



Department of **Water and
Environmental Regulation**

Annual report
2021-22

**Disclosures and
legal compliance**

Department of Water and Environmental Regulation

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Statement of compliance

For the year ended 30 June 2022

Hon Dave Kelly MLA
Minister for Water

Hon Reece Whitby MLA
Minister for Environment; Climate Action

In accordance with section 63 of the *Financial Management Act 2006*, I hereby submit for your information and presentation to Parliament the annual report for the Department of Water and Environmental Regulation for the financial year ended 30 June 2022.

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



Michelle Andrews
Director General
22 October 2022



The department's Prime House head office. Picture: Davin Storey

We acknowledge the Traditional Owners, the Whadjuk people of the Noongar Nation of the land upon which we live and work, and pay our respects to their Elders past and present.

We recognise the practice of intergenerational care for Country and its relevance to our work bringing it to life on Whadjuk Noongar Boodja*. We seek to listen, learn and genuinely engage and build strong partnerships. We aim to provide sustainable opportunities for Aboriginal people within our workforce and through our business.

Country is a term used by Aboriginal people to describe the lands, waterways and seas to which they are intrinsically linked. The wellbeing, law, place, custom, language, spiritual belief, cultural practice, material sustenance, family and identity are all interwoven as one.

Working with the community, we move forward with a shared commitment to protect and conserve Country for our future generations.

*The Department of Water and Environmental Regulation's head office, Prime House, is located in Joondalup, on Whadjuk Noongar Boodja. The above Acknowledgement of Country was endorsed by the department's Aboriginal Water and Environmental Advisory Group.



Our Frankland-Denmark team meet with Mount Barker Elders

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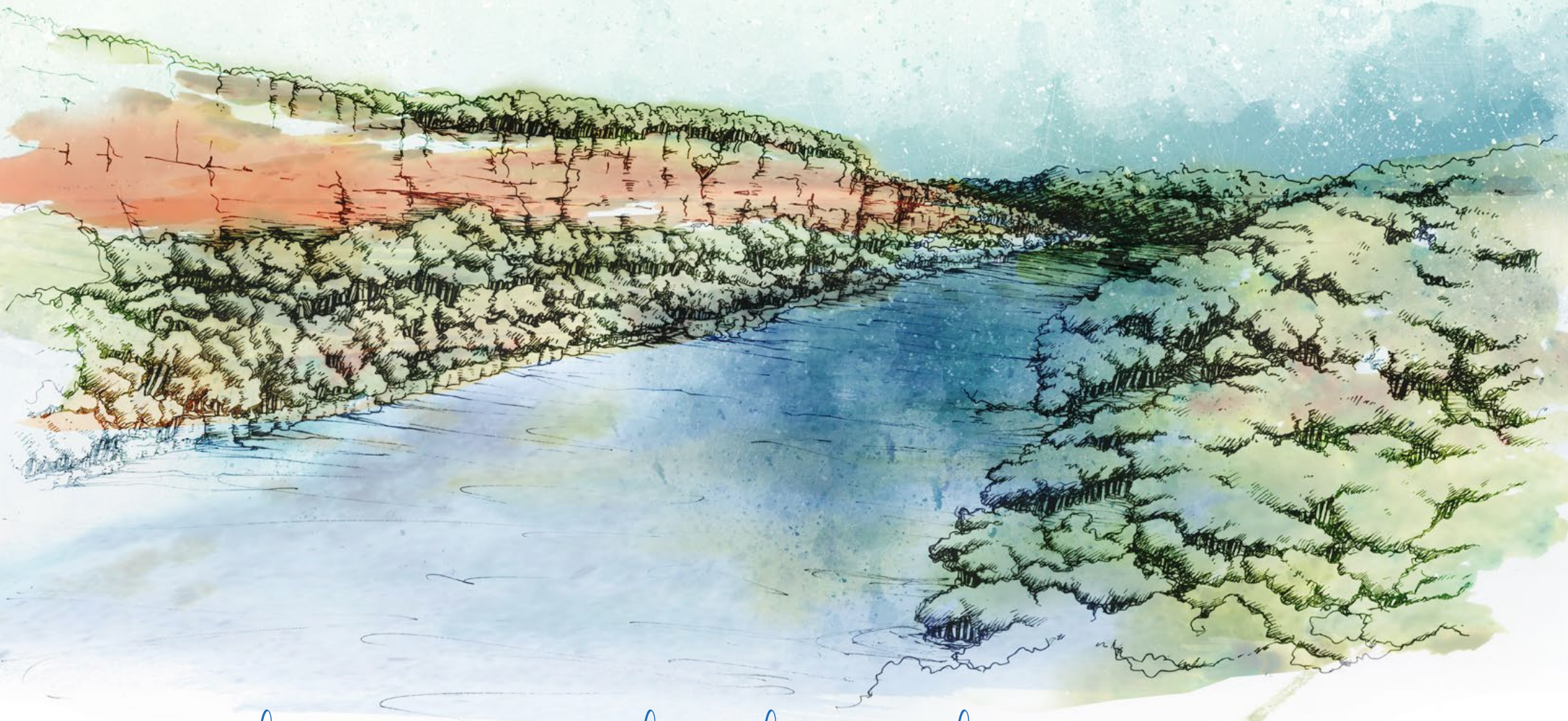
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Auditor General independent auditor's report



Auditor General

INDEPENDENT AUDITOR'S REPORT 2022

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 2022, and the Statement of Comprehensive Income, Statement of Changes in Equity, Statement of Cash Flows for the year then ended
- Administered schedules comprising the Administered assets and liabilities at 30 June 2022 and the Administered income and expenses by service for the year then ended
- Notes comprising a summary of significant accounting policies and other explanatory information.

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 2022 and the financial position at the end of that period
- in accordance with Australian Accounting Standards (applicable to Tier 2 Entities), 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 believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Emphasis of Matter – Restatement of comparative balances

I draw attention to Note 8.2 to the financial statements. My opinion is not modified in respect to these matters.

- Amounts related to waste levy debt reported in the previously issued 30 June 2021 financial statements have been restated and disclosed as comparatives in these financial statements.
- Groundwater measurement sites that had not previously been recognised have been recorded in this year's financial statements. Amounts reported in the previously issued 30 June 2021 financial statements have not been restated due to impracticability of retrospective restatement.

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 (applicable to Tier 2 Entities), the *Financial Management Act 2006* and the Treasurer's Instructions
- such internal control as it determines 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.

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 Director General are those policies and procedures established 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).

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 2022.

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 2022. 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 2022.

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 financial statements, 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 2022, but not the financial statements, key performance indicators and my auditor's report.

My opinions on the financial statements, controls and key performance indicators do not cover the other information and, accordingly, I do not express any form of assurance conclusion thereon.

In connection with my audit of the financial statements, controls and key performance indicators, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements and key performance indicators, or my knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact. I did not receive the other information prior to the date of this auditor's report. When I do receive it, I will read it and if I conclude that there is a material misstatement in this information, I am required to communicate the matter to those charged with governance and request them to correct the misstated information. If the misstated information is not corrected, I may need to retract this auditor's report and re-issue an amended report.

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

This auditor's report relates to the financial statements, and key performance indicators of the Department of Water and Environmental Regulation for the year ended 30 June 2022 included in the annual report 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 the annual report. If users of the financial statements and key performance indicators are concerned with the inherent risks arising from publication on a website, they are advised to contact the entity to confirm the information contained in the website version.



Grant Robinson
Assistant Auditor General Financial Audit
Delegate of the Auditor General for Western Australia
Perth, Western Australia
20 October 2022

Financial statements

Certification of financial statements

For the reporting period ended 30 June 2022

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 2022 and the financial position as at 30 June 2022.

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



Hilary Manderson
Chief Finance Officer
20 October 2022



Michelle Andrews
Director General
20 October 2022



Statement of comprehensive income

For the year ended 30 June 2022

	Notes	2022 \$'000	2021 Restated* \$'000
Cost of services			
Expenses			
Employee benefits expense	2.1(a)	102,180	100,300
Supplies and services	2.3	38,241	32,532
Depreciation and amortisation expenses	4.1.1, 4.2, 4.3.1	10,411	11,995
Finance costs	6.3	68	81
Accommodation expenses	2.3	9,054	8,915
Grants and subsidies	2.2	15,119	21,997
Other expenses*	2.3	4,795	6,667
Net loss on disposal of non-current assets	2.4	2,505	1,207
Total cost of services		182,373	183,694
Income			
User charges and fees	3.2	31,799	29,864
Commonwealth grants	3.3	14,408	4,854
Waste Levy*	3.4	85,715	79,250
Interest revenue		365	913
Other income	3.5	4,717	5,523
Total income		137,004	120,404
Net cost of services		45,369	63,290

	Notes	2022 \$'000	2021 Restated* \$'000
Income from State Government			
Service appropriation	3.1	100,392	104,478
Income from other public sector entities	3.1	6,458	3,095
Resources received	3.1	2,561	3,055
Royalties for Regions fund	3.1	10,515	4,699
Total income from State Government		119,926	115,327
Surplus for the period		74,557	52,037
Other comprehensive income			
Items not reclassified subsequently to profit or loss			
Changes in asset revaluation surplus	8.10	11,512	6,964
Total other comprehensive income		11,512	6,964
Total comprehensive income for the period		86,069	59,001

* Refer to note 8.2 for details regarding prior year errors.

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

Statement of financial position

As at 30 June 2022

	Notes	2022 \$'000	2021 Restated* \$'000
Assets			
Current assets			
Cash and cash equivalents	6.4	23,785	21,555
Restricted cash and cash equivalents	6.4	76,862	49,289
Receivables*	5.1	25,945	38,600
Amounts receivable for services	5.2	9,238	6,338
Other assets	5.3	1,907	2,145
Total current assets		137,737	117,927
Non-current assets			
Restricted cash and cash equivalents	6.4	2,513	1,833
Amounts receivable for services	5.2	72,840	66,712
Infrastructure, property, plant and equipment*	4.1	367,252	356,624
Right-of-use assets	4.2	2,325	2,175
Intangible assets	4.3	26,765	18,704
Other assets	5.3	2	23
Total non-current assets		471,697	446,071
Total assets		609,434	563,998

	Notes	2022 \$'000	2021 Restated* \$'000
Liabilities			
Current liabilities			
Payables	5.4	6,796	4,702
Lease liabilities	6.1	953	900
Contract liabilities	5.5	2,447	2,940
Employee related provisions	2.1(b)	25,339	24,822
Other current liabilities	5.6	3	4
Total current liabilities		35,538	33,368
Non-current liabilities			
Lease liabilities	6.1	1,440	1,344
Employee related provisions	2.1(b)	5,511	6,195
Total non-current liabilities		6,951	7,539
Total liabilities		42,489	40,907
Net assets		566,945	523,091
Equity			
Contributed equity*	8.10	285,681	327,896
Reserves*	8.10	36,496	24,984
Accumulated surplus*		244,768	170,211
Total equity		566,945	523,091

* Refer to note 8.2 for details regarding prior year errors.

