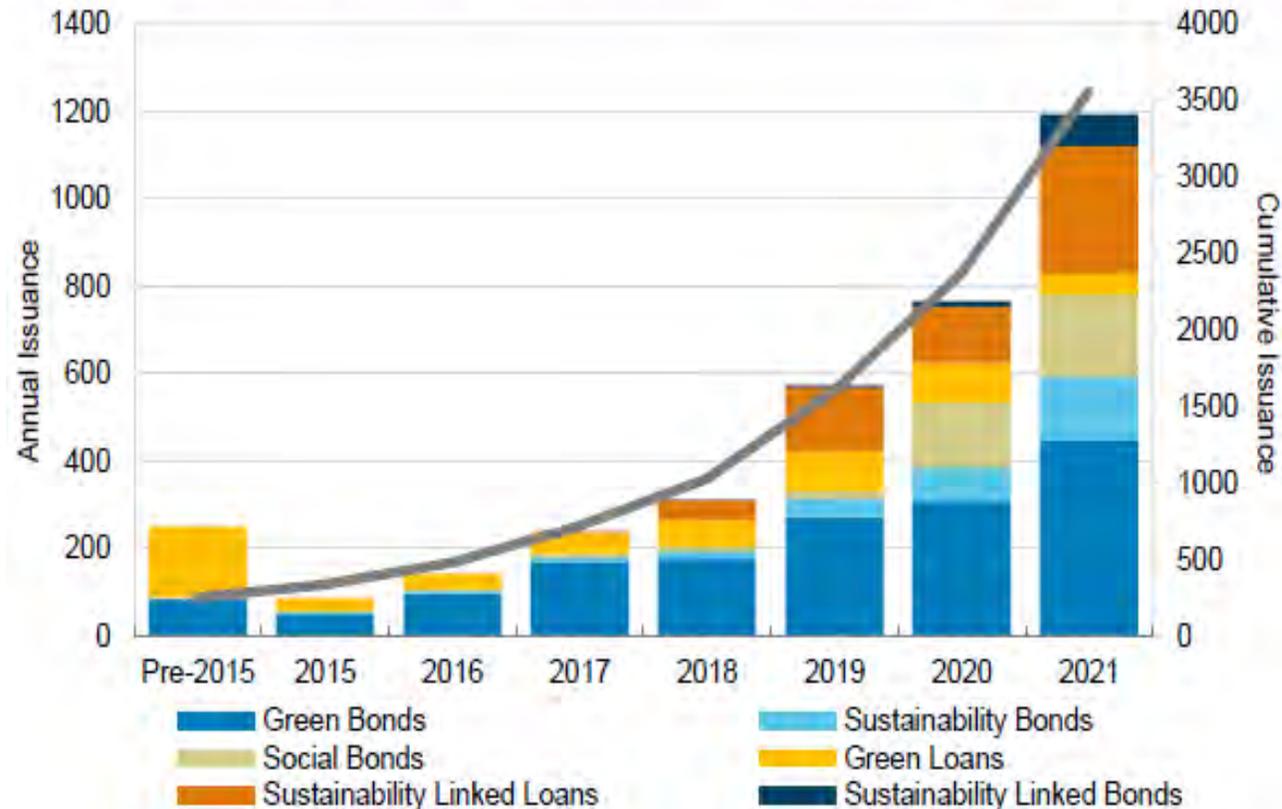


- Support a positive perception of the WA Government's current ESG profile and understanding of and forward intentions to support continuous improvement
- Provide a greater level of confidence to the global investor community to help maintain a positive attitude towards financing the WA Government through purchasing our bonds
 - And by extension for broader range of investors considering WA as an investment destination
- Facilitate awareness that WATC intends to develop a Sustainability Bond Framework as a component of the State Government's priorities towards improving ESG outcomes
 - Providing a vehicle to finance Government funded initiatives that meet green and social bond principles
- **Help mitigate any existing or emerging 'Perception' risk of WA's ESG credentials that could start to hinder investment decisions or incite criticism of 'greenwashing' if we had of moved straight to a Sustainability Bond Framework**



Sustainable Finance: Exponential Growth

SUSTAINABLE DEBT MARKET COMPOSITION AND TRENDS



Source: ANZ, Bloomberg (30 Sept 2021)

- Other large Australian States (Qld, NSW, Vic) have programs to issue Green and Sustainable Bonds and have been active in the past few years.
 - However, standards are tightening and issuer credibility is becoming a key issue
 - Investors are increasingly wary of ‘greenwashing’
 - Regulators placing more focus on compliance frameworks to promote standards and consistency
 - Europe leading standards evolution and concept of ‘circular economy’

How did we frame the WA Government response to this emerging 'mega trend' on ESG focus?

- Develop an information package that clearly and concisely articulates the WA Government's ESG credentials in language familiar to global investors
 - Information presented under categories related to global ESG scoring frameworks
 - Reference to progression of UN SDG objectives that are recognized internationally

...the environment	...human stakeholders	...rules & decision making processes
 E (Environment)	 S (Social)	 G (Governance)
<ul style="list-style-type: none">– Climate change– Sustainability, energy policy & carbon footprint– Resource depletion– Emissions, waste and pollution– Water stress, land use, deforestation– Biodiversity– Raw material sourcing– Clean technology	<ul style="list-style-type: none">– Human rights– Worker conditions and safety– Diversity and equal opportunity– Employee attraction, relations and retention– Supply chain standards– Customer engagement & relations– Product integrity, safety and liability– Animal welfare– Advertising & marketing ethics	<ul style="list-style-type: none">– Management and ownership structure– Board diversity, structure & size– Voting procedures– Liquidity & funding model– Executive and employee compensation– Bribery, corruption & ethics– Political lobbying & donations– Tax and accounting policy– Cyber security– Anti-competitive practices



What are the main messages the ESG Information Pack is seeking to convey?

- WA Government has strong governance supported by a strong economy and financial capacity to deliver on all initiatives in the ESG information pack
- WA has implemented a broad based approach to lower carbon emissions, focusing on comparative advantage and areas the WA Government can most influence
- For other key environment areas WA either has clear targets (e.g. waste) or is already a national or world leader (e.g. water management, conservation and biodiversity management)
- WA has a strong base across key social priorities (e.g. health, education, housing) that it will continue to support and be at the forefront of evolving challenges (e.g. mental health, STEM – skills for jobs of tomorrow)
- WA Government is at the forefront on improving equity in society (e.g. gender equality, disability services) with improving cultural recognition and quality of life outcomes for Aboriginal people being a key priority

<https://www.wa.gov.au/government/publications/supporting-continuous-improvement-esg-outcomes-western-australia>

<https://www.wa.gov.au/sites/default/files/2021-11/supporting-continuous-improvement-in-esg-outcomes-for-western-australia-november2021.pdf>



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Supporting Continuous Improvement in ESG Outcomes for Western Australia

Initiative: WA Government releases Information Pack on key policy commitments and actions in progress to achieve continuous improvement in social and environmental outcomes for Western Australia.



[Western Australian Treasury Corporation](#)

[Western Australian State Budget](#)

[United Nations Sustainable Development Goals](#)

Published

16 November 2021

Provided by



A handwritten signature in black ink that reads "Mark McGowan". The signature is fluid and cursive, with a long horizontal flourish extending to the right.

Honourable Mark McGowan MLA

Premier; Treasurer; Minister for Public Sector Management; Federal-State Relations

OVERVIEW FROM THE PREMIER AND TREASURER OF WESTERN AUSTRALIA

The WA Government is committed to Western Australia achieving the Paris Agreement objective of net zero emissions by 2050. We also recognise the importance of contributing to Australia's pursuit of the objectives of the United Nations Sustainable Development Goals (SDGs).¹

Improving social outcomes for Western Australians and environmental outcomes for the State is an ongoing primary objective of the WA Government.

We continue to deliver on these outcomes by partnering with industry and all facets of society – drawing on our robust governance foundation of effective, transparent, coordinated public institutions and strong financial management.

This information pack has been prepared primarily to inform investors in WA Government debt securities of key policy commitments, partnerships with industry and the community, and actions currently in progress that are addressing the key environmental and social challenges facing Western Australia today and into the future.

From an environmental perspective, it demonstrates how Western Australia is well placed, through a combination of our economic strength, government leadership and comparative advantage in natural

resources to accelerate our progress towards lowering carbon emissions.

It also highlights how we are tackling other important environmental issues such as waste recycling and pollution control, whilst continuing to lead by example in areas such as water management and biodiversity conservation to address the threat of climate change, help industry flourish and create sustainable jobs.

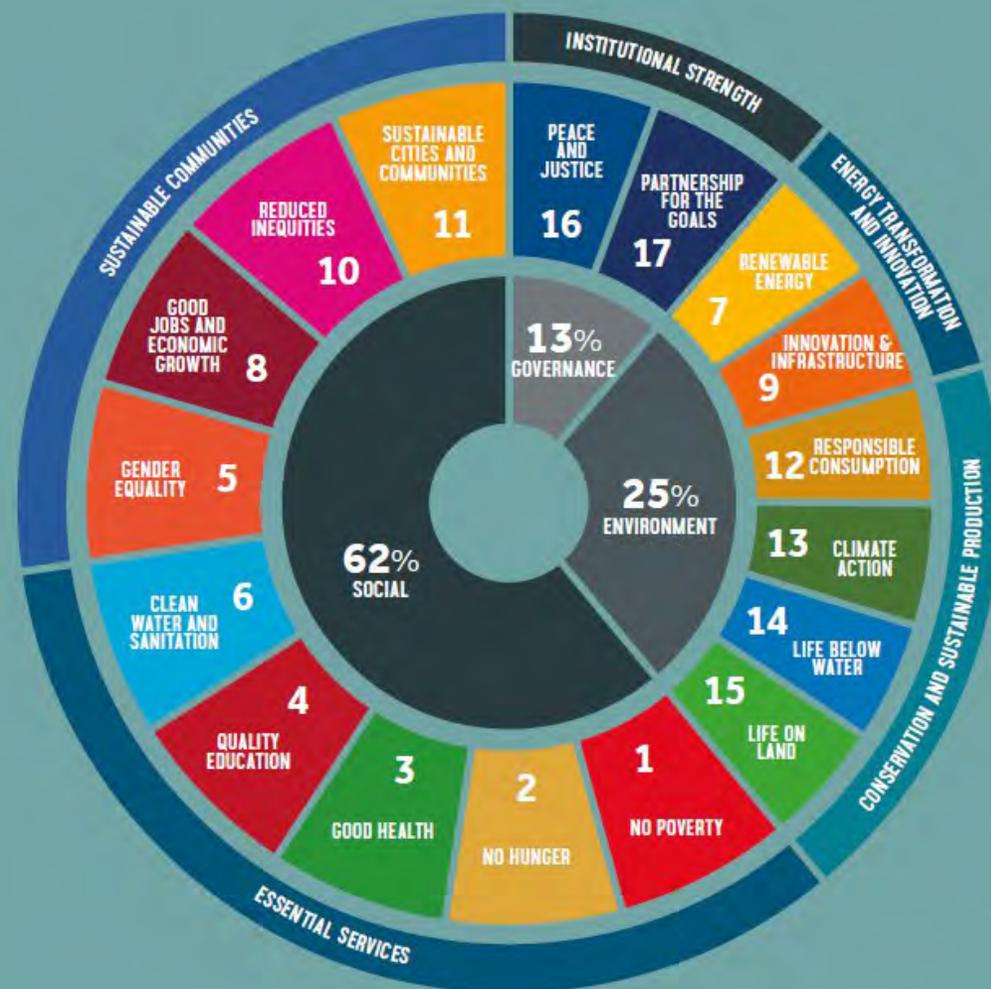
From a social perspective, we continue to build on our strong foundations in health and education, while ensuring those requiring assistance are best supported to reach their potential.