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 2022

	Notes	Contributed equity \$'000	Reserves \$'000	Accumulated surplus \$'000	Total equity \$'000
Balance at 1 July 2020		351,630	18,020	120,942	490,592
Correction of prior period errors*	8.2	2,768	-	(2,768)	-
Restated balance at 1 July 2020		354,398	18,020	118,174	490,592
Surplus		-	-	52,037	52,037
Other comprehensive income	8.10	-	6,964	-	6,964
Total comprehensive income for the period		-	6,964	52,037	59,001
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)
Total		(26,502)	-	-	(26,502)
Balance at 30 June 2021		327,896	24,984	170,211	523,091
Balance at 1 July 2021		327,896	24,984	170,211	523,091
Surplus		-	-	74,557	74,557
Other comprehensive income	8.10	-	11,512	-	11,512
Total comprehensive income for the period		-	11,512	74,557	86,069
Transactions with owners in their capacity as owners:					
Capital appropriations	8.10	11,841	-	-	11,841
Distribution to owners	8.10	(54,056)	-	-	(54,056)
Total		(42,215)	-	-	(42,215)
Balance at 30 June 2022		285,681	36,496	244,768	566,945

* The 1 July 2020 comparative balances for Contributed equity and Accumulated surplus have been restated. Refer to note 8.2 for details regarding prior year errors. 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 2022

	2022 \$'000	2021 \$'000
Cash flows from State Government		
Service appropriation	85,726	83,973
Capital contributions	11,841	7,855
Holding account drawdown	5,638	6,057
Distributions to owner	(54,044)	(32,730)
Net proceeds on sale of land remitted to consolidated account	(12)	(160)
Royalties for Regions fund	10,515	4,699
Funds from other public sector entities	8,184	775
Net cash provided by State Government	67,848	70,469

	Notes	2022 \$'000	2021 \$'000
Utilised as follows:			
Cash flows from operating activities			
Payments			
Employee benefits		(103,015)	(98,635)
Supplies and services		(33,620)	(29,239)
Finance costs		(67)	(81)
Accommodation		(9,172)	(8,747)
Grants and subsidies		(14,831)	(20,712)
GST payments on purchases		(7,432)	(7,145)
Other payments		(5,594)	(6,540)
Receipts			
User charges and fees		31,932	29,779
Commonwealth grants		14,408	4,854
Interest received		14	40
Waste Levy		83,562	78,561
GST receipts on sales		275	315
GST receipts from taxation authority		6,883	6,728
Other receipts		6,847	3,714
Net cash used in operating activities		(29,810)	(47,108)
Cash flows from investing activities			
Payments			
Purchase of non-current assets		(18,094)	(13,959)
Loan payments to WA Return Recycle Renew Ltd		-	(16,042)
Receipts			
Proceeds from sale of non-current assets		39	80
Loan repayments from WA Return Recycle Renew Ltd		11,625	5,167
Net cash used in investing activities		(6,430)	(24,754)
Cash flows from financing activities			
Payments			
Principal elements of lease payments		(1,125)	(1,168)
Net cash used in financing activities		(1,125)	(1,168)
Net increase / (decrease) in cash and cash equivalents		30,483	(2,561)
Cash and cash equivalents at the beginning of the period		72,677	75,238
Cash and cash equivalents at the end of the period	6.4	103,160	72,677

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

Administered schedules

For the year ended 30 June 2022

	2022 \$'000	2021 \$'000
Administered income and expenses		
Income		
For transfer:		
Regulatory fees and other charges ^(a)	57	33
Total administered income	57	33
Expenses		
Payments into the consolidated account ^(a)	57	33
Total administered expenses	57	33

(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.

(b) Further explanations of variances are contained in note 9.2 'Explanatory statement for administered items.'

	2022 \$'000	2021 \$'000
Administered assets and liabilities		
Assets		
Current assets		
Cash and cash equivalents	1	1
Total administered current assets	1	1
Total administered assets	1	1
Liability		
Current liability		
Payables	-	-
Total administered current liabilities	-	-
Total administered liabilities	-	-

Notes to the financial statements

For the year ended 30 June 2022

1. Basis of preparation

The Department of Water and Environmental Regulation (the department) 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 19 October 2022.

(a) Statement of compliance

These general purpose financial statements are prepared in accordance with:

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

The FMA and TIs take precedence over AAS. Several AAS are modified by the 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) Accounting for Goods and Services Tax (GST)

Income, expenses and assets are recognised net of the amount of goods and services tax (GST), except that the:

- (a) amount of GST incurred by the department as a purchaser that is not recoverable from the Australian Taxation Office (ATO) is recognised as part of an asset's cost of acquisition or as part of an item of expense; and
- (b) receivables and payables are stated with the amount of GST included.

Cash flows are included in the Statement of cash flows on a gross basis. However, the GST components of cash flows arising from investing and financing activities which are recoverable from, or payable to, the ATO are classified as operating cash flows.

(e) Contributed equity

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, as designated as contributions by owners (at the time of, or prior to, transfer) 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.

(f) Comparative figures

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

(g) Administered items

The department administers, but does not control, certain activities and functions for and on behalf of Government that do not contribute to the department's services or objectives. It does not have discretion over how it utilises the transactions in pursuing its own objectives.

Transactions relating to the administered activities are not recognised as the department's income, expenses, assets and liabilities, but are disclosed in the accompanying schedules as 'Administered income and expenses', and 'Administered assets and liabilities'.

The accrual basis of accounting and applicable AAS have been adopted.



1. 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	2022 \$'000	2021 \$'000
Employee benefits expense	2.1(a)	102,180	100,300
Employee related provisions	2.1(b)	30,850	31,017
Grants and subsidies	2.2	15,119	21,997
Other expenditure*	2.3	52,090	48,114
Net loss on disposal of non-current assets	2.4	2,505	1,207

* The 2021 comparative balance for 'Other expenditure' has been restated. Refer to note 8.2 for additional information.

2.1(a) Employee benefits expense

	2022 \$'000	2021 \$'000
Employee benefits	92,615	91,212
Superannuation – defined contribution plans	9,565	9,088
Total employee benefits expenses	102,180	100,300
Add: AASB 16 Non-monetary benefits (not included in employee benefit expense)	827	840
Less: Employee contributions (refer to note 3.5 Other income)	(117)	(136)
Total employee benefits provided	102,890	101,004

Employee benefits:

Include wages and salaries, accrued and paid leave entitlements and paid sick leave; and non-monetary benefits recognised under accounting standards other than AASB 16 (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, relating to the provision of vehicle and housing benefits that are recognised under AASB 16 and are excluded from the employee benefit expense.

Employee contributions:

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

2.1(b) Employee related provisions

	2022 \$'000	2021 \$'000
Current		
Employee benefits provisions		
Annual leave ^(a)	10,412	10,364
Long service leave ^(b)	13,804	13,299
Purchased annual leave	131	73
Deferred salary scheme ^(c)	160	170
	24,507	23,906
Other provisions		
Employment on-costs ^(d)	832	916
Total current employee related provisions	25,339	24,822
Non-current		
Employee benefits provision		
Long service leave ^(b)	5,328	5,965
Other provisions		
Employment on-costs ^(d)	183	230
Total non-current employee related provisions	5,511	6,195
Total employee related provisions	30,850	31,017

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 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

Involve the settlement of annual and long service leave liabilities which 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 premiums, 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.

	2022 \$'000	2021 \$'000
Employment on-costs provision		
Carrying amount at start of period	1,146	1,087
Additional / (reversals of) provisions recognised	374	415
Payments / other sacrifices of economic benefits	(435)	(363)
Unwinding of the discount	(70)	7
Carrying amount at end of period	1,015	1,146

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	2022 \$'000	2021 \$'000
Recurrent			
Clean Energy Future Fund – Western Australia Recovery Program ^(a)		953	108
Commonwealth Grants – National On-Farm Emergency Water Infrastructure Rebate Scheme ^(b)		5	3,969
Commonwealth Grants – Smart Farming Partnerships ^(c)		135	529
Container Deposit Scheme		-	63
Contaminated Sites Management Account Grants		110	243
Grants Other		146	117
Keep Australia Beautiful Council (W.A.)		112	112
Pilbara Environmental Offsets Fund		79	-
Royalties for Regions – Healthy Estuaries Western Australia		25	25
Royalties for Regions – Revitalising Waterways of Geopraphe Bay #2		-	100
Rural Water Planning Program ^(d)		742	366
Small Grants Program - Greening our Community		279	-
Statewide Water Efficiency Measures		50	187
Waste Avoidance and Resource Recovery Account	3.4	9,694	10,443
Water Innovation Partnership		257	194
Water Sensitive Cities Australia		150	150
Western Australian Climate Policy		348	97
Non-recurrent			
WA Return Recycle Renew Ltd ^(e)		-	1,224
Capital			
Native Vegetation Rehabilitation Scheme ^(f)		-	2,968
Offset Fund for Recovery Program ^(g)		-	1,102
Commonwealth Grants – National Partnership on Recycling Infrastructure ^(h)		2,034	-
Total grants and subsidies		15,119	21,997

Transactions in which the department provides goods, services, assets (or extinguishes a liability) or labour to another party without receiving equal value in return are categorised as 'Grant or subsidy expenses.' Grants and subsidies 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 Clean Energy Future Fund supports the development of clean energy projects under a framework agreed by the Minister for Environment and the Minister for Energy, accelerating deployment of a broad range of clean energy solutions to decarbonise WA's regions and the mining sector. Investment is expected to drive the installation of clean energy infrastructure in regional and remote areas, increasing economic activity and employment. \$0.953 million grant payments were paid in financial year 2022, with grants of \$9.4 million expected to be paid out in the 2023 financial year and \$7.173 million expected to be paid out over financial years 2024 to 2026.
- (b) 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. Additional funding of \$3.620 million in the 2021 financial year revised the total budget to \$8.240 million. The Scheme closed in WA on 20 January 2021, with \$0.005 million recognised grants paid in the 2022 financial year.