Together with a focus on providing increased opportunities for Aboriginal people, greater recognition of cultural heritage, and striving to ensure gender equality, this information pack outlines how the WA Government is committed to facilitating a culture where the great lifestyle and high standard of living this vast State offers can be enjoyed by all Western Australians.

WA STATE BUDGET – FACILITATING CONTINUOUS IMPROVEMENT IN ESG OUTCOMES

The 2021-22 State Budget delivered on 9 September 2021 is a key enabler for delivering on many of the WA Government’s Environmental, Social and Governance (ESG) objectives as outlined in this information pack. Expenditure planned through the State Budget contributes to advancing a broad range of ESG ambitions that relate to objectives within each of the 17 SDGs. This is illustrated in the 2021-22 State Budget where expenditure is indicatively aligned to the SDGs being progressed.

The final component of this information pack also presents a selection of current WA Government *Initiatives in progress*, represented within the SDG the initiative is primarily progressing. This is illustrative of the breadth of progress already being made for improving ESG outcomes for Western Australia.



Acknowledgement of Country

The Government of Western Australia acknowledges the traditional custodians throughout Western Australia and their continuing connection to the land, waters and community. We pay our respects to all members of Western Australia's Aboriginal communities and their cultures; and to Elders both past and present.

A Note About Language

In this document, the term *Aboriginal people* is used in preference to "Indigenous" or "Aboriginal and Torres Strait Islander" people, in recognition that Aboriginal peoples are the original inhabitants of Western Australia.

Cultural Warning

Aboriginal people should be aware that this document may contain images of deceased persons.

Accessibility

This document is available in alternative formats on request by emailing esg@watc.wa.gov.au

TABLE OF CONTENTS**GOVERNANCE**

INSTITUTIONAL STRENGTH	6
FINANCIAL STRENGTH AND EFFECTIVE BUDGET MANAGEMENT	7
EFFICIENT AND COORDINATED INSTITUTIONS	8

ENVIRONMENT

CARBON TRANSITION	12
WATER MANAGEMENT	22
WASTE AND POLLUTION	26
CONSERVATION AND REHABILITATION	30

SOCIAL

HEALTH AND WELL-BEING	34
EDUCATION	39
HOUSING	42
REDUCING INEQUALITIES	46

SELECTED INITIATIVES IN PROGRESS BY SDG	52
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GOVERNANCE



OVERVIEW

The WA Government acknowledges that Western Australia has a relatively high carbon footprint when measured on a per capita basis (35t CO₂), which has gradually increased over the past two decades due mostly to the rapid expansion of the resources sector in servicing the global economy.⁵ A significant comparative advantage in natural resources and effective partnerships between Government and industry has facilitated Western Australia having a GSP per capita more than 50% above the national average.

It is these same attributes of innovation and effective partnerships with industry the WA Government is harnessing to take maximum advantage of Western Australia's abundant natural and mineral resources, in support of new industries and initiatives with the potential to rapidly reduce the State's carbon footprint.

The [WA Climate Policy](#), released in November 2020, provides significant detail on how this will be progressed, with the vision to:

"harness Western Australia's innovation and wealth of natural and mineral resources to achieve net zero emissions and ensure a prosperous, resilient future for all Western Australians."

BROAD BASED CLIMATE ACTION

Whilst reducing carbon emissions is of significant importance, the WA Government has proactive policies and effective programs in place to improve environmental outcomes across a broad range of important areas such as waste management and recycling, pollution reduction and mining rehabilitation. Further, Western Australia is well respected as a national / world leader in areas such as water management, biodiversity conservation and sustainable fisheries management.

PROGRESSING TOWARDS THE PARIS AGREEMENT OBJECTIVE OF NET ZERO EMISSIONS BY 2050 IS A COMMITMENT OF THE WA GOVERNMENT

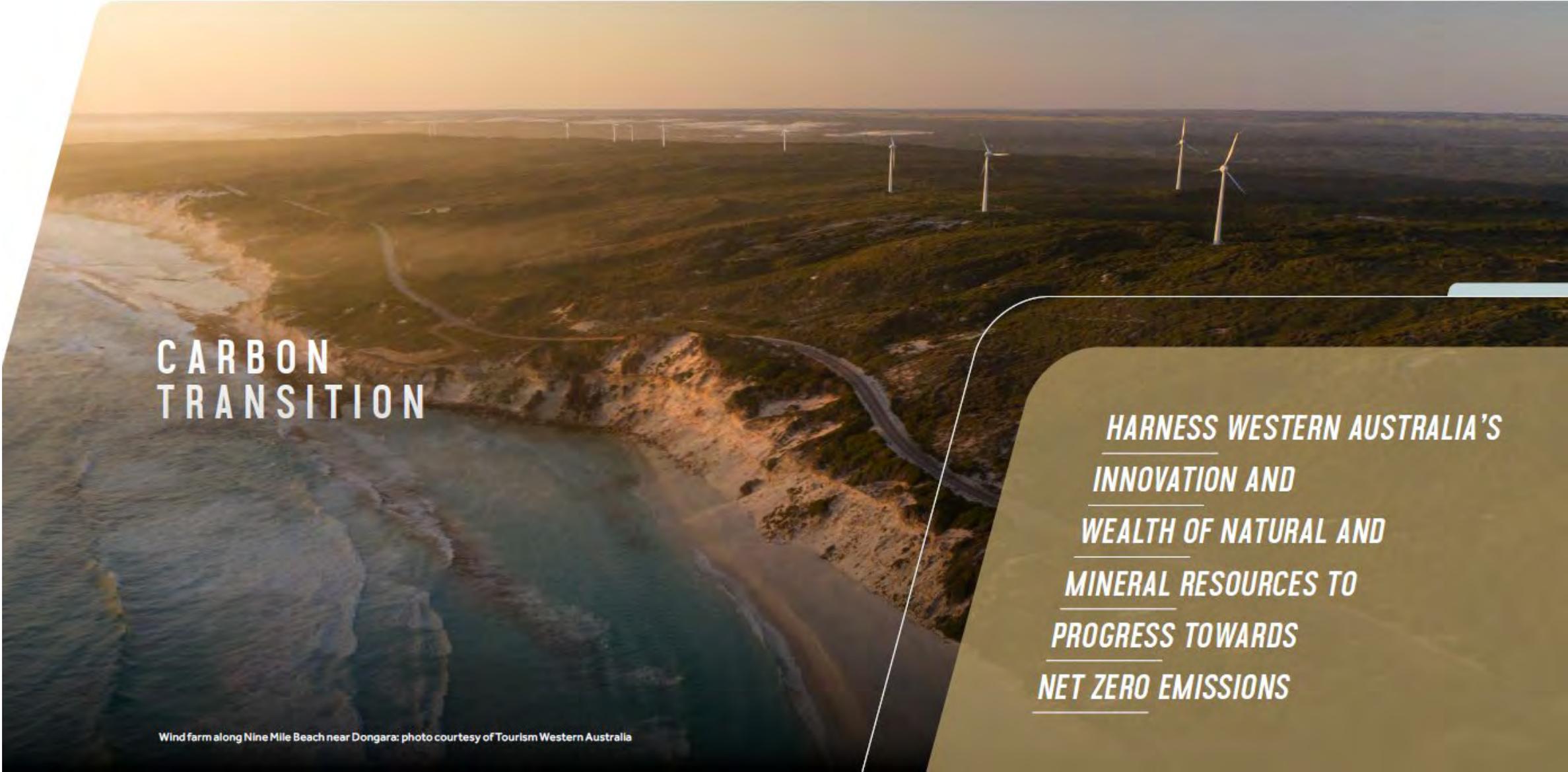


Sea Turtle, Ningaloo Reef, photo courtesy of Tourism Western Australia

STATE BUDGET CLIMATE FOCUS

The priority the WA Government places on commitments within the Climate Policy was reinforced through the State budget released on 9 September, which made specific reference to:

- Establishment of an inaugural Climate Action Fund – with an initial allocation of \$750 million to fund a range of new initiatives and existing commitments;
- An allocation of \$1.4 billion to fund Perth's next desalination plant, to be powered by renewable energy.

An aerial photograph of a wind farm situated along a coastline. The scene is captured during sunset or sunrise, with a warm, golden glow over the landscape. The wind turbines are scattered across a green, hilly area that meets a sandy beach and the ocean. The water is a deep blue, and the sky is a mix of orange and grey. The overall mood is serene and emphasizes sustainable energy in a natural setting.

CARBON TRANSITION

*HARNESS WESTERN AUSTRALIA'S
INNOVATION AND
WEALTH OF NATURAL AND
MINERAL RESOURCES TO
PROGRESS TOWARDS
NET ZERO EMISSIONS*

WESTERN AUSTRALIA'S UNIQUE NATURAL RESOURCES



2.5 MILLION
KM² OF LAND



48%
GLOBAL LITHIUM
PRODUCTION IN 2020

Western Australia accounted for 48% of global lithium production in 2020, being the world's largest lithium producer and a significant producer of other battery minerals.

13,000 KM
OF COASTLINE



ABUNDANT WIND
AND SOLAR
RESOURCES

Western Australia has among the best combined wind and solar resources in the world. For example average wind speeds of 7.50 to 8.75 m/s and annual Global Horizontal Irradiation of 2,100 kWh/m² are observed at Oakajee in the Mid-West.

ENERGY TRANSFORMATION



1/3
OF WESTERN AUSTRALIAN
HOUSEHOLDS NOW HAVE
ROOFTOP SOLAR

SOUTH-WEST INTERCONNECTED SYSTEM TRANSITION

2020 ————— 2040
37% **70%**
RENEWABLES

2010 ————— 2020 ————— 2040
45% **20%** **<5%**
COAL

ELECTRIC VEHICLE CHARGING NETWORK



6,000 KM
OF ELECTRIC HIGHWAY

Western Australia will soon be home to the longest electric highway in Australia with 45 locations averaging less than 200 km apart and spanning approximately 6,000 kilometres across the State.

RENEWABLE ENERGY PRECINCTS

WESTERN GREEN ENERGY HUB

The Western Green Energy Hub has the potential to produce up to 50 GW of renewable energy to support green hydrogen and green ammonia production for both domestic use and export. It will be located in a 1.5 million hectare area in Western Australia's sparsely populated far South-East, being an ideal location due to the consistency of high winds and solar energy over a 24-hour period. The project progresses targets of the WA Government's Renewable Hydrogen Strategy and is underpinned by collaboration with the traditional owners, the Mirning people, who have an equity stake in the project consortium through the Mirning Traditional Lands Aboriginal Corporation.

ASIAN RENEWABLE ENERGY HUB

The Asian Renewable Energy Hub is designed to generate up to 26 GW of renewable energy in Western Australia's East Pilbara region (1,300 km NNE of Perth). This is more than double total current generation in Western Australia – therefore representing significant export capacity. Up to 3 GW of generation capacity will be dedicated to large energy users in the Pilbara region, which could include new and expanded mines and downstream mineral processing.