- (c) 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. The Program was originally scheduled to conclude by 30 June 2022 but is now likely to conclude by 30 June 2023. 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.
- (d) This program changed its name in 2021–22 from the Rural Water Deficiency and Community Water Supply grant to the Rural Water Planning Program. Due to climate change, there has been an unprecedented number of Water Deficiency Declarations in the South East agricultural area, where the State Government provides water to farmers for emergency animal welfare needs during very dry periods, through the Rural Water Planning Program. A declaration requires the Government to arrange and pay for carting of water for livestock needs to a central storage point, which is made available to affected farmers. Twelve Water Deficiency Declarations have been declared since May 2019. Water deficiency declarations were in place for Salmon Gums and Grass Patch in 2022 but have been suspended due to rainfall improving supply. The department will continue to liaise with local farmers and shires to monitor the situation over the 2023 financial year. This program also supports the delivery of the Community Water Supply Program (CWS). The CWSP provides larger-scale grant co-funding to allow rural communities in dryland farming regions of WA to adapt to changing rainfall patterns by establishing infrastructure that maximises the efficient use of all available water resources. \$0.742 million grant payments were paid in the 2022 financial year, with anticipated grants of \$0.797 million expected to be paid in the 2023 financial year, and \$1.583 million grant payments expected to be paid out over financial years 2024 to 2025.

- (e) 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 were accounted for as a grant expense in the 2021 financial year when the funds were advanced. For additional information please refer to note 5.1 Receivables.
- (f) 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 Southwest 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 WA's unique and important flora and fauna species, especially black cockatoos. Nil grant payments were paid in the 2022 financial year, with anticipated grants of \$2.166 million expected to be paid in the 2023 financial year, and \$6.496 million grant payments expected to be paid out over financial years 2024 to 2026.
- (g) 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. The program will contribute to improving habitat for WA'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 and will provide jobs suitable for exactly the demographic whose employment is most affected by the COVID-19 pandemic. The program has a budget of \$8.0 million with scheduled conclusion by the 2026 financial year funded by the Establishing and Maintaining Native Vegetation Offsets Account. Nil grant payments were paid in the 2022 financial year.
- 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.
- (h) The Western Australian and Australian Governments announced their joint commitment to improve recycling capacity in WA through a joint commitment of \$70 million in funding. The Commonwealth contribution is through the Recycling Modernisation Fund to fund the National Partnership on Recycling Infrastructure. This funding was in response to the former Council of Australian Governments' decision to ban the export of waste glass, tyres, plastics and paper/cardboard. The funding supports private investment in recycling infrastructure through grants administered by the department. \$2.034 million grant payments were paid in the 2022 financial year with anticipated grants of \$16.5 million expected to be paid in the 2023 financial year, and \$1 million grant payments expected to be paid in the 2024 financial year.

2.3 Other expenditure

	2022 \$'000	2021 \$'000
Supplies and services		
Communications	2,060	1,966
Consultants and contractors	28,206	23,806
Consumables	538	619
Materials	197	161
Travel	572	636
Vehicle expenses	781	333
Minor plant, machinery and equipment	1,836	758
Plant, machinery and equipment hire	75	234
Chemical analysis expense	810	800
Water carting and drought relief	75	343
Other supplies and services	3,091	2,876
Total supplies and services expenses	38,241	32,532
Accommodation expenses		
Rental	7,338	6,927
Electricity and water	465	506
Rates and taxes	32	27
Security	29	35
Repairs and maintenance	567	748
Cleaning	623	672
Total accommodation expenses	9,054	8,915

2.3 Other expenditure (continued)

	2022 \$'000	2021 \$'000
Other expenses		
Audit fees	303	314
Bad debts ^(a)	4,743	3
Equipment repairs and maintenance	552	1,261
Expected credit losses – (reversed)/expense ^(b)	(4,143)	464
Employment on-costs	2,617	2,486
Insurance	542	707
Other operating expenses	181	1,432
Total other expenses	4,795	6,667
Total other expenditure	52,090	48,114

(a) \$4.733m of the bad debts relates to RCG Technologies Pty Ltd in liquidation. On 24 June 2021, the liquidator confirmed that there was no prospect of a dividend payment to unsecured creditors, including the department. The Treasurer of WA approved the bad debt on 12 April 2022.

(b) The Expected credit losses 2021 comparative balance has been restated from \$(5,000) to \$464,000. Refer to note 8.2 for additional information.

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) Included in rental expenses are Office rental costs of \$7.2m (2021: \$6.8m). Office rental is expensed as incurred as Memorandum of Understanding Agreements between the department and the Department of Finance for the leasing of office accommodation contain significant substitution rights.
- (ii) short-term leases with a lease term of 12 months or less.
- (iii) low-value leases with an underlying value of \$5,000 or less.

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 Net loss on disposal of non-current assets

	2022 \$'000	2021 \$'000
Proceeds from disposal of non-current assets		
Land	(14)	(80)
Plant, equipment and vehicles	(27)	-
Carrying amount of non-current assets disposed		
Land	430	35
Measurement sites	2,062	1,252
Plant, equipment and vehicles	54	-
Net loss on disposal of non-current assets	2,505	1,207

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



1. 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	2022 \$'000	2021 \$'000
Income from State Government	3.1	119,926	115,327
User charges and fees	3.2	31,799	29,864
Commonwealth grants	3.3	14,408	4,854
Waste levy*	3.4	85,715	79,250
Other income	3.5	4,717	5,523

* The Waste levy 2021 comparative balance has been restated. Refer to note 8.2 for additional information.

3.1 Income from State Government

	2022 \$'000	2021 \$'000
Appropriation received during the period^(a):		
Service appropriation	100,392	104,478
Total appropriation received	100,392	104,478
Income received from other public sector entities during the period^(b):		
Establishing and Maintaining Vegetation Offsets Account	504	746
Grants	507	502
Interest revenue	204	86
Wooroloo Bushfire Coordinated Residential Clean-up Program	4,973	1,761
Gain on disposal of lease arrangement	1	-
Environmental Protection Part IV Cost Recovery Account	269	-
Total income received from other public sector entities	6,458	3,095

3.1 Income from State Government (continued)

	2022 \$'000	2021 \$'000
Resources received from other public sector entities during the period^(c):		
Services received free of charge		
Department of Finance – Accommodation lease and Covid supplies	171	151
Department of Health – Water source and contaminated sites assessment	198	195
Department of Planning, Lands and Heritage – Spatial data	1	5
Department of Primary Industries and Regional Development – Digital map	-	16
Department of Transport – Environmental assessment	-	31
Landgate – Land information services	61	55
Main Roads Western Australia – Clearing permit assessment	150	651
State Solicitor's Office – Legal services	1,980	1,951
Total services received free of charge	2,561	3,055
Royalties for Regions fund^(d):		
Regional Infrastructure and Headworks Account	7,303	4,210
Regional Community Services Account	3,212	489
Total Royalties for Regions Fund	10,515	4,699
Total income from State Government	119,926	115,327

(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 received, 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.

► Summary of consolidated account appropriations

For the year ended 30 June 2022

	2022 Budget	2022 Supplementary funding	2022 Revised budget	2022 Actual	2022 Variance
	\$'000	\$'000	\$'000	\$'000	\$'000
Delivery of services					
Item 85 Net amount appropriated to deliver services	117,781	-	117,781	99,990	(17,791)
Amount authorised by other statutes – <i>Salaries and Allowances Act 1975</i>	402	-	402	402	-
Total appropriations provided to deliver services	118,183	-	118,183	100,392	(17,791)
Capital					
Item 144 Capital appropriation	11,791	-	11,791	11,841	50
Administered transactions					
Administered grants, subsidies and other transfer payments	155	-	155	57	(98)
Total administered transactions	155	-	155	57	(98)
Total consolidated account appropriations	130,129	-	130,129	112,290	(17,839)

No supplementary income was received by the department.

3.2 User charges and fees

	2022 \$'000	2021 \$'000
Industry fees ^(a)	23,375	23,137
Controlled waste ^(b)	5,583	4,965
Contaminated sites	169	283
Clearing regulations	348	464
Water licences and regulatory fees ^(c)	988	1,005
Noise regulations	118	-
Environmental Protection Part IV Cost Recovery Account ^(d)	1,206	-
Other charges and fees	12	10
Total user charges and fees	31,799	29,864

User charges and fees revenue are recognised at the transaction price when the department transfers control of the services to customers.

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.

(a) Licensing and registration fees relating to prescribed premises under Part V of the *Environmental Protection Act 1986* (EP Act).

(b) Fees for the licensing of vehicles transporting controlled public waste as per the Environmental Protection (Controlled Waste) Regulations 2004.

(c) Water licences and regulatory fees under the *Rights in Water and Irrigation Act 1914*.

Revenue is recognised at a point in time being the earlier of cash receipt or when the department's right to receive consideration is established with regards to environmental impact assessments (EIA).

(d) Part IV of the EP Act states that the Environmental Protection Authority (EPA) will conduct EIA in WA. The Environmental Protection (Cost Recovery) Regulations 2021 (Regulations) were developed to prescribe or provide for the

determination of the fees and charges for the EIA processes under Part IV of the EP Act. The Regulations were gazetted on 17 December 2021 and came into operation on 1 January 2022. A special purpose account was established to manage the funds recovered under the Environmental Protection (Cost Recovery) Regulations 2021 to be used for defraying the costs incurred by the department in receiving and assessing proposals and monitoring the implementation of proposals under Part IV (division 1 or 2) of the EP Act. Refer to note 8.7 for additional information.

3.3 Commonwealth grants

	2022 \$'000	2021 \$'000
Commonwealth grants – recurrent	14,408	4,854

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:

	2022 \$'000	2021 \$'000
Environment Online	5,250	2,250
Indian Ocean Territories Account	464	450
National Pollutant Inventory	83	83
Smart Farming Partnerships – National Landcare Program	465	721
Smart Farms Small Grants – National Landcare Program	875	-
National On-Farm Emergency Water Infrastructure Rebate Scheme	2,682	1,350
National Partnership on Recycling Infrastructure	3,276	-
National Water Grid – Community Water Supply Program	400	-
National Water Grid – Agricultural Areas Dams	913	-
Total Commonwealth grants	14,408	4,854

3.4 Waste levy

	2022 \$'000	2021 \$'000
Waste levy*	85,715	79,250

* The Waste levy 2021 comparative balance has been restated. Refer to note 8.2 for additional information.

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. Under section 76 of the WARR Act a penalty applies to waste levy payments that are paid after the date on which they become due, calculated at a rate of 20 per cent per annum on the amount of unpaid levy.

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 income is adjusted to actual before the department's financial statements are signed.