OAKAJEE STRATEGIC INDUSTRIAL AREA

The WA Government is currently exploring the creation of a globally competitive renewable hydrogen precinct at Oakajee. The Oakajee Strategic Industrial Area (SIA) has been selected by the WA Government as the site for a future deep water port and export orientated industrial area to service the Mid-West region. Oakajee is recognised for its world class wind and solar energy potential. Initial assessments show Oakajee SIA could provide up to 270 MW of wind generation and 1,250 MW of solar renewable energy with a consistently high renewable contribution to the daily load. An expression of interest (EOI) for hydrogen export proposals was released in 2020-21, with 65 EOIs received from companies located across the globe.

THE COMBINED RENEWABLE ENERGY GENERATED BY THESE PROJECTS IS POTENTIALLY MORE THAN 5 TIMES THE CURRENT ELECTRICITY GENERATED IN WESTERN AUSTRALIA.



STORING CARBON



Western Australia's significant 2.5 million km² land mass provides significant potential for carbon sequestration (storage) in vegetation and soils, with associated benefits of economic diversification and new job opportunities for traditional owners and regional communities.

CARBON FARMING AND LAND RESTORATION PROGRAM

A \$15 million grant program to facilitate the uptake of carbon farming in the South-West agricultural zone, enabling rural businesses to establish projects that deliver environmental, community and economic co-benefits.

SOFTWOOD PLANTATION EXPANSION FUND

As part of the Climate Action Fund, the WA Government has allocated \$350 million over 10 years to expand the pine plantation estate in WA. This could facilitate over 50 million trees being planted across at least 33,000 hectares, with the potential to sequester up to 9.5 million tonnes of CO₂ and provide sustainably sourced timber for Western Australia's construction industry.

CARBON FOR CONSERVATION INITIATIVE

Provide opportunities for carbon farming service providers, including Aboriginal pastoral businesses and native title holders, to work with the WA Government to maximise environmental and economic benefits of carbon farming at suitable locations within the conservation estate and other lands of interest.



Photo courtesy of Department of Biodiversity, Conservation and Attractions

**THE 33,000 HECTARE
SOFTWOOD PLANTATION
COULD SEQUESTER
UP TO 9.5 MILLION
TONNES OF CO₂**

Pinus Pinaster plantation in WA: photo courtesy of Forest Products Commission



WATER MANAGEMENT

Southern Seawater Desalination Plant, Binningup - 150 km south of Perth.
Produces approximately 30% of Perth's water supply with energy purchased from wind and solar farm.
Photo courtesy of Water Corporation

SECURITY OF SUPPLY AND QUALITY



The WA Government was a pioneer in understanding how climate change could impact the security and

quality of the State's water supply, being the first State in Australia to develop large scale demand management and water supply initiatives.

This has enabled significant diversification in water supply sources to be achieved over the past 20 years, removing reliance on streamflow to dams which has declined significantly due to climate change.

Proactivity and innovation is enabling the WA Government to ensure availability and sustainable management of water and sanitation for all, as well as adapting to water scarcity across various sectors.

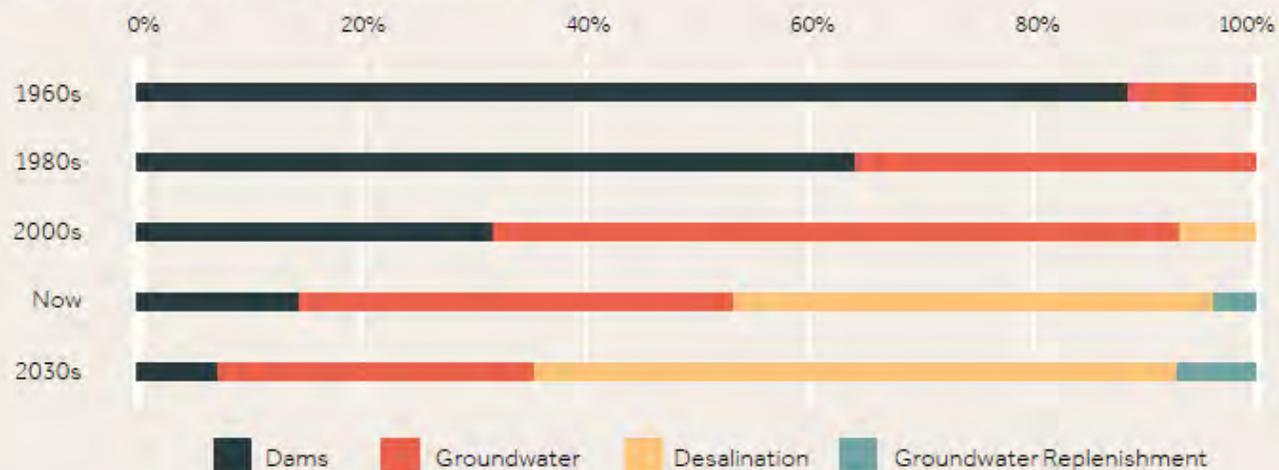
This includes potable water obtained from wastewater recycling through groundwater replenishment – a unique application and the first of its kind in Australia – for which production is projected to double over the next decade. This is also supported by a scientifically rigorous and multi-disciplinary framework to guide water allocation from available sources.

100% QUALITY WATER

The drinking water supplied to the Greater Perth area, where almost 80% of Western Australia's population resides,⁶ consistently meets a 100% quality standard. This reflects the effectiveness of comprehensive management programs in place to ensure the strict health standards of the Australian Drinking Water Guidelines are met.

WA WAS THE FIRST STATE TO DEVELOP LARGE SCALE DEMAND MANAGEMENT AND WATER SUPPLY INITIATIVES IN RESPONSE TO CLIMATE CHANGE

GREATER PERTH WATER SOURCES



Source: Water Corporation

ROADS TO REUSE (RtR) 🔍

Construction and Demolition (C&D) waste accounts for around half of all waste generated in Western Australia. Avoiding and recovering C&D waste is a key priority and is critical to achieving the State's material recovery targets.

A successful recycling system relies on strong markets for recycled materials to help 'close the loop.' The RtR program supports markets for recycled C&D products. The program encourages the use of recycled C&D materials in civil applications, such as road construction, by supporting the supply of products which meet a product specification to protect human health and the environment.

Partnering with industry, the WA Government delivered successful RtR pilot programs that saw 62,000 tonnes of crushed recycled concrete used in roads construction since commencement in 2019. This unique program was recognised by the National Waste and Recycling Industry Council and recommended to be adopted nationally.



Construction and demolition material from the former Princess Margaret Hospital site. More than 80,000 tonnes of material is expected to be recycled and re-purposed for road base; photo courtesy of Department of Water and Environmental Regulation

PLAN FOR PLASTICS 🔍

The Plan for Plastics provides a roadmap towards a more sustainable, plastic-free Western Australia. Regulations to ban certain single-use items will be implemented in a two stage approach.

Implementation of this plan will now be completed by the end of 2022, having been recently fast tracked by the WA Government, bringing forward the original implementation schedule by 4 years. This will prevent the use of millions of tonnes of single-used plastic such as dinnerware, thick plastic bags, helium balloon releases, polystyrene packaging and takeaway coffee cups and lids.



Western Australia has been recognised by WWF-Australia as a leading jurisdiction in Australia for single-use plastic reform in 2021, which is an important component of tackling plastic pollution.



CONSERVATION AND REHABILITATION

*WESTERN AUSTRALIA
HAS BEEN
INTERNATIONALLY
RECOGNISED FOR ITS
ENVIRONMENT IMPACT
ASSESSMENT POLICY*

BIODIVERSITY MANAGEMENT



Western Australia has a rich and unique biodiversity, being home to 8 of the 15 national biodiversity hotspots. The South-West region holds international status as 1 of 36 globally recognised biodiversity hotspots. This creates significant environment challenges for which the WA Government is world renowned for effectively managing - being internationally recognised for sustained contribution to good practice for environment impact assessment policy and leading sustainable and ethical management of fisheries.

TERRESTRIAL AND MARINE PROTECTED AREAS
MANAGED BY THE WA GOVERNMENT

25 MILLION
HECTARES
AS AT 30 JUNE 2020



Quokka on Rottneest Island - world's happiest animal:
photo courtesy of Tourism Western Australia

CONTINUOUS IMPROVEMENT IN TERRESTRIAL AND MARINE SPECIES PROTECTION

The WA Government's Plan for Our Parks initiative will create 5 million hectares of new national and marine parks and other conservation reserves by February 2024, increasing the State's conservation estate by 20%, and expand existing joint management arrangements with Aboriginal traditional owner groups. This will provide additional opportunities for nature-based tourism and carbon farming initiatives.



IMPROVING HEALTH OF WATERWAYS

The WA Government is working to improve water quality in rivers and estuaries in South-West Western Australia across a combined catchment area of approximately 4 million hectares, an area comparable to Switzerland. Healthy Estuaries WA is a holistic ecosystem management program targeting at-risk estuaries and priority catchments impacted by housing, agriculture, industry and recreation activities.

The \$25 million program implements actions to reduce nutrient and organic discharge from agricultural land to estuaries, improving water quality. Better water quality will result in fewer low oxygen, algal bloom and fish death events and enhance internationally listed Ramsar wetlands and other important habitat for migratory birds in accordance with international agreements for their conservation (JAMBA, CAMBA and ROKAMBA). The program will also improve the health of seagrass meadows for blue carbon storage.



CONTINUOUSLY IMPROVING HEALTH OUTCOMES

The WA Government is committed to achieving continuous improvement in health and well-being outcomes for all Western Australians, and represents the key vision of the [State Public Health Plan](#). A key enabler to developing a more efficient and effective health system is through elevating the State's standing as a centre of excellence in health and medical research.

FUTURE HEALTH RESEARCH AND INNOVATION FUND

This fund provides a secure source of funding to drive health and medical research, innovation and commercialisation to improve health outcomes, diversify the economy and improve the sustainability of the health system.

The WA Government works in partnership with Western Australia's five universities, which all have strengths in the life sciences, as well as the world-leading Western Australia based Medical Research Institutes – the Telethon Kids, Harry Perkins, Lions Eye, and Perron institutes - to build health and medical research capability in the State.



MENTAL HEALTH

The WA Government has been proactive in its approach to understanding and treating mental illness, having established the Mental Health Commission in 2010 to pave the way for significant reform initiatives – a key step in creating a modern and effective mental health system that has the individual and their recovery at the center of its focus. Commensurately, Western Australia has the highest funding and acute beds per capita for mental health in the nation.¹¹

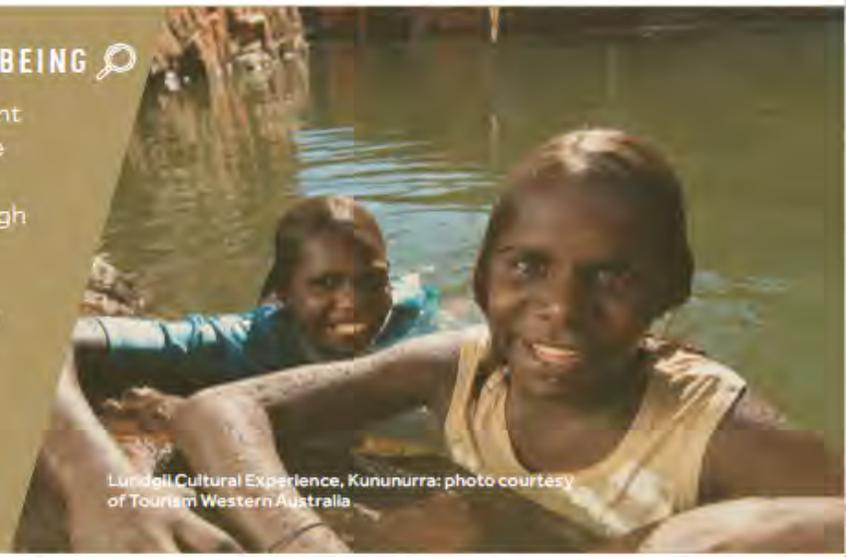


WA STATE PRIORITIES ON MENTAL HEALTH, ALCOHOL AND OTHER DRUGS 2020-2024

Outlines the WA Government's immediate priorities toward achieving a consumer-focused, integrated and sustainable approach to mental health, alcohol and other drug support services.

COMMITMENT TO ABORIGINAL YOUTH WELL-BEING

The WA Government has made a significant commitment to Aboriginal youth well-being focusing on improving the outlook for young Aboriginal people and to significantly reduce Aboriginal youth suicide. This is supported through an initial \$267 million funding package to implement measures that focus on community and youth empowerment, support for remote communities, youth well-being, justice, education, and cultural connection.



Lundhill Cultural Experience, Kununurra: photo courtesy of Tourism Western Australia

LIVEABILITY

The WA Government provides significant ongoing funding for a broad range of cultural, sporting and recreational activities to facilitate the associated benefits in positive mental health and general well-being of an active lifestyle, reflected by 89% of adults reported as participating in sport and recreation activity in 2021.¹² This contributes to the capital city region of Perth, accounting for over three quarters of the State's population, regularly being recognised as one of the ten most liveable and friendliest cities in the world, more recently having been ranked 6th on the Economist's most liveable cities index.¹³

ARTS, CULTURE AND SPORTS

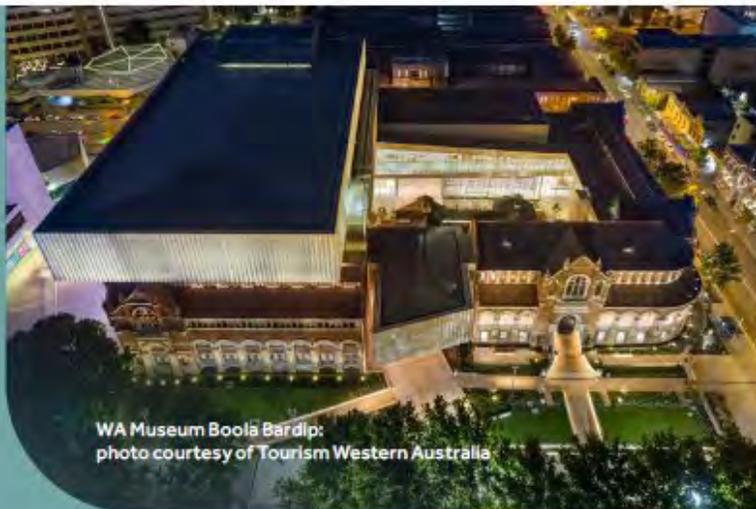
Recent key initiatives that demonstrate the WA Government's commitment to engendering positive well-being through cultural and recreational facilities include:

- Over \$265 million investment in active transport infrastructure across Western Australia to deliver an integrated network of safe, high-quality paths for cyclists and pedestrians;
- Establishment of the WA Hiking Strategy, supporting the sustainable development and integration of a bushwalking and trail running network spanning the entire State and covering a vast array of conservation estates;
- Creation of the Cultural Infrastructure Framework, to promote the celebration of Western Australian's Aboriginal art, culture and heritage and promote community cohesion.

3 GOOD HEALTH AND WELL-BEING



11 SUSTAINABLE CITIES AND COMMUNITIES



WA Museum Boola Bardip:
photo courtesy of Tourism Western Australia

Complimenting investment in participation is the ability to enjoy events at recently developed world class facilities, headlined by the \$1.6 billion Perth stadium, winner of the 2019 Prix Versailles international architecture award for 'most beautiful' sports facility, and the spectacular award winning \$400 million WA Museum Boola Bardip ('many stories' in Whadjuk Noongar language) that honours the cultural heritage of Australia's First Peoples and reflects the shared cultural heritage of Western Australians.

PERTH IS THE
6TH MOST
LIVEABLE CITY
ON THE PLANET

Arklow trail network near Collie, includes adaptive trails to accommodate riders with disability: photo credit: Frances Andrijich

SOCIAL AND AFFORDABLE HOUSING



The WA Government's policy framework recognises the importance of the government, not-for-profit institutions and the private sector working together to improve housing choices and access to suitable and affordable homes, particularly for the most vulnerable.



WA HOUSING STRATEGY 2020-2030

The strategy sets clear targets to create a more agile housing system that can respond to current and future needs by connecting 150,000 WA households to safe, stable and sustainable homes across the social and affordable housing continuum.

150,000 10 YEAR TARGET FOR ADDITIONAL SOCIAL AND AFFORDABLE HOMES

STATE BUDGET FOCUS ON SOCIAL HOUSING

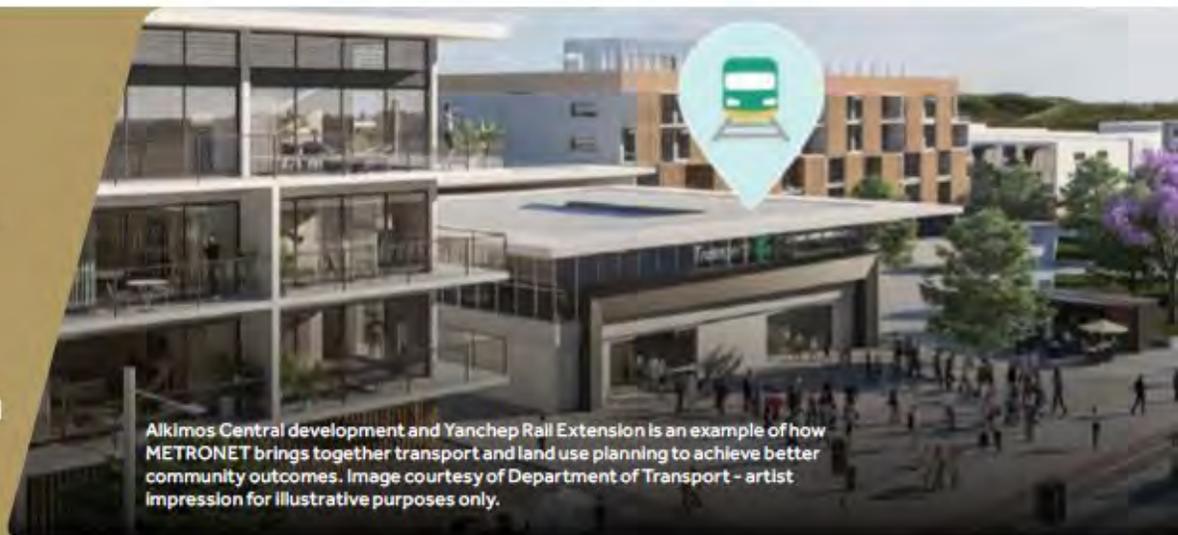
The WA Government's priority commitment to improving social housing supply was reinforced in the State budget released on 9 September 2021 with the establishment of a \$750 million Social Housing Investment Fund to support new dwelling construction, bringing the total investment in social housing committed since 2018 to \$2.1 billion.

45% INCREASE OF HOMES CLOSE TO PUBLIC TRANSPORT



A key component of the strategy involves integration with the objectives of METRONET, where social and affordable housing will play a key role within planning to create compact urban communities, with low carbon footprint dwellings on strategic sites close to METRONET stations.

The long term goal is to increase the number of homes close to public transport by 45%. Current funding includes a \$394 million package to deliver 320 new social housing dwellings and at least 400 affordable homes as part of a 1,390 new homes initiative around METRONET stations.



Alkimos Central development and Yanchep Rail Extension is an example of how METRONET brings together transport and land use planning to achieve better community outcomes. Image courtesy of Department of Transport - artist impression for illustrative purposes only.

A photograph of four women standing outdoors near a body of water. They are wearing light blue button-down shirts. The woman on the far left is wearing sunglasses and has her arms crossed. The other three women are smiling and looking towards the camera. The background shows a rocky shoreline and water under a clear sky.

REDUCING INEQUALITIES

*WOMEN IN WESTERN AUSTRALIA
HAVE EQUAL REPRESENTATION
ON GOVERNMENT BOARDS
AND COMMITTEES*

IMPROVING OUTCOMES FOR ABORIGINAL PEOPLE



The WA Government is committed to working in partnership with the Aboriginal Advisory Council, Aboriginal leaders and organisations as well as the wider community to ensure Aboriginal people, families and communities are empowered to thrive and choose their own futures from a secure foundation. This is reflected by a recent direct funding commitment of more than \$750 million to enhance building infrastructure and delivering social and economic opportunities. This builds on a broad range of other forward looking strategies and partnerships.

ABORIGINAL EMPOWERMENT STRATEGY

Provides a set of strategic directions and principles that will directly support the delivery of the WA Government's Closing the Gap Implementation Plan while providing a more robust, holistic reflection of the State's approach to Aboriginal affairs policy, and the priorities identified by Aboriginal Western Australians. The Strategy was developed in partnership with the Aboriginal Advisory Council of WA, following extensive consultation with Aboriginal stakeholders and the public.

CLOSING THE GAP IMPLEMENTATION PLAN

The WA Government signed the National Agreement on Closing the Gap in July 2020, which includes a suite of priority reforms and socio-economic targets to accelerate improvements in the lives of Aboriginal people. This first iteration of Western Australia's Closing the Gap Implementation Plan outlines how the WA Government will work with Aboriginal people, communities and organisations and sets out the phase one activities that support the desired outcomes for the priority reforms and socio-economic targets.



GNARLA BIDDI 'OUR PATHWAYS' METRONET ABORIGINAL ENGAGEMENT STRATEGY

The METRONET Aboriginal Engagement Strategy represents the WA Government's long term commitment to embed genuine engagement with the Aboriginal community across the \$5.7 billion METRONET public transport program and allows for cultural, business, job and land access outcomes through a set of minimum requirements, processes and targets.

The strategy strongly progresses the WA Government's commitments within the broader Aboriginal Procurement Policy and the Workforce Diversification and Inclusion Strategy for WA Public Sector Employment to provide contracting and employment opportunities to Aboriginal people.



Bunuru Festival celebrating Aboriginal culture: photo courtesy of DevelopmentWA

NATIVE TITLE AGREEMENTS

The South West Native Title Agreement is the most comprehensive native title settlement in Australian history, recognising the Noongar people as the Traditional Owners of a 20 million hectare land mass in Western Australia's South-West.

In early 2021, the WA Government finalised arrangements with the Noongar Boodja Trust, who will manage the \$1.3 billion settlement package over the next 12 years and provide significant opportunities for the Noongar people to achieve long-term, self-determining social, economic and cultural outcomes.