3.5 Other income

	2022 \$'000	2021 \$'000
Services rendered		
Establishing and Maintaining Vegetation Offsets Account ^(a)	4	468
Pilbara Environmental Offsets Fund ^(b)	1,501	4,402
Employee contributions ^(c)	117	136
Lease rentals – land and buildings	246	193
Gain on disposal of lease arrangement	4	-
Tree annuity	72	174
Tree harvest	53	62
Recoupment of expenses	397	1
Recoupment of grant funds	363	-
Murujuga Rock Art Monitoring Program - industry funding ^(d)	1,790	-
Other revenue	170	87
Total other income	4,717	5,523

(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). Certain 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 is 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 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) Income received by the department from sub-leasing of right-of-use assets to lease payments from operating leases. The department has leased several right-of-use asset from the Government Regional Officer Housing (GROH) and State Fleet (SF), which it subleases out to employees at a subsidised rate. Information on the department's leasing arrangements with GROH and SF can be found in note 2.1(a).
- (d) In terms of the Murujuga Rock Art Monitoring Program memorandum of understanding (MoU) dated 7 February 2020, industry participants have agreed to contribute to the estimated costs associated with the program until the earlier of five years from the MoU date of execution; the parties ending the relationship by mutual consent or any statutory obligations that come into effect by an amendment to the *Environmental Protection Act 1986*.

1. 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 assets the department utilises for economic benefit or service potential or provide service potential. The section sets out both the key accounting policies and financial information about the performance of these assets:

	Notes	2022 \$'000	2021 \$'000
Infrastructure, property, plant and equipment*	4.1	367,252	356,624
Right-of-use assets	4.2	2,325	2,175
Intangible assets	4.3	26,765	18,704
Total key assets		396,342	377,503

* Refer to note 8.2 for details regarding prior year errors.

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
Year ended 30 June 2022	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
1 July 2021											
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)
Carrying amount at start of period	10,681	111	315	104	1,164	3,479	176,873	205	4,387	159,305	356,624
Additions	6,904	5	-	-	-	175	-	-	28	-	7,112
Transfers in/(out) ^(a)	(2,318)	-	8	-	-	379	1,668	263	-	-	-
Disposals	-	-	-	-	-	(54)	(2,062)	-	-	(430)	(2,546)
Revaluation increments	-	-	-	-	-	-	571	-	398	10,543	11,512
Depreciation	-	-	(225)	(32)	(66)	(541)	(4,461)	(15)	(110)	-	(5,450)
Carrying amount at end of period	15,267	116	98	72	1,098	3,438	172,589	453	4,703	169,418	367,252
Gross carrying amount	15,267	116	925	231	1,335	6,118	172,589	492	4,703	169,418	371,194
Accumulated depreciation	-	-	(827)	(159)	(237)	(2,680)	-	(39)	-	-	(3,942)
Accumulated impairment losses	-	-	-	-	-	-	-	-	-	-	-

* Refer to note 8.2 for details regarding prior year errors.

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

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.

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 Ernst & Young as at 30 June 2022. 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.

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 2021 by Landgate. The valuations were performed during the year ended 30 June 2022 and recognised at 30 June

2022. In undertaking the revaluation, fair value was determined by reference to market values for land: \$45,811,150 (2021: \$42,899,450) and buildings: \$2,677,500 (2021: \$2,605,000). For the remaining balance, unobservable (level 3) inputs were used to determine the fair value. As at 30 June 2022, there were no indications of impairment to infrastructure, property plant and equipment.

Revaluation model:

Where the fair value of buildings 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.

Unobservable (level 3) inputs used to determine fair values of infrastructure, property, plant and equipment are:

Land:	Fair value for restricted use land is determined by comparison with market evidence for land with low level utility. Relevant comparators of land with low level utility are selected by the Western Australian Land Information Authority (Valuation Services).
Buildings:	<p>Historical cost per square metre floor area The costs of constructing specialised buildings with similar utility are extracted from financial records of the department, then indexed by movements in consumer price index.</p> <p>Consumed economic benefit/obsolescence of asset These are estimated by the West Australian Land Information Authority (Valuation Services).</p>
Measurement sites:	<p>Historical cost of the assets The costs of construction of the measurement sites are extracted from the financial records of the department and indexed by movement in construction costs by valuers.</p>

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

	2022 \$'000	2021 \$'000
Depreciation		
Buildings	110	111
Infrastructure	66	66
Plant and equipment	541	724
Vehicles and boating	32	34
Computer equipment	225	218
Leasehold improvements	15	13
Measurement sites	4,461	4,494
Total depreciation for the period	5,450	5,660

As at 30 June 2022, there were no indications of impairment on infrastructure, property, plant and equipment (2021: \$0).

► 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 ^(b)	20 years
Measurement sites	40 years
Plant and equipment	5–20 years
Computer equipment (hardware and software ^(a))	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

Year ended 30 June 2022	Buildings	Computer Equipment	Motor Vehicles	Total
	\$'000	\$'000	\$'000	\$'000
Net carrying amount at beginning of period	439	180	1,556	2,175
Additions	275	561	456	1,292
Depreciation	(280)	(178)	(684)	(1,142)
Net carrying amount at end of period	434	563	1,328	2,325

The department has leases for vehicles, computer equipment, office and residential accommodations. The lease contracts are typically made for fixed periods of 1 to 6 years with an option to renew the lease after that date. Lease payments for buildings not leased through the Department of Finance are renegotiated when appropriate to reflect market rentals.

The department subleases residential housing to employees at a subsidised rate. The department recognises lease payments from operating leases as income on a straight-line basis over the term of the lease.

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.

► Initial recognition

At the commencement date of the lease, the department recognises right-of-use assets and a corresponding lease liability for most leases. The right-of-use assets are measured at cost comprising of:

- 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, and

- restoration costs, including dismantling and removing the underlying asset.

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

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 re-measurement 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:

	2022 \$'000	2021 \$'000
Buildings	280	251
Computer equipment	178	216
Motor vehicles	684	705
Total right-of-use assets depreciation for the period	1,142	1,172

The total cash outflow for leases in the 2022 financial year was \$1.1 million (2021: \$1.2 million).

4.3 Intangible assets

Year ended 30 June 2022	Capital Works in Progress \$'000	Analytical Products \$'000	Licences \$'000	Computer Software \$'000	Total \$'000
1 July 2021					
Gross carrying amount	9,247	8,922	50	22,441	40,660
Accumulated amortisation	-	(3,496)	(32)	(18,428)	(21,956)
Carrying amount at start of period	9,247	5,426	18	4,013	18,704
Additions	11,880	-	-	-	11,880
Transfers in/(out) ^(a)	(1,693)	909	77	707	-
Amortisation expense	-	(920)	(24)	(2,875)	(3,819)
Carrying amount at end of period	19,434	5,415	71	1,845	26,765
Gross carrying amount	19,434	9,831	127	23,148	52,540
Accumulated amortisation	-	(4,416)	(56)	(21,303)	(25,775)

(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 significantly less than fair value, 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 probable 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 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 (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

	2022 \$'000	2021 \$'000
Charge for the period		
Analytical products	920	886
Computing software	2,875	4,259
Licences	24	18
Total amortisation for the period	3,819	5,163

► Useful lives

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 ^(a)	3–5 years
Analytical products ^(b)	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 4.11.

As at 30 June 2022 there were no indications of impairment to intangible assets.



1. 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	2022 \$'000	2021 \$'000
Receivables*	5.1	25,945	38,600
Amounts receivable for services	5.2	82,078	73,050
Other assets	5.3	1,909	2,168
Payables	5.4	6,796	4,702
Contract liabilities	5.5	2,447	2,940
Other current liabilities	5.6	3	4

* Refer to note 8.2 for details regarding prior year errors.

5.1 Receivables

	2022 \$'000	2021 \$'000
Current		
Trade receivables	4,052	6,078
Allowance for impairment of trade receivables	(337)	(163)
Accrued revenue*	20,967	24,853
Allowance for impairment of accrued revenue*	(138)	(4,455)
GST receivable	1,401	1,013
Loans and advances		
Loan to WARRRL – Facility A ^(a)	-	10,743
Loan to WARRRL – Facility B ^(a)	-	531
Total current	25,945	38,600
Total receivables at end of the period	25,945	38,600

* The Accrued revenue and Allowance for impairment of accrued revenue 2021 comparative balances have been restated. Refer to note 8.2 for details regarding prior year errors.

Trade receivables are initially recognised at their transaction price or, for those receivables that contain a significant financing component, at fair value. The department holds the receivables with the objective to collect the contractual cash flows and therefore subsequently measured at amortised cost using the effective interest method, less an allowance for impairment.

The department recognises a loss allowance for expected credit losses (ECLs) on a receivable not held at fair value through profit and loss. The ECLs are based on the difference between the contractual cash flows and the cash flows that the entity expects to receive, discounted at the original effective interest rate. Individual receivables are written off when the department has no reasonable expectations of recovering the contractual cash flows.

For trade receivables, the department recognises an allowance for ECLs 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, please refer to note 2.3 for the amount of ECLs expensed in this financial year.

- (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 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.

The Facility A and Facility B loan balances and the Facility A interest were fully repaid during the financial year under review.

5.2 Amounts receivable for services (holding account)

	2022 \$'000	2021 \$'000
Current	9,238	6,338
Non-current	72,840	66,712
Total amounts receivable for services at end of period	82,078	73,050

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.

The amounts receivable for services are financial assets at amortised cost and are not considered impaired (i.e., there is no expected credit loss of the holding account).

5.3 Other assets

	2022 \$'000	2021 \$'000
Current		
Prepayments	1,907	2,145
Total current	1,907	2,145
Non-current		
Prepayments	2	23
Total non-current	2	23
Total other assets at end of period	1,909	2,168

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

	2022 \$'000	2021 \$'000
Current trade payables ^(a)	1,755	245
Other payables ^(a)	49	557
Accrued expenses	3,035	2,434
Accrued salaries ^(b)	1,957	1,466
Total payables at end of period	6,796	4,702

- (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 15–30 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

	2022 \$'000	2021 \$'000
Reconciliation of changes in contract liabilities		
Opening balance	2,940	1,749
Additions	2,137	2,940
Revenue recognised in the period	(2,630)	(1,749)
Total contract liabilities at end of period	2,447	2,940
Current	2,447	2,940
Non-current	-	-

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

	2022 \$'000	2021 \$'000
Stale cheque holding account	3	4
Total current liabilities at end of period	3	4

1. Financing

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

	Notes	2022 \$'000	2021 \$'000
Lease liabilities	6.1	2,393	2,244
Assets pledged as security	6.2	2,325	2,175
Finance costs	6.3	68	81
Cash and cash equivalents	6.4	103,160	72,677
Capital commitments	6.5	8,611	8,540

6.1 Lease liabilities

	2022 \$'000	2021 \$'000
Not later than one year	953	900
Later than one year and not later than five years	1,412	1,326
Later than five years	28	18
	2,393	2,244
Current	953	900
Non-current	1,440	1,344
Total lease liabilities at end of period	2,393	2,244

► Initial measurement

At the commencement date of the lease, the department recognises lease liabilities measured at the present value of the lease payments to be made over the lease term. 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 Western Australia 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.

- 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).

The interest on the lease liability is recognised in profit or loss over the lease term so as 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.

Variable lease payments, not included in the measurement of lease liability, that are dependent on sales, an index or rate are recognised by the department in profit or loss in the period in which the condition that triggers those payments occurs.

► 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.

This section should be read in conjunction with note 4.2.

	2022 \$'000	2021 \$'000
Lease expenses recognised in the Statement of comprehensive income		
Lease interest expense	68	81
Short term leases	56	43
Net loss on disposal of lease arrangement	1	19

Short-term leases are recognised on a straight-line basis with a lease term of 12 months or less.

Low-value leases with an underlying value of \$5,000 or less are recognised on a straight-line basis.

6.2 Assets pledged as security

	2022 \$'000	2021 \$'000
The carrying amounts of non-current assets pledged as security are:		
Right-of-use asset vehicles	1,328	1,556
Right-of-use asset computer equipment	563	180
Right-of-use asset buildings	434	439
Total assets pledged as security	2,325	2,175

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

	2022 \$'000	2021 \$'000
Lease interest expense	68	81

Finance cost includes the interest component of lease liability repayments.

6.4 Cash and cash equivalents

	2022 \$'000	2021 \$'000
Current		
Cash and cash equivalents	23,785	21,555
Restricted cash and cash equivalents ^(a)	76,862	49,289
Total current	100,647	70,844
Non-current		
Restricted cash and cash equivalents – accrued salaries suspense account ^(b)	2,513	1,833
Total non-current	2,513	1,833
Balance at end of period	103,160	72,677

(a) Composed of the Waste Avoidance and Resource Recovery Account (\$40.6 million), Establishing and Maintaining Vegetation Offsets Account (\$11.3 million), Clean Energy Future Fund (\$9.0 million), Pilbara Environmental Offsets Fund (\$5.4 million), Royalties for Regions (\$2.9 million), Environmental Protection Act Part IV Cost Recovery Account (\$1.5 million), National Partnership Agreement on Recycling Infrastructure (\$1.2 million) and other funds (\$5.0 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 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.

The accrued salaries suspense account consists of amounts paid annually, from agency appropriations for salaries expense, into a Treasury suspense account to meet the additional cash outflow for employee salary payments in reporting periods with 27 days instead of the normal 26. No interest is received on this account.

6.5 Capital commitments

	2022 \$'000	2021 \$'000
Capital expenditure commitments, being contracted capital expenditure additional to the amounts reported in the financial statements, are payable as follows:		
Within 1 year	7,873	5,386
Later than 1 year and not later than 5 years	738	3,154
Total capital commitments	8,611	8,540



1. Financial instruments and contingencies

This note sets out the key risk 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:

	2022 \$'000	2021 \$'000
Financial assets		
Cash and cash equivalents	103,160	72,677
Financial assets at amortised cost ^(a)	106,622	110,637
Total financial assets	209,782	183,314
Financial liabilities		
Financial liabilities at amortised cost ^(b)	9,192	6,950
Total financial liabilities	9,192	6,950

(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).

Measurement

All financial assets and liabilities are carried without subsequent remeasurement.

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:

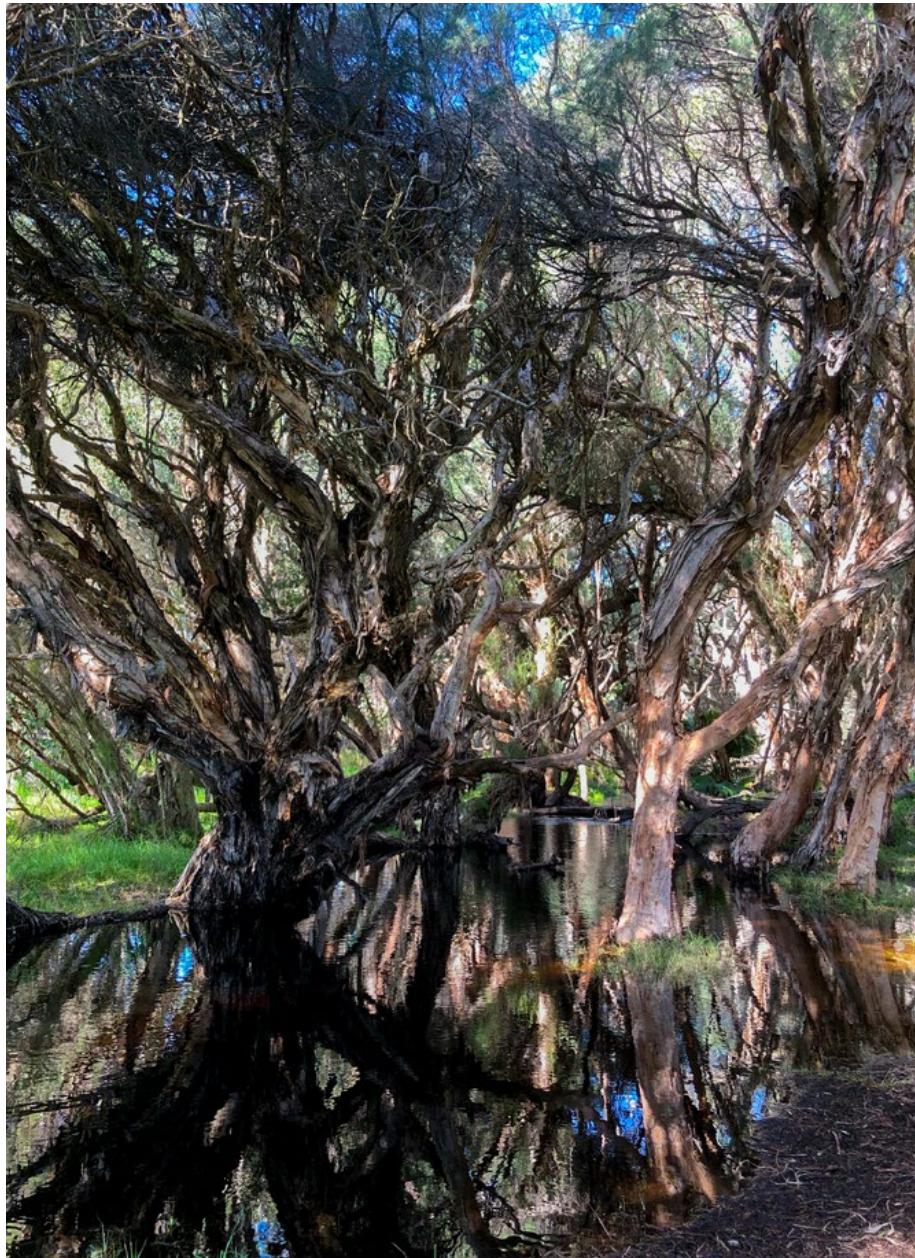
	2022 \$'000	2021 \$'000
Benefit potentially receivable in relation to the prosecution of an individual for unauthorised clearing of native vegetation.	-	250
Benefit potentially receivable in relation to a Supreme Court action involving a former tenant relating to rent recovery.	120	120
Benefit potentially receivable in relation to the prosecution of a company for breaches of the <i>Environmental Protection Act 1986</i> .	-	225
Total contingent assets	120	595

7.2.2 Contingent liabilities

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

	2022 \$'000	2021 \$'000
Costs potentially payable in relation to Supreme Court action involving a former tenant relating to rent recovery.	500	500
Costs potentially payable in relation to legal action taken against an entity relating to odour pollution under section 49(5) of EP Act 1986.	600	-
Contaminated sites		
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 contaminated – remediation required or possibly <i>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.	150	200
Total contingent liabilities	1,250	700





1. 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
Correction of prior period errors	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

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 Correction of prior year errors

1. Waste levy debt

During the financial year under review, the department realised that a historical waste levy debt inherited from the former Department of Environment Regulation had not been recognised in the books of account. The debt related to a company and has not been recovered due to the company's subsequent liquidation. In accordance with AASB 108 Accounting Policies, Changes in Accounting Estimates and Errors, the department decided to recognise the debt, the outstanding interest on the debt and an impairment on the total debt.

The impact of the correction of prior year errors are as follows:

► 1 July 2020

Statement of financial position	Previously stated balance \$'000	Adjustment \$'000	Restated balance \$'000
Receivables: Accrued revenue	20,148	3,986	24,134
Receivables: Allowance for impairment of accrued revenue	-	(3,986)	(3,986)
Equity: Contributed equity	351,630	2,768	354,398
Equity: Accumulated surplus	120,942	(2,768)	118,174

► 30 June 2021

Statement of financial position	Previously stated balance \$'000	Adjustment \$'000	Restated balance \$'000
Receivables: Accrued revenue	20,398	4,455	24,853
Receivables: Allowance for impairment of accrued revenue	-	(4,455)	(4,455)
Equity: Contributed equity	325,128	2,768	327,896
Equity: Accumulated surplus	172,979	(2,768)	170,211

► 30 June 2021

Statement of comprehensive income	Previously stated balance \$'000	Adjustment \$'000	Restated balance \$'000
Income: Waste levy	78,781	469	79,250
Expenses: Other expenses	6,198	469	6,667

A third Statement of financial position as at 1 July 2020 has not been presented as there was no material impact on equity other than a reclassification between Contributed equity and Accumulated surplus of \$2.768 million and no impact on Receivables.

2. Revaluation of measurement sites

Groundwater measurement sites (sites) are independently valued every 5 years by an external services valuer. During the preparation of the data for revaluation purposes the department noted that 3,492 sites had not been recognised in the department's books of account. The external valuer determined that the fair value of the new sites was \$34.604 million at 30 June 2022.

The department determined that it was impracticable to adjust the comparative information for prior periods to achieve comparability with the current period as the sites had become operational at different dates and sufficient financial

information had not been collected in these prior periods in a way that would allow retrospective restatement to correct the prior period error and it was also regarded as impracticable to recreate this information. Due to the impracticability of retrospective restatement, the department prospectively adjusted the current financial year's Other Comprehensive Income (Asset Revaluation Reserve) and Statement of Financial Position (Infrastructure, property, plant and equipment).