This follows a similar agreement achieved with the Yamatji people, consisting of a \$442 million settlement plus 100,000 hectares of land as native title compensation for a 4.8 million hectare area in Western Australia's Mid-West.

The innovative package includes funding for business development, the transfer of commercial land, joint ventures, tourism opportunities and access to housing properties for sale, leasing or development that will ensure sustainable social and economic development, and self-determination for current and future generations.



Noongar people and Noongar Elders' recognition as the Traditional Owners of the south-west region: photo courtesy of Department of the Premier and Cabinet



Directors of the Yamatji Southern Regional Corporation and Yamatji Nation Traditional Owner Negotiation Team with former Minister for Aboriginal Affairs Ben Wyatt, celebrating the conclusive registration of the Yamatji Nation Indigenous Land Use Agreement: photo courtesy of Department of the Premier and Cabinet





SELECTED INITIATIVES IN PROGRESS BY SDG



1 NO POVERTY



END POVERTY IN ALL ITS FORMS EVERYWHERE



SAMPLE OF INITIATIVES IN PROGRESS	OVERVIEW OF SELECTED INITIATIVES	CONNECTION TO WA GOVT POLICY	OTHER RELATED SDGs
Yamatji Nation Indigenous Land Use Agreement	<p>The Yamatji Nation Indigenous Land Use Agreement is a native title settlement with the Yamatji Nation people in Western Australia's Mid-West. This settlement, which was executed in 2020, consists of a \$442 million package plus 100,000 hectares of land as native title compensation for a 4.8 million hectare area. The innovative package includes funding for business development, the transfer of commercial land, joint ventures, tourism opportunities and access to properties for sale, leasing or development. This will provide for sustainable social and economic development and facilitate self-determination for current and future generations. There are revenue streams from mining, leasing or sale of land in the State's Oakajee Industrial Estate, as well as a Strategic Aboriginal Water Reserve for use or trade.</p>	<p>Aboriginal Empowerment Strategy</p>	 
South West Native Title Settlement	<p>The South West Native Title Agreement is the most comprehensive native title settlement in Australian history, recognizing the Noongar people as the Traditional Owners of a 20 million hectare land mass in Western Australia's South-West. In early 2021, the WA Government finalised arrangements with the Noongar Boodja Trust, who will manage the \$1.3 billion settlement package over the next 12 years and provide significant opportunities for the Noongar people to achieve long-term, self-determining social, economic and cultural outcomes.</p>	<p>Aboriginal Empowerment Strategy</p>	 
Social Housing Economic Recovery Package (SHERP)	<p>Announced in June 2020, the \$319 million SHERP is the largest social housing maintenance and refurbishment program in Western Australia's history, including 1,500 refurbished and 250 new properties to increase the supply of social and community housing for people on the priority waitlist, those living in group homes, supported disability accommodation and women's refuges. Works are underway with the first projects in Perth completed in December 2020.</p>	<p>WA Housing Strategy 2020-2030</p>	 
Common Ground	<p>Common Ground is a model of permanent, supportive housing in a purpose-built complex typically containing up to 100 self-contained apartments, designed for adults who have experienced chronic homelessness or are low income earners. The model is based on a 'housing first' approach, where people experiencing homelessness and rough sleeping are placed in housing as a first priority and provided with support services that seek to address the root causes of homelessness. As a key part of the Homelessness Strategy and its 5 year Action Plan, the WA Government has approved funding of \$45 million for the first Common Ground facility accommodating 112 people in central Perth and is selecting a location for a second facility in the Greater Perth (Peel) region.</p>	<p>WA Homelessness Strategy 2020-2030</p>	 



7 AFFORDABLE AND
CLEAN ENERGY



ENSURE ACCESS TO AFFORDABLE, RELIABLE, SUSTAINABLE AND MODERN ENERGY FOR ALL



SAMPLE OF INITIATIVES IN PROGRESS	OVERVIEW OF SELECTED INITIATIVES	CONNECTION TO WA GOVT POLICY	OTHER RELATED SDGs
<p>Energy Efficiency Rebates</p>	<p>The WA Government is seeking to positively influence the sustainability of the built environment, and to support the transition to a low carbon future in the property development industry. When releasing land in selected projects, the State seeks to influence building design and initiatives through mandatory and recommended/ best practice criteria in design guidelines, or by providing incentives such as rebate packages that include renewable energy or energy efficiency measures. Energy efficiency rebates have been provided to customers on some projects for more than 10 years. A key indicator of success is that 87% of lots developed through the WA government land development agency in 2020-21 had energy management initiatives beyond compliance (458 of 526 lots sold).</p>	<p>WA Climate Policy</p>	 
<p>Renewable Energy for Sport and Community Infrastructure</p>	<p>The WA Government has committed \$300 million to create strong communities, increase participation for local sporting organisations and provide safe infrastructure. Projects include building new sports and community infrastructure, retrofitting venues to become more accessible, safer and sustainable, with a focus on renewable technology to reduce energy costs.</p>	<p>Energy Transformation Strategy</p>	 
<p>Electric Vehicle Charging Infrastructure Network</p>	<p>Planning has commenced to create Australia's longest electric vehicle charging infrastructure network facilitating travel north from Perth to Kununurra (3,200 km), along the South-West coast to Esperance (1,000 km), and east to Kalgoorlie (400 km). The network will enable fast charging stations along major travel routes in the regions, towns and tourism sites.</p>	<p>WA Electric Vehicle Strategy</p>	 
<p>Solar Schools Program</p>	<p>Commencing in December 2020, the WA Government's \$5 million program will provide rooftop solar systems in 30 regional and remote schools. Energy is a significant expense for schools and this program will allow each school to save around 27% on electricity costs while reducing greenhouse gas emissions by more than 2,000 tonnes per year. The program will also allow students and teachers to acquire new skills in STEM areas such as solar technology currently being trialled under the <u>School Virtual Power Plants</u> project.</p>	<p>Energy Transformation Strategy</p>	 
<p>Distributed Energy Buyback Scheme</p>	<p>The WA Government is offering payments to residential households, not-for-profit enterprises and businesses in the education sector for electric energy exported into the grid (including from eligible home batteries and electric vehicles). This energy buyback scheme is intended to support uptake of renewable energy with battery systems and electric vehicles.</p>	<p>Energy Transformation Strategy</p>	 



14 LIFE
BELOW WATER



CONSERVE AND SUSTAINABLY USE THE OCEANS, SEAS AND MARINE RESOURCES FOR SUSTAINABLE DEVELOPMENT



SAMPLE OF INITIATIVES IN PROGRESS	OVERVIEW OF SELECTED INITIATIVES	CONNECTION TO WA GOVT POLICY	OTHER RELATED SDGs
<p>Improving natural water quality in the South-West</p>	<p>The WA Government is working to improve water quality in rivers and estuaries in South-West Western Australia across a combined catchment area of approximately 4 million hectares, an area comparable to Switzerland. This \$25 million initiative is a holistic ecosystem management program targeting at-risk estuaries and priority catchments impacted by housing, agriculture, industry and recreation activities. Remedial actions aim to reduce nutrient and organic discharge to estuaries, improving water quality to ensure fewer low oxygen, algal bloom and fish death events and protect important habitat for migratory birds.</p>	<p>Healthy Estuaries</p>	 
<p>Peel-Harvey Estuary Protection Plan (Bindjareb Djilba)</p>	<p>Commencing in 2020, \$6 million in funding has been provided to implement a 10 year plan that provides a blueprint of actions needed to continue protecting and improving the water quality of the Peel-Harvey Estuary, which is the largest inland waterbody in southern Western Australia and has internationally recognised values. The plan brings together farmers, industry, traditional owners and the community to work together and protect the estuarine system for future generations.</p>	<p>Healthy Estuaries</p>	 
<p>Ecologically Sustainable Development (ESD) based fisheries management</p>	<p>Western Australia is highly regarded internationally for its world leading Ecologically Sustainable Development (ESD) based sustainable and ethical fisheries management, being one of the few jurisdictions in the world that also applies a comprehensive ecosystem based fisheries management (EBFM) approach for aquatic resources. This EBFM approach assesses the cumulative impacts on target species, by-catch species, habitat and ecosystem from all fishing sectors and has been enhanced through the development of new legislation <i>Aquatic Resources Management Act 2016</i> which will facilitate resource based management.</p>	<p>Primary Industries Plan 2020-24</p>	 
<p>Certification of WA Fisheries</p>	<p>Western Australia was the first jurisdiction in the world in 2000 to attain the strict international Marine Stewardship Council (MSC) certification for one of its fisheries and in 2020 there were 10 fisheries, representing around 90% of the annual catch value, that were MSC certified, the highest in Australia.</p>	<p>Primary Industries Plan 2020-24</p>	 
<p>Fisheries and Marine Science Capacity</p>	<p>Over 130 aquatic scientists are employed in Western Australia through government agencies and universities, providing high level scientific research, assessment and monitoring which underpins sustainable marine management strategies. The Western Australian Marine Science Institution (WAMSI) is a collaboration of state and federal government and academic science organisations that brings aquatic scientists together to undertake independent marine research for the benefit of the environment, the community and the Blue Economy. Since WAMSI was established in 2005, it has received approximately \$40 million in WA Government grants, including funds for large research projects.</p>	<p>Blueprint for Marine Science WA</p>	 

Extensive marketing and actively seeking feedback

Key distribution initiatives

- Premier media release
- CEO email to known current and past WATC investors inviting to webinar(s) held last two days
- Distribution by WATC 'panel banks' to broadest possible investor base (many attended webinars)
- CEO email to rating agencies and targeted media outlets, notifying and inviting feedback
 - Forthcoming Kanga News article
- JTSI distribution to global invest and trade offices and associated investor network
 - also presence on their social media networks
- Presentation at WA Govt CFO forum – further raise internal government awareness!

Feedback a priority

- Feedback 'hotline' established: esg@wadc.wa.gov.au with 'response tree' across Govt agencies
- Key message this is a starting point to enable structured dialogue on ESG issues and how the WA Government can best support evolving investor information requirements



Government of **Western Australia**
Department of **Treasury**

Strategic Asset Management Framework and AIP Delivery

Chief Finance Officers Forum
25 November 2021

ENSURING DELIVERY OF THE AIP

- ▶ Review of AIP in consultation with industry incorporated in 2021-22 Budget
- ▶ Establishment of Major Projects Directorate and continuation of Infrastructure Delivery Unit to complement OMTID
- ▶ Establishment of Major Projects Expenditure Review Sub Committee (MPERSC)
- ▶ Supporting coordination - AIP Pipeline Report in AIM

UPDATED SAMF REQUIREMENTS

- ▶ Early stage planning and due diligence supports realistic schedules and cashflows
- ▶ Overly optimistic project schedules may not account accurately for:
 - ▷ project planning timeframes, such as Project Definition Plans (i.e. project scoping), schematic design, tender documentation and procurement processes
 - ▷ acquiring land, and securing planning, heritage, environmental and/or Commonwealth approvals
 - ▷ stakeholder negotiation and project interdependencies (e.g. land acquisition, site access and service relocation); and
 - ▷ sourcing technical and professional capabilities.
- ▶ The SAMF refresh – in part – helps to ensure that robust project cashflows and the timing of payments are accurately aligned to construction milestones (including start and completion dates)
- ▶ This helps to minimise the risk of project delays and associated AIP reflow requests.