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:

Compensation band (\$)	2022	2021
\$530,001 – \$540,000	1	-
\$330,001 – \$340,000	-	1
\$250,001 – \$260,000	-	1
\$240,001 – \$250,000	-	1
\$230,001 – \$240,000	-	1
\$210,001 – \$220,000	2	2
\$200,001 – \$210,000	1	1
\$180,001 – \$190,000	1	-
\$170,001 – \$180,000	1	-
\$140,001 – \$150,000	1	1
\$110,001 – \$120,000	-	1
\$100,001 – \$110,000	2	1
\$ 80,001 – \$ 90,000	1	-
\$ 60,001 – \$ 70,000	2	-
\$ 20,001 – \$30,000	-	1
\$ 10,001 – \$20,000	1	-
	2022 \$'000	2021 \$'000
Total compensation of senior officers	2,132	2,096

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*:

	2022 \$'000			2021 \$'000		
	Funding	Services free of charge	Total assistance	Funding	Services free of charge	Total assistance
Government organisations:						
Cockburn Sound Management Council	516	-	516	213	-	213
Contaminated Sites Committee	299	-	299	329	-	329
Environmental Protection Authority	8,110	-	8,110	8,245	-	8,245
Keep Australia Beautiful Council (W.A.)	996	251	1,247	988	227	1,215
Office of the Appeals Convenor	1,241	-	1,241	1,166	-	1,166
Warren Donnelly Water Advisory Committee	3	-	3	4	-	4
Waste Authority	21,252	-	21,252	20,922	-	20,922
Non-government organisations:						
Geographe Catchment Council ¹	691	-	691	742	-	742

- 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.

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.

	2022 \$'000	2021 \$'000
Balance at start of period	380	346
Receipts	190	285
Payments	(103)	(251)
Balance at end of period	467	380

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.

	2022 \$'000	2021 \$'000
Balance at start of period	29,324	39,795
Receipts – Repayments of loan to WARRRL ^(a)	11,625	5,167
Receipts	21,252	20,922
Payments – Loan to WARRRL ^(a)	-	(16,042)
Payments	(21,597)	(20,518)
Balance at end of period	40,604	29,324

(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.

	2022 \$'000	2021 \$'000
Balance at start of period	1,091	496
Receipts	4,940	947
Payments	(607)	(352)
Balance at end of period	5,424	1,091

Environmental Protection Part IV Cost Recovery Account⁽ⁱⁱ⁾

The purpose of this account is to manage funds recovered under the Environmental Protection (Cost Recovery) Regulations 2021. The funds in this account are to be used for defraying the costs incurred by the department in receiving and assessing proposals and monitoring the implementation of proposals under Part IV Division 1 or 2 of the *Environmental Protection Act 1986*.

	2022 \$'000	2021 \$'000
Balance at start of period	-	-
Receipts	1,475	-
Payments	-	-
Balance at end of period	1,475	-

(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.

	2022 \$'000	2021 \$'000
Balance at start of period	170	47
Receipts	509	491
Payments	(516)	(368)
Balance at end of period^(a)	163	170

(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:

	2022 \$'000	2021 \$'000
Auditing the accounts, financial statements, controls and key performance indicators	313	289

8.10 Equity

	2022 \$'000	2021 Restated* \$'000
Contributed equity		
Balance at start of period	327,896	351,630
Correction of prior period errors*	-	2,768
Contributions by owners		
Capital appropriation	11,841	7,855
Total contributions by owners	339,737	362,253
Distributions to owners		
Transfer to consolidated account	(54,056)	(32,813)
Land transferred to Department of Planning, Lands and Heritage	-	(123)
Infrastructure and land transferred to Department of Biodiversity Conservation and Attractions	-	(1,421)
Total distributions to owners	(54,056)	(34,357)
Balance at end of period	285,681	327,896
Asset revaluation surplus		
Balance at start of period	24,984	18,020
Net revaluation increment:		
Land	10,543	5,173
Buildings	398	5
Measurement sites ^(a)	571	1,786
Total net revaluation increment	11,512	6,964
Balance at end of period	36,496	24,984

* Refer to note 8.2 for details regarding prior year errors.

(a) The current year amount comprises the prospective adjustment for the prior year error of \$34.604 million referred to in note 8.2 and the current year revaluation decrement of \$34.033 million.

8.11 Supplementary financial information

(a) Write-offs

	2022 \$'000	2021 \$'000
The accountable authority	10	3
The Minister	-	-
The Treasurer	4,733	-
Total write-offs	4,743	3

(b) Losses through theft, defaults and other causes

	2022 \$'000	2021 \$'000
Losses of public money, other money and other property through theft or default	34	-
Amounts recovered	(34)	-
Total losses	-	-

(c) Gifts of public property

	2022 \$'000	2021 \$'000
Gifts of public property provided by the department	-	3
Total gifts	-	3

1. Explanatory statements

This section explains variations in the financial performance of the department.

	Notes
Explanatory statement for controlled operations	9.1
Explanatory statement for administered items	9.2

9.1 Explanatory statements for controlled operations

This explanatory section explains variations in the financial performance of the department undertaking transactions under its own control, as represented by the primary financial statements.

All variances between annual estimates (original budget) and actual results for 2022, and between the actual results for 2022 and 2021 are shown below. Narratives are provided for key major variances which vary more than 10% from their comparative and that the variation is more than 1% of the dollar aggregate of:

- Total Cost of Services for the Statements of comprehensive income and the Statement of cash flows i.e., 1% of \$183,694,000, and
- Total Assets for the Statement of financial position i.e., 1% of \$549,794,000.

9.1.1 Statement of comprehensive income variances

	Variance note	Estimate 2022 \$'000	Actual 2022 \$'000	Actual 2021 Restated* \$'000	Variance between actual and estimate \$'000	Variance between actual results for 2022 and 2021 \$'000
Expenses						
Employee benefits expense		112,658	102,180	100,300	(10,478)	1,880
Supplies and services	a	38,504	38,241	32,532	(263)	5,709
Depreciation and amortisation expenses	1	19,839	10,411	11,995	(9,428)	(1,584)
Finance costs		85	68	81	(17)	(13)
Accommodation expenses		8,271	9,054	8,915	783	139
Grants and subsidies	2, b	68,400	15,119	21,997	(53,281)	(6,878)
Other expenses*	3,c	6,879	4,795	6,667	(2,084)	(1,872)
Loss on disposal of non-current assets	4	-	2,505	1,207	2,505	1,298
Total cost of services		254,636	182,373	183,694	(72,263)	(1,321)
Income						
User charges and fees		32,053	31,799	29,864	(254)	1,935
Commonwealth grants	5, d	18,714	14,408	4,854	(4,306)	9,554
Waste levy*		83,000	85,715	79,250	2,715	6,465
Interest revenue		850	365	913	(485)	(548)
Other Income	6	10,955	4,717	5,523	(6,238)	(806)
Total income		145,572	137,004	120,404	(8,568)	16,600
Net cost of services		109,064	45,369	63,290	(63,695)	(17,921)
Income from State Government						
Service appropriation	7	118,183	100,392	104,478	(17,791)	(4,086)
Income from other public sector entities	7, e	11,932	6,458	3,095	(5,474)	3,363
Resources received		1,743	2,561	3,055	818	(494)
Royalties for Regions fund	f	11,541	10,515	4,699	(1,026)	5,816
Total income from State Government		143,399	119,926	115,327	(23,473)	4,599
Surplus for the period		34,335	74,557	52,037	40,222	22,520
Other comprehensive income						
Items not reclassified subsequently to profit or loss						
Changes in asset revaluation surplus		-	11,512	6,964	11,512	4,548
Total other comprehensive income		-	11,512	6,964	11,512	4,548
Total comprehensive income for the period		34,335	86,069	59,001	51,734	27,068

* Refer to note 8.2 for details regarding prior year errors.

Major estimate and actual (2022) variance narratives

1. Depreciation and amortisation expense decreased by \$9.4 million (47.5%) mainly due to capital program deferrals and a lower than predicted depreciation expense.
2. Grants and subsidies decreased by \$53.3 million (77.9%) mainly due to a deferral of State funding for the National Partnership on Recycling Infrastructure, a deferral of the Clean Energy Future Fund, a deferral of Clean Western Australia – Waste Paper and Cardboard Processing and delays in issuing grants.
3. Other expenses decreased by \$2.1 million (30.3%) mainly due to lower than expected repairs and maintenance costs, miscellaneous costs and a lower than estimated payroll tax expense.
4. Loss on disposal of non-current assets increased by \$2.5 million (100.0%) mainly due to an increase in the value of measurement sites decommissioned.
5. Commonwealth grants decreased by \$4.3 million (23.0%) mainly due to a delay in funding for the National Partnership on Recycling Infrastructure.
6. Other income decreased by \$6.2 million (56.9%) mainly due to a decrease in services rendered income for Pilbara Environmental Offsets Fund and Native Vegetation Regulation.
7. Service appropriation decreased by \$17.8 million (15.1%) mainly due to reflows of the Environmental Revegetation and Rehabilitation programs, Clean Energy Future Fund and Whole of Government Regulatory Approvals.
8. Income from other public sector entities decreased by \$5.5 million (45.9%) mainly due to lower funding received for the Wooroloo Bushfire Coordinated Residential Clean-up Program than estimated.

Major actual (2022) and comparative (2021) variance narratives

- a) Supplies and services increased by \$5.7 million (17.6%) mainly due to increased expenditure related to Environment Online, Healthy Estuaries WA, Wooroloo Bushfire Coordinated Residential Clean-up program and Murujuga Rock Art Strategy.
- b) Grants and subsidies decreased by \$6.9 million (31.3%) mainly due to lower grant expenditure for the National On-Farm Emergency Water Infrastructure Rebate Scheme, Native Vegetation Rehabilitation Scheme and Offset Fund for Recovery.
- c) Other expenses decreased by \$1.9 million (28.1%) mainly due to a decrease in other operating expenses and equipment repairs and maintenance.
- d) Commonwealth grants increased by \$9.6 million (196.8%) mainly due to increased funding for National Partnership on Recycling Infrastructure, National On-Farm Emergency Water Infrastructure Rebate Scheme, Environment Online, National Water Grid Community Water Supply Program and Agricultural Area Dams, and Smart Farms National Landcare Program.
- e) Income from other public sector entities increased by \$3.4 million (108.7%) mainly due to the Wooroloo Bushfire Coordinated Residential Clean-up Program.
- f) Royalties for Regions fund increased by \$5.8 million (123.8%) mainly due to additional funding for Healthy Estuaries WA, Rural Water Planning and Bindjareb Djilba (Peel Harvey Estuary Protection Plan).