STRATEGIC ASSET MANAGEMENT FRAMEWORK

SAMF ensures investment decisions align with the Government's priorities and support effective service delivery

- ▶ A high level, comprehensive asset investment and management policy framework
- ▶ Applies to all Government entities (including Government Trading Enterprises)



STRATEGIC ASSET MANAGEMENT FRAMEWORK

Asset Management System

Strategy & Planning

Strategic Asset Plan

Investment Decision Making

Procurement & Lifecycle Delivery

Strategic
Justification

Investment
Decision

Funding
Decision

Tender
Evaluation

Delivery

Operation

Refurbish/
Disposal

ACA

BC

PDP

DELIVERY

SAMF REFRESH

- ▶ Encourages rigorous planning and due diligence to ensure that the right assets are delivered at the right time, the right location, and at an appropriate price
- ▶ Contemporary approach aligned with international standards for risk and asset management
- ▶ Developed in collaboration with Finance and in consultation with major AIP agencies and central agencies
- ▶ Supports Infrastructure WA's functions (SIS, SIP and MIPA)
- ▶ Exposure Drafts provide opportunity for feedback from all agencies
- ▶ Updated web portal with fewer documents and simpler navigation

STRATEGIC ASSET PLAN



Government of Western Australia
Department of Treasury

Strategic Asset Plan

Strategic Asset Management
Framework



STRATEGIC ASSET PLAN

The agency's asset portfolio is fit for purpose, delivering value for the community



EXPECTATION OF AGENCIES FOR 2022-23 SAP

- ▶ Engage with Treasury regarding feedback on your 2021-22 SAP.
- ▶ Utilise the new SAP policy and the template.
- ▶ Focus on continuous improvement.
 - ▷ Provide an overview of the agency's Asset Management Strategy, and current and target maturity.
 - ▷ Identify gaps in your SAP and provide a plan for improvement.
- ▶ Take into account the Government's response to Infrastructure WA's draft State Infrastructure Strategy.

BUSINESS CASES



Government of Western Australia
Department of Treasury

Business Case Guidelines

Strategic Asset Management
Framework



EXPOSURE DRAFT

BUSINESS CASE STRUCTURE

A business case puts costs, outcomes and benefits at the centre of investment decision making, while balancing social, environmental and financial risks.



BUSINESS CASE – THINGS TO KEEP IN MIND

- ▶ Engage early with the relevant stakeholders
 - ▶ Treasury (and Finance for general government agencies)
 - ▶ Consultation with Office of Digital Government is mandatory for ICT business cases
 - ▶ Assessment by Infrastructure WA will be mandatory on proposals >\$100 million
- ▶ Other resources can be used to inform business case development
 - ▶ Infrastructure Australia Assessment Framework
 - ▶ Victorian Department of Treasury and Finance Business Case Guidelines
- ▶ Please provide feedback on exposure drafts

NEXT STEPS

Key Timeframes

- ▶ October – December 2021 – Treasury engagement with agencies on SAPs, and delivery priorities for the approved AIP
- ▶ November – December 2021 – Finance (with GG agencies) and Transport develop a coordinated schedule of tenders for the next 12 months
- ▶ 17 January 2022 – Budget Submissions and SAPs due
- ▶ 4 February 2022 – Closing date for feedback on SAMF Exposure Drafts

Providing Feedback

- ▶ For further advice on the SAMF, SAPs or Business Cases please contact:
 - ▷ Your Treasury Analyst
 - ▷ Infrastructure Strategy and Policy
 - ▷ Email SAMF@treasury.wa.gov.au
- ▶ Feedback on the Exposure Drafts is welcome at any time up to 4 February 2022.
- ▶ Provide views on draft State Infrastructure Strategy recommendations impacting on SAMF



Office of the Auditor General Western Australia

2020-21 financial audit cycle: State government entities

Grant Robinson, AAG-FA

Serving the Public Interest



Audit Results Report State Entities 2020-21

Western Australian
Auditor General's Report



**Audit Results Report –
Annual 2020-21 Financial
Audits of State
Government Entities**



Report 10: 2020-21
24 November 2021

Summary of audit results for the year

147

State entities

17

Entities qualified

31

Qualifications

427

Financial and control findings
(430 prior year)

28%

Financial control issues unresolved
(26% prior year)

85

Significant

277

Moderate

65

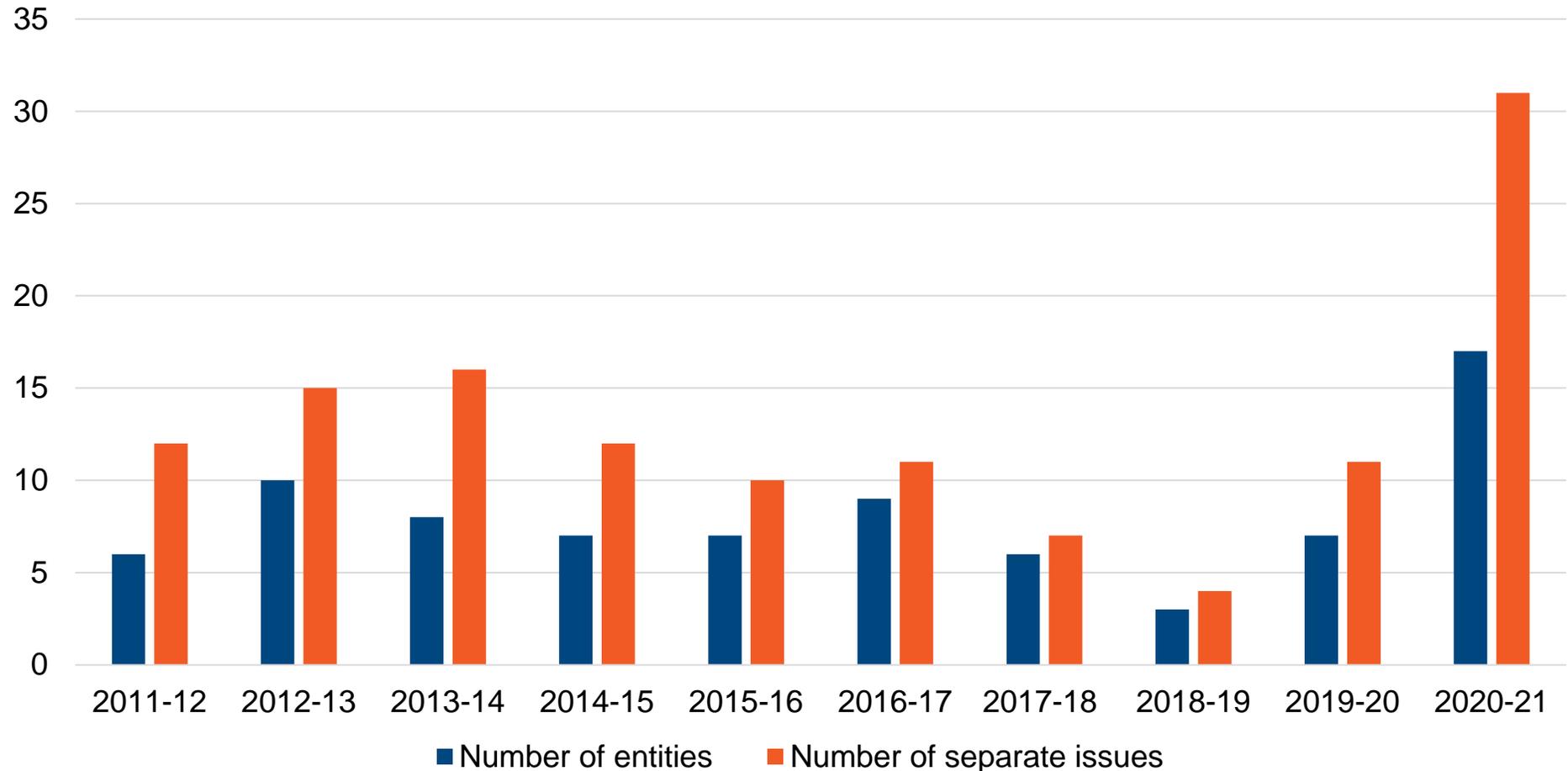
Minor

Qualified opinions – Highest ever reported

Major Themes

- Payroll
- Procurement
- Restricted cash
- General computer controls
- KPIs

Qualified opinions for State entities



Implications

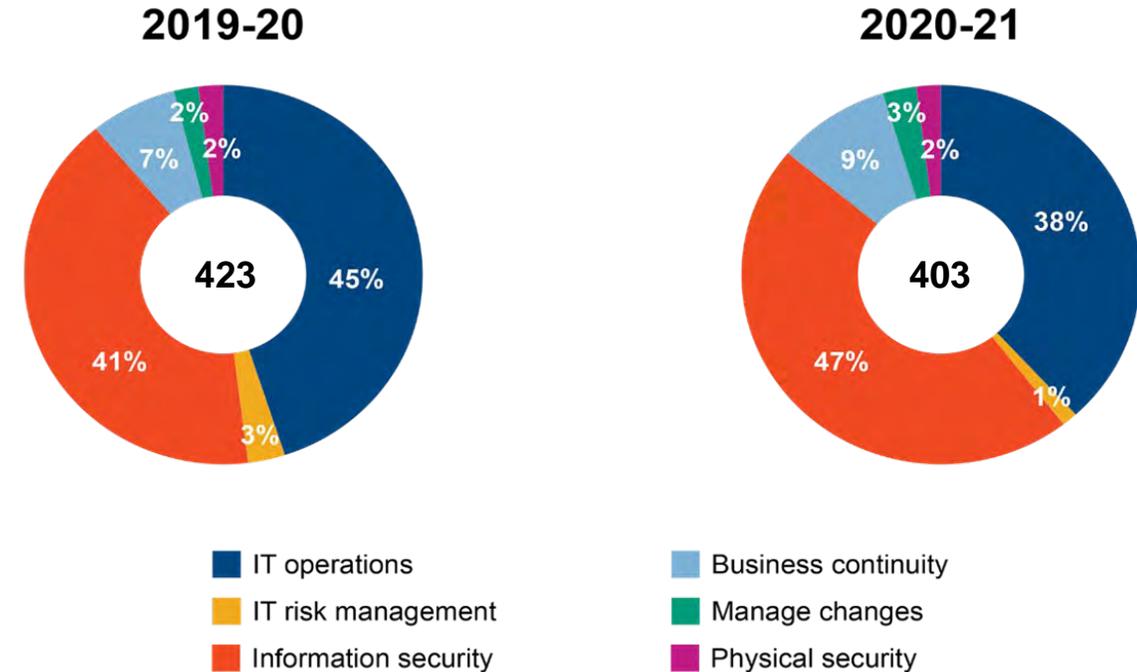
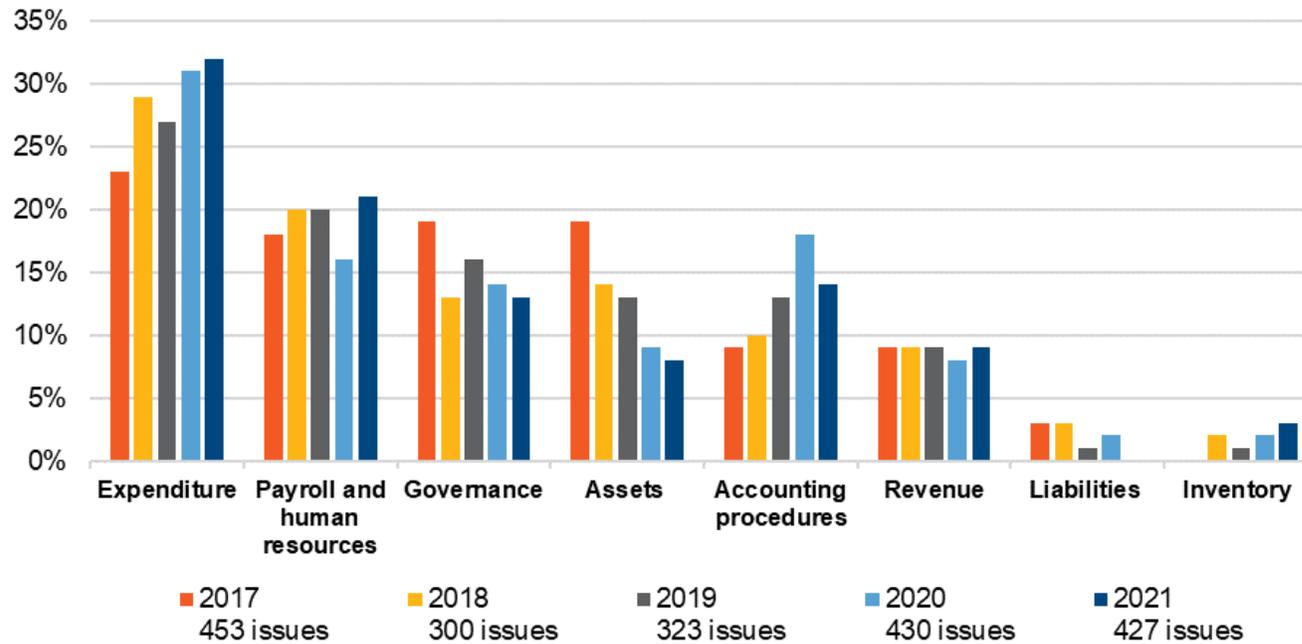
- Qualified opinions matter in the public sector as they are integral to providing assurance that public funds and resources are being properly accounted for and well managed.
- So, when the State realised a record operating surplus of \$5.8 billion in 2020-21 our concern is that entities must ensure the highest standard of financial management and public administration so that this money can deliver the best possible economic and social outcomes for the State.