9.1.2 Statement of financial position variances

	Variance note	Estimate 2022 \$'000	Actual 2022 \$'000	Actual Restated* 2021 \$'000	Variance between actual and estimate \$'000	Variance between actual results for 2022 and 2021 \$'000
Assets						
Current assets						
Cash and cash equivalents		18,909	23,785	21,555	4,876	2,230
Restricted cash and cash equivalents		50,696	76,862	49,289	26,166	27,573
Receivables		25,350	25,945	38,600	595	(12,655)
Amounts receivable for services		5,535	9,238	6,338	3,703	2,900
Other assets		2,161	1,907	2,145	(254)	(238)
Total current assets		102,651	137,737	117,927	35,086	19,810
Non-current assets						
Restricted cash and cash equivalents		1,864	2,513	1,833	649	680
Receivables		2,408	-	-	(2,408)	-
Amounts receivable for services	1	80,995	72,840	66,712	(8,155)	6,128
Infrastructure, property, plant and equipment*	2	331,137	367,252	356,624	36,115	10,628
Right-of-use assets		3,145	2,325	2,175	(820)	150
Intangible assets	a	27,538	26,765	18,704	(773)	8,061
Other assets		56	2	23	(54)	(21)
Total non-current assets		447,143	471,697	446,071	24,554	25,626
Total assets		549,794	609,434	563,998	59,640	45,436

9.1.2 Statement of financial position variances (cont'd)	Variance note	Estimate 2022	Actual 2022	Actual Restated* 2021	Variance between actual and estimate	Variance between actual results for 2022 and 2021
		\$'000	\$'000	\$'000	\$'000	\$'000
Liabilities						
Current liabilities						
Payables		5,021	6,796	4,702	1,775	2,094
Lease liabilities		1,257	953	900	(304)	53
Contract liabilities		1,754	2,447	2,940	693	(493)
Employee related provisions		23,952	25,339	24,822	1,387	517
Other current liabilities		-	3	4	3	(1)
Total current liabilities		31,984	35,538	33,368	3,554	2,170
Non-current liabilities						
Lease liabilities		2,007	1,440	1,344	(567)	96
Employee related provisions		6,002	5,511	6,195	(491)	(684)
Total non-current liabilities		8,009	6,951	7,539	(1,058)	(588)
Total liabilities		39,993	42,489	40,907	2,496	1,582
Net assets		509,801	566,945	523,091	57,144	43,854
Equity						
Contributed equity*		275,030	285,681	327,896	10,651	(42,215)
Reserves*		18,016	36,496	24,984	18,480	11,512
Accumulated surplus*		216,755	244,768	170,211	28,013	74,557
Total equity		509,801	566,945	523,091	57,144	43,854

* Refer to note 8.2 for details regarding prior period errors.

Major estimate and actual (2022) variance narratives

1. Amounts receivable for services decreased by \$8.2 million (10.1%) mainly due to a lower depreciation cost from capital program deferrals.
2. Infrastructure, property, plant and equipment increased by \$36.1 million (10.9%) mainly due to an increase in the revaluation of land and measurement sites and a lower than predicted depreciation expense.

Major actual (2022) and comparative (2021) variance narratives

- A. Intangible assets increased by \$8.1 million (43.1%) mainly due to the capitalisation of the Environment Online intangible asset.

9.1.3 Statement of cash flows variances

	Variance note	Estimate 2022 \$'000	Actual 2022 \$'000	Actual 2021 \$'000	Variance between actual and estimate \$'000	Variance between actual results for 2022 and 2021 \$'000
Cash flows from State Government						
Service appropriation	1	98,305	85,726	83,973	(12,579)	1,753
Capital appropriations	a	11,791	11,841	7,855	50	3,986
Holding account drawdown		6,338	5,638	6,057	(700)	(419)
Distributions to owner	2, b	(44,276)	(54,044)	(32,730)	(9,768)	(21,314)
Net proceeds on sale of land remitted to consolidated account		-	(12)	(160)	(12)	148
Royalties for Regions fund	c	12,291	10,515	4,699	(1,776)	5,816
Funds from other public sector entities	3, d	11,932	8,184	775	(3,748)	7,409
Net cash provided by State Government		96,381	67,848	70,469	(28,533)	(2,621)
Cash flows from operating activities						
Payments						
Employee benefits		(112,608)	(103,015)	(98,635)	9,593	(4,380)
Supplies and services	e	(36,821)	(33,620)	(29,239)	3,201	(4,381)
Finance costs		(85)	(67)	(81)	18	14
Accommodation		(8,281)	(9,172)	(8,747)	(891)	(425)
Grants and subsidies	4, f	(68,400)	(14,831)	(20,712)	53,569	5,881
GST payments on purchases		(6,275)	(7,432)	(7,145)	(1,157)	(287)
Other payments		(6,819)	(5,594)	(6,540)	1,225	946
Receipts						
User charges and fees		32,053	31,932	29,779	(121)	2,153
Commonwealth grants	5, g	18,714	14,408	4,854	(4,306)	9,554
Interest received		850	14	40	(836)	(26)
Waste levy		83,000	83,562	78,561	562	5,001
GST receipts on sales		634	275	315	(359)	(40)
GST receipts from taxation authority		5,651	6,883	6,728	1,232	155
Other receipts	6, h	10,955	6,847	3,714	(4,108)	3,133
Net cash used in operating activities		(87,432)	(29,810)	(47,108)	57,622	17,298

9.1.3 Statement of cash flows variances (continued)	Variance note	Estimate 2022 \$'000	Actual 2022 \$'000	Actual 2021 \$'000	Variance between actual and estimate \$'000	Variance between actual results for 2022 and 2021 \$'000
Cash flows from investing activities						
Payments						
Purchase of non-current assets	7, i	(30,049)	(18,094)	(13,959)	11,955	(4,135)
Loan payments to WARRRL	j	-	-	(16,042)	-	16,042
Receipts						
Proceeds from sale of non-current assets		-	39	80	39	(41)
Loan repayments from WARRRL	8, k	8,508	11,625	5,167	3,117	6,458
Net cash used in investing activities		(21,541)	(6,430)	(24,754)	15,111	18,324
Cash flows from financing activities						
Payments						
Principal elements of lease payments		(754)	(1,125)	(1,168)	(371)	43
Net cash used in financing activities		(754)	(1,125)	(1,168)	(371)	43
Net increase/(decrease) in cash and cash equivalents		(13,346)	30,483	(2,561)	43,829	33,044
Cash and cash equivalents at the beginning of the period		84,815	72,677	75,238	(12,138)	(2,561)
Cash and cash equivalents at the end of the period		71,469	103,160	72,677	31,691	30,483

Major estimate and actual (2022) variance narratives

1. Service appropriation decreased by \$12.6 million (12.8%) mainly due to reflows of the Environmental Revegetation and Rehabilitation programs, Clean Energy Future Fund and Whole of Government Regulatory Approvals.
2. Distributions to owner increased by \$9.8 million (22.1%) mainly due to the timing of Commonwealth receipts and a delayed recoup for Wooroloo Bushfire Coordinated Residential Clean-up Program, which increased cash at bank and resulted in additional money to be returned to consolidated revenue.

3. Funds from other public sector entities decreased by \$3.7 million (31.4%) mainly due to lower funding received for the Wooroloo Bushfire Coordinated Residential Clean-up Program than estimated.
4. Grants and subsidies decreased by \$53.6 million (78.3%) mainly due to a deferral of State funding for the National Partnership on Recycling Infrastructure, a deferral of the Clean Energy Future Fund, a deferral of Clean Western Australia – Waste Paper and Cardboard Processing, and delays in issuing grants.

5. Commonwealth grants decreased by \$4.3 million (23.0%) mainly due to a delay in funding for the National Partnership on Recycling Infrastructure.
6. Other receipts decreased by \$4.1 million (37.5%) mainly due to a decrease in services rendered income for Pilbara Environmental Offsets Fund and Native Vegetation Regulation.
7. Purchase of non-current assets decreased by \$12.0 million (39.8%) mainly due to underspends in Environment Online, State Groundwater Investigation Program, Replace and Maintain Monitoring Bores, Replace and Maintain River Gauging Stations, Rural Water Planning Program and Land Acquisition – Land Purchase Priority 1 areas.
8. Loan repayments from WARRRL increased by \$3.1 million (36.6%) mainly due to the repayment of the Facility A loan.

Major actual (2022) and comparative (2021) variance narratives

- a) Capital appropriations increased by \$4.0 million (50.7%) mainly due to additional funding for Environment Online.
- b) Distributions to owner increased by \$21.3 million (65.1%) mainly due to the timing of Commonwealth receipts and a delayed recoup for Wooroloo Bushfire Coordinated Residential Clean-up Program, which increased cash at bank and resulted in additional money to be returned to consolidated revenue.
- c) Royalties for Regions fund increased by \$5.8 million (123.8%) mainly due to additional funding for Healthy Estuaries WA, Rural Water Planning and Bindjareb Djilba (Peel Harvey Estuary Protection Plan).
- d) Funds from other public sector entities increased by \$7.4 million (956.0%) mainly due to the Wooroloo Bushfire Coordinated Residential Clean-up Program.
- e) Supplies and services increased by \$4.4 million (15.0%) mainly due to increased expenditure related to Environment Online, Healthy Estuaries WA, Wooroloo Bushfire Coordinated Residential Clean-up program and Murujuga Rock Art Strategy.

- f) Grants and subsidies decreased by \$5.9 million (28.4%) mainly due to lower grant expenditure for the National On-Farm Emergency Water Infrastructure Rebate Scheme, Native Vegetation Rehabilitation Scheme and Offset Fund for Recovery.
- g) Commonwealth grants increased by \$9.6 million (196.8%) mainly due to increased funding for National Partnership on Recycling Infrastructure, National On-Farm Emergency Water Infrastructure Rebate Scheme, Environment Online, National Water Grid Community Water Supply Program and Agricultural Area Dams, and Smart Farms National Landcare Program.
- h) Other receipts increased by \$3.1 million (84.4%) mainly due to additional receipts received for the Pilbara Environmental Offsets Fund.
- i) Purchase of non-current assets increased by \$4.1 million (29.6%) mainly due to more spending on Environment Online.
- j) Loan payments to WARRRL decreased by \$16.0 million (100.0%) mainly due to the drawdown on the Facility A and B loans in the 2021 financial year and no drawdown in the 2022 financial year.
- k) Loan repayments from WARRRL increased by \$6.5 million (125.0%) mainly due to the repayment of the Facility A loan in the 2022 financial year.

9.2 Explanatory statement for administered items

This explanatory section explains variations in the financial performance of the department undertaking transactions as an agent of the government, as detailed in the administered schedules.

All variances between annual estimates and actual results for 2022, and between the actual results for 2022 and 2021 are shown below. Narratives are provided for key major variances which vary by more than 10% from their comparative and that variation is more than 1% of the dollar aggregate of Total Administered Income i.e., 1% of \$33,000.