Other disclosures in the financial statements

- 5 Matters of significance
 - exemption from the Under Treasurer for reporting certain KPI's
- 15 Emphasis of Matter paragraphs. Some examples:
 - contingent liability for the Palmer/ Mineralogy claim of \$28 billion. This was also reported in the ARSF
 - not reporting on KPI's
 - income statement disclosure re inventories and biological assets.

Financial, management and information system controls

Financial and management control weaknesses by category



Significant financial and management control weaknesses combined with deficiencies in information systems controls means a gateway to fraud, misappropriation and service interruption is opened.

So what?

- When weaknesses in information systems controls are combined with significant deficiencies in financial and management controls, such as expenditure and payroll, [and remain unresolved by entities] a gateway to fraud and misappropriation is opened.
- An effective control environment provides assurance that an entity is achieving its objectives
- Address findings promptly
- Most telling:
 - Limited bandwidth
 - Strong foundations in financial management and governance are essential to support long-term confidence in our public institutions.

Audit timeliness

78% ready for audit within 20 days of year end

- compared with 65% last year

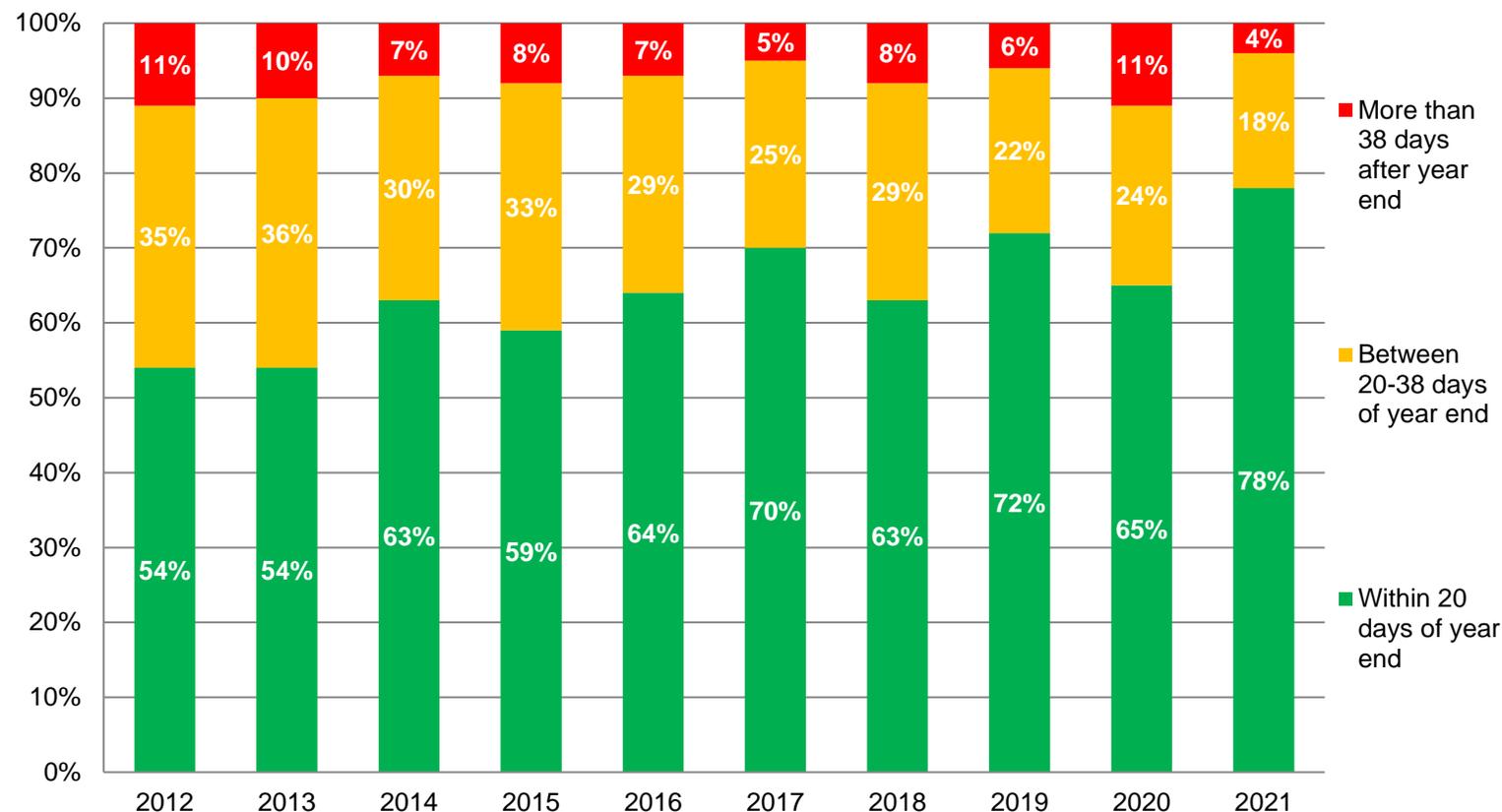
However, only 84% of audits completed within the 90 day tabling timeframe

- compared with 93% last year

Due to:

- complex accounting issues
- significant audit findings
- earlier than usual tabling deadline in an election year
- OAG and entity resourcing constraints

Audit readiness



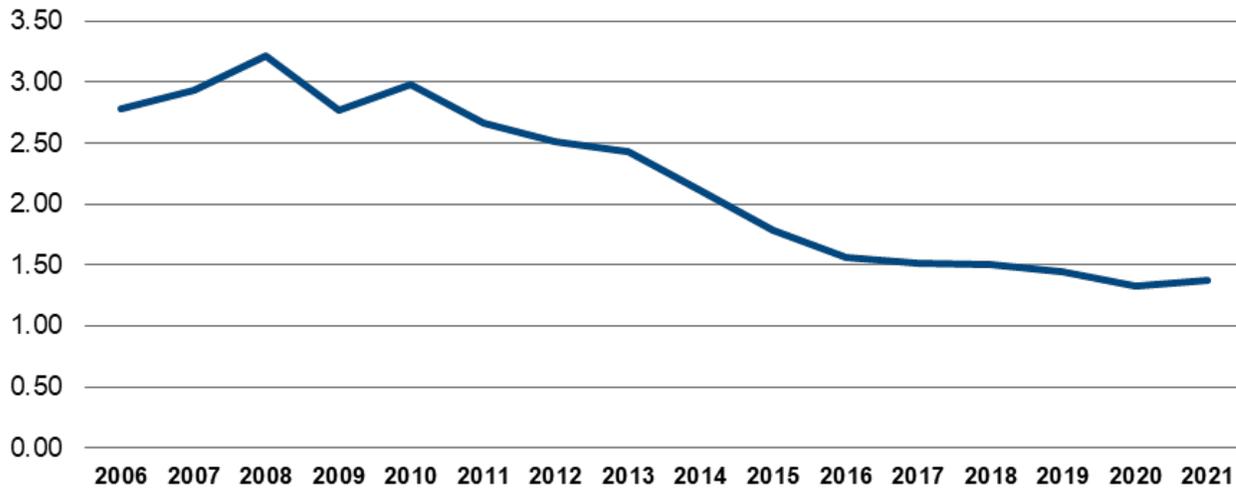
Other financial reporting, accountability and audit matters

- Native title settlements
- Special purpose accounts (restricted cash)
- Property valuation, transfer and management matters
- Casual employees' entitlement to long service leave
- Anti-money laundering and counter-terrorism financing framework
- Service Concessions – AASB 1059 / ASA 540- Estimates

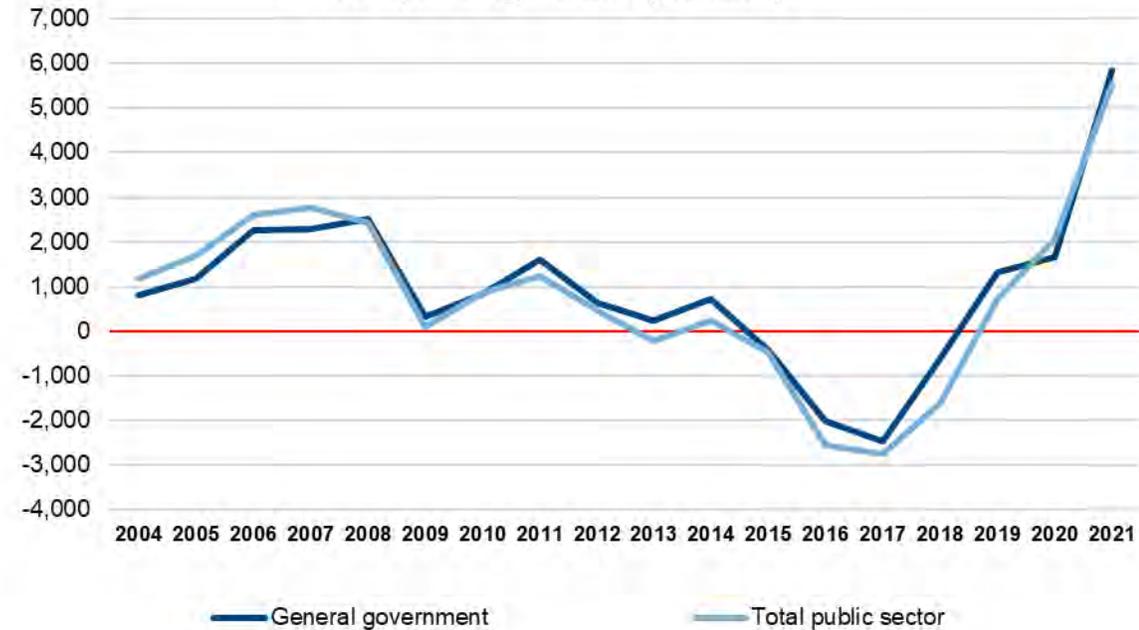
WA finances – selected key indicators

Infrastructure renewal ratio

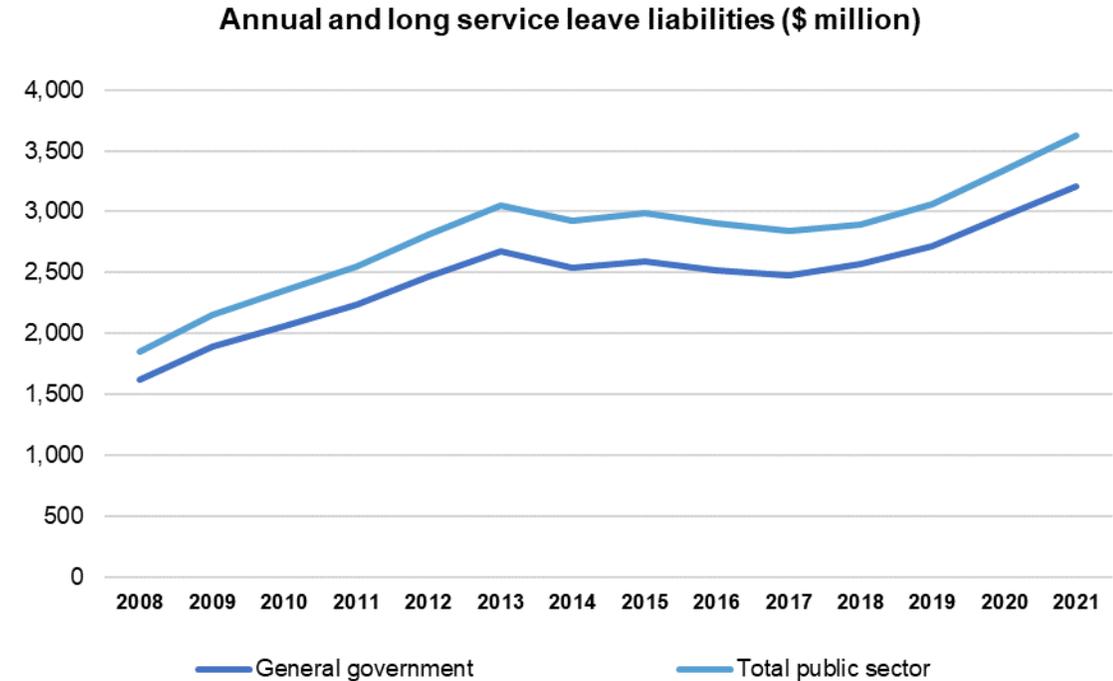
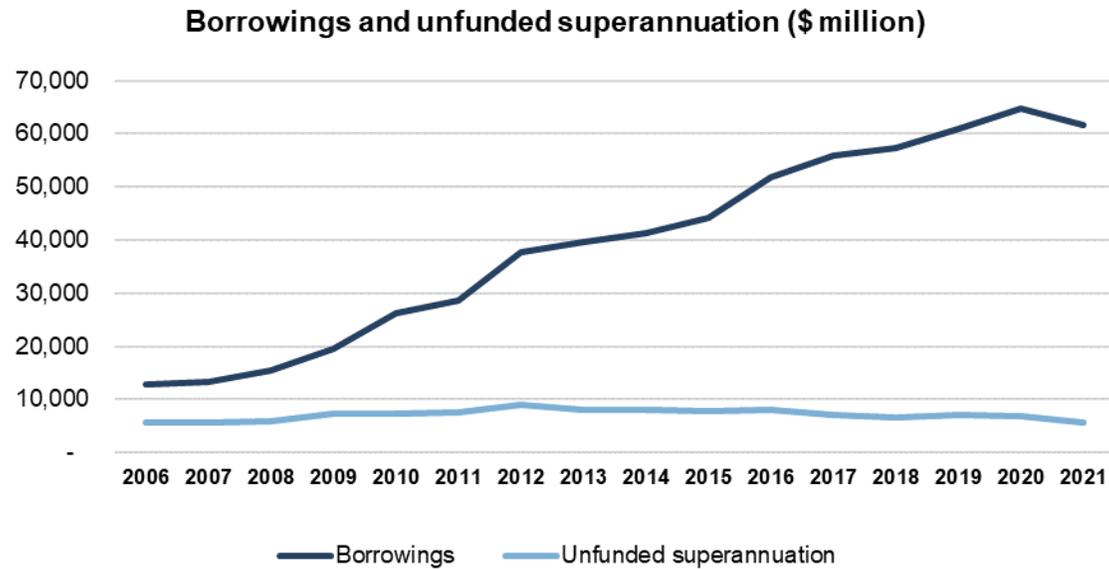
Annual expenditure on assets divided by annual depreciation



Net operating balance (\$ million)



WA finances – selected key indicators



- Borrowings have been increasing
- Annual and long service leave becoming an increasing liability to the State
 - COVID-19 fatigued and diverted
 - Resource constrained
 - Casual employees' entitlement

Best practice entities

Best practice top 20 large entities

Child and Adolescent Health Service

Commissioner of Main Roads

Department of Mines, Industry Regulation and Safety

Department of Finance

Department of the Premier and Cabinet

Department of Training and Workforce Development

Department of Treasury

Department of Water and Environmental Regulation

Electricity Networks Corporation - Western Power

Electricity Generation and Retail Corporation (Synergy)

Government Employees Superannuation Board

Insurance Commission of Western Australia

Legal Aid Commission of Western Australia

Mental Health Commission

Mid West Ports Authority

Office of the Director of Public Prosecutions

South Metropolitan Health Service

Southern Ports Authority

Water Corporation

Western Australian Treasury Corporation

Best practice top 20 small entities

Art Gallery of Western Australia, The Board of the

Chemistry Centre (WA)

Construction Industry Long Service Leave Payments Board

Country Housing Authority

Department of the Registrar, Western Australian Industrial Relations

Commission

Economic Regulation Authority

Health and Disability Services Complaints Office

Infrastructure WA

Keep Australia Beautiful Council

Law Reform Commission of Western Australia

Legal Costs Committee

Metropolitan Cemeteries Board

Parliamentary Commissioner for Administrative Investigations

Perth Theatre Trust

Public Sector Commission

Trustees of Public Education Endowment

Western Australian Electoral Commission

Western Australian Health Promotion Foundation

Workcover Western Australia Authority

Zoological Parks Authority

The FA pipeline...

- Issuing opinions for 148 LG entities
- Approximately 300 certifications
- We have issued 12 opinions and over 142 certifications for local government
- December tertiary cycle
- Audit Methodology Tool

Client survey results 2019-20

State:

- We surveyed 102 state government entities (75% response rate)
- 100% response rate from 9 tertiary entities surveyed
- **Key themes:**
 - Professionalism, accounting standards changes support, and quickly understanding systems and processes.
 - Entities want more detail in their prepared by client listings
 - We need to ensure timely communications and response to queries
 - Debrief meetings outside of the exit meeting process appreciated.



We hear you and we want your feedback for 2021

Financial audit survey results of key questions in 3 focus areas

Focus Area	Indicator	% Agree				
		2016-17	2017-18	2018-19	2019-20	2020-21
Audit process	The Office's audit program was undertaken in a timely manner.	84	86	90	89	82
	The auditors were responsive to our needs.	88	89	90	91	82
Audit reporting	The Office's management letters communicated the audit findings and issues clearly.	90	93	90	96	89
	The Auditor-General's audit opinion was issued in a timely manner.	94	95	97	94	87
Audit value	We value the assurance we obtain from the audit of our statutory financial statements.	97	99	98	95	94
	We value the Office's recommendations to improve the financial management and internal controls of our organisation.	91	96	97	93	89

Key focus for CFOs

- Be proactive with previous year's findings – use Tool 7
- When qualified, this raises your risk profile – use Tool 1
- Audit preparedness
 - Review findings from previous year
 - Identify changes in accounting standards
 - Review existing accounting policies and methodologies
 - Supporting documentation
 - Ensure adequate staff will be available
- OAG engagement

New Accounting Standards

New/Revised Accounting Standards	First year end
Potential key changes to AASB 15 Revenue from Contracts with Customers and AASB 1058 Income of Not-for-Profit Entities (new and revised examples and guidance)	As soon as issued
AASB 1060 General Purpose Financial Statements – Simplified Disclosures for For-Profit and Not-for-Profit Tier 2 Entities	30 June 2022
AASB 2020-1 Amendments to Australian Accounting Standards – Classification of Liabilities as Current or Non-current (deferred by AASB 2020-6)	31 December 2023
AASB 2020-3 Amendments to Australian Accounting Standards – Annual Improvements 2018–2020 and Other Amendments	31 December 2022
AASB 2021-2 Amendments to Australian Accounting Standards – Disclosure of Accounting Policies and Definition of Accounting Estimates	31 December 2023
AASB 2021-5 Amendments to Australian Accounting Standards – Deferred Tax related to Assets and Liabilities arising from a Single Transaction	31 December 2023

Recommendations

1. All entities should ensure they maintain the integrity of their financial control environment by:
 - periodically reviewing and updating all financial, asset, human resources, governance, information systems and other management policies and procedures and communicating these to relevant staff
 - conducting ongoing reviews and improvement of internal control systems in response to regular risk assessments
 - regularly monitoring compliance with relevant legislation
 - promptly addressing control weaknesses brought to their attention by OAG audits.
2. Entities should periodically review their KPIs to ensure that:
 - they are calculated from reliable and complete data
 - they remain relevant, appropriate and fairly present performance against realistic targets
 - the KPI instructions are periodically updated and approved so that KPIs are consistently reported and comparable
 - variance between actual and target explanations are appropriately transparent and meaningful.

Recommendations

3. Entities and Treasury should continue to facilitate timely tabling of Statements of Corporate Intent to ensure compliance with legislation.
4. Treasury should continue to provide guidance to assist entities with the adoption of new accounting standards. Entities should continue to make timely preparations for implementation of these new standards.
5. Entities should be ready for audit and recognise that if they are not audit ready when OAG audits are scheduled to conduct audit work, or there are significant control deficiencies and other issues requiring resolution beyond budgeted hours, that audit opinion delivery may be delayed and additional costs incurred.
6. Entities should consider where possible to undertaking certain accounting analysis which is not year end dependent (e.g. asset impairment assessment, valuations etc) so as to spread the work load. In addition, consideration of whether a hard close pre year end (e.g. 31 May) and a roll forward to year end with an aligned audit timing may be beneficial.
7. In any advice to government on new or ongoing policies and programs, explicitly consider and inform government of potential impacts on foundational business as usual activities, and capacity and capability for priority uplift, as well as identify strategies to manage these risks.

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Questions