	Variance note	Estimate 2022 \$'000	Actual 2022 \$'000	Actual 2021 \$'000	Variance between actual and estimate \$'000	Variance between actual results for 2022 and 2021 \$'000
Income from administered items						
Income						
For transfer:						
Regulatory fees and other charges ^(a)	1	155	57	33	(98)	24
Total administered income		155	57	33	(98)	24
Expenses						
Payments into the consolidated account ^(a)	2	155	57	33	(98)	24
Total administered expenses		155	57	33	(98)	24

(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 2022 and the variance between the actual results for 2022 and 2021 are explained below:

► Major estimate and actual (2022) variance narratives

The department is required to estimate a dollar value on how many people are going to commit an environmental offence that results in either an infringement or a modified penalty notice being issued. Infringement notices have a penalty of either \$250 or \$500 and Modified Penalty Notices have a penalty of 10% or 20% of the maximum penalty (i.e., Material Environmental Harm under the *Environmental Protection Act 1986* has a maximum penalty of \$250,000, 10% of which is \$25,000). The bulk of the infringement estimated value comes from modified penalty notices and to be eligible for a modified penalty notice one must meet certain legislative requirements under section 99A of the *Environmental Protection Act 1986*. The variation is

simply that we have issued less infringements or modified penalty notices for offences than estimated.

► Major actual (2022) and comparative (2021) variance narratives

The variance is primarily due to the fact that Environment penalty infringements increased in the 2022 financial year (\$14,600 = 10 infringements) compared to the 2021 financial year (\$750 = 3 infringements). In the 2021 financial year, the department took a compassionate approach because of Covid-19 and warning notices rather than infringements were issued to proven first-time offenders.

- The variance between the estimate and the actual results for 2022 and the variance between the actual results for 2022 and 2021 are explained in the abovementioned number 1.





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 2022.

A handwritten signature in black ink, appearing to read 'Michelle Andrews'.

Michelle Andrews
Director General
19 October 2022

Outcome-based management framework

Government goal — Better places: A quality environment with liveable and affordable communities and vibrant regions

	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(a)	152	1. Water information and advice	Proportion of statutory referrals from decision-making authorities where advice is provided within target timeframes	158
					Average cost per statutory referral assessment	159
					Average cost per water measurement site managed	159
		2. Proportion of priority growth areas that have a water supply planning strategy	152	2. Water planning, allocation and optimisation	Average cost per plan, report, or guidance document to support water planning, allocation and optimisation	160
					Average cost per hour of scientific support for water planning, allocation, and optimisation	161
				3. Water regulation, licensing and industry governance	Average cost of assessing a water licence application by risk assessment category	162
					Average time taken (days) to assess a licence application by risk assessment category	163
					Average cost of compliance monitoring and enforcement action	164
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	153	4. Environmental regulation	Average cost per works approval and licence application	165
		4. Percentage of potential environmental risks identified during compliance monitoring program that are rectified within two months	153		Average cost per native vegetation clearing permit application	165
Outcome 3	Development and implementation of strategic policy and legislation that promotes sustainable environmental outcomes	5. Percentage of advice and recommendations that met Ministerial approval, without the need for significant modification	154	5. Environmental and water policy	Average cost per hour of policy advice and recommendations	166

	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	154	6. Waste strategies	Cost of landfill levy compliance as a percentage of landfill levy income collected	167
		7. Percentage of commercial and industrial waste reported as diverted from landfill through recycling compared to the statewide waste strategy target	155			
		8. Percentage of construction and demolition waste reported as diverted from landfill through recycling compared to the statewide waste strategy target	155			
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	156	7. Environmental impact assessment services to the EPA	Cost per standardised unit of assessment output	168
		10. Percentage of project-specific conditions which did not require significant change following the appeal process	156	8. Environmental management services to the EPA	Cost per standardised unit of environmental management services output	169
		11. Percentage of assessments that met agreed timelines	156			
		12. The EPA's satisfaction with the department's provision of environmental management services during the year	157			
Outcome 6	Compliance with Ministerial Statement implementation conditions are monitored effectively	13. The number of Ministerial Statements audited compared to targets	157	9. Compliance monitoring services to the Minister for Environment	Average cost per environmental audit completed	170

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 fifth reporting period for the department post amalgamation.

Results with significant variances of 10% or more compared with the Target and prior year results are explained⁷. The majority of the movements between the 2021–22 Target and the 2021–22 Actual are due to changes in resource cost allocations.

Key effectiveness indicators

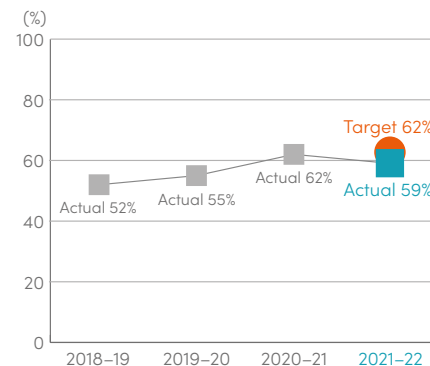
1. Proportion of stakeholders who perceive the department to be effectively managing the state's water as a resource for sustainable, productive use^(a)

(a) The 2021–22 survey results have a confidence interval of $\pm 4.07\%$ at 95% confidence level. Other survey statistics include:

- population size: 1,251 stakeholders
- population character: stakeholder contacts provided by the department
- stakeholders invited to participate: 1,251 stakeholders
- number of respondents: 396
- response rate: 32%
- 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.

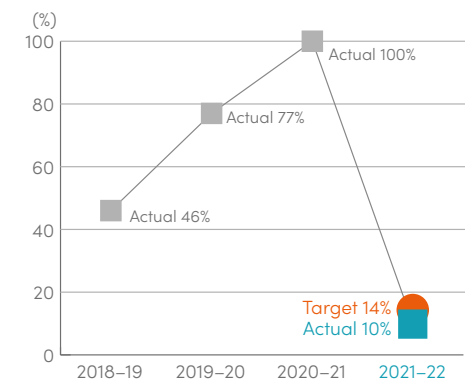


A survey was conducted between 18 October 2021 and 11 January 2022 with the intent to determine the extent to which stakeholders perceive the department to be effectively fulfilling the statutory and other obligations that form its core role rather than satisfaction with a particular decision or handling 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. Following the completion of the planned program of projects in 2020–21, the indicator was re-set to zero in 2021–22 with a 100% completion target set for 2023–24 based on delivery of seven water supply planning projects.

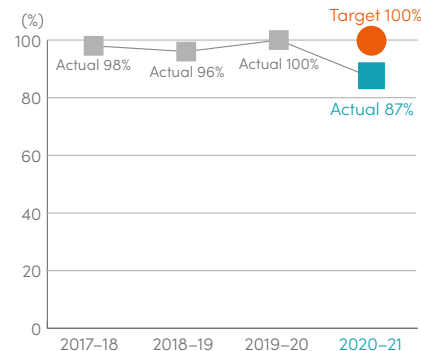
Variance analysis

The 2021–22 budget target of 14% relates to delivery of one major project output for the strategic regional overview and cost-benefit analysis of options for non-potable water security in the Perth and Peel regions. This is the first and most complex of the seven priority growth areas scheduled over the three-year period commencing 2021–22. The department made considerable progress for completion of the required outputs but fell short of the 14% budget target due to delays in the contract start date with the service provider. The planned period to complete the project was extended to accommodate a more extensive data collection required by the contractor to undertake the cost-benefit analysis, additional stakeholder engagement and a higher than initially planned project complexity. The final milestones are scheduled to be complete by end of September 2022.

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.

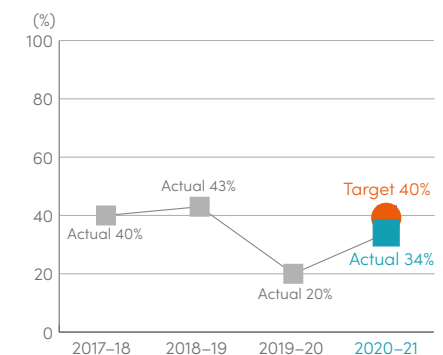
Variance analysis

The department conducted 139 of the 160 planned inspections in 2021–22. During the year, delivery was refocused from planned inspections on lower-risk premises to inspections and actions to address issues on priority premises that present the greatest risk. In addition, a further 13 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.

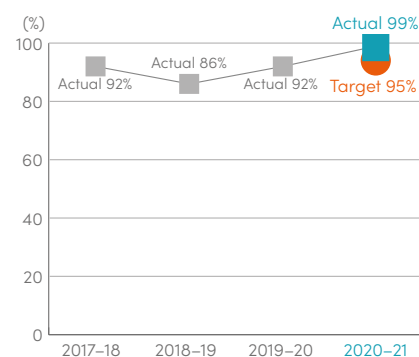
Variance analysis

During 2021–22, a total of 161 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. 34% of non-compliances were closed within the specified timeframe. A further 54% 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 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.

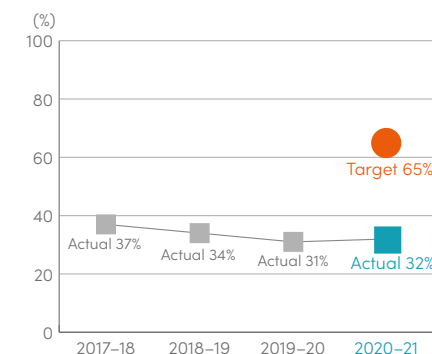


6. Percentage of municipal solid waste reported as diverted from landfill through recycling compared to waste strategy target in the Perth metropolitan region

The indicator relates to the State Government's waste management target of recovering 67% of municipal solid waste (MSW) by 2025, as described in the waste strategy.

Due to the significant time required to gather the relevant information, 2020–21 data, as reported in *Waste and recycling in Western Australia 2020–21*, was used to calculate this indicator for 2021–22.

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 sourced from voluntary surveys prior to 2019–20.



Variance analysis

The 2021–22 Target was not met due to lower-than-expected performance of local government services. Two-bin kerbside waste services typically only recover about 20% of waste from landfill, while three-bin GO (garden organics) services can recover more than 50%. In 2020–21 only 18, or just under half, of Perth local governments provided a three-bin GO waste collection service.

The Waste Strategy 2030 sets a target for three-bin FOGO (food organics and garden organics) services in the Perth and Peel regions by 2025. These services can recover 65% or more of kerbside waste collections. Increased adoption of FOGO services is expected to lead to increased recovery rates.

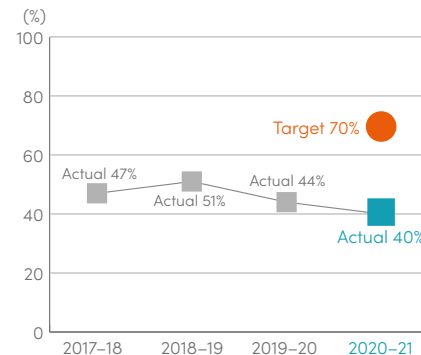
The overall diversion rate has increased by 1% from 2020–21 Actuals to 2021–22 Actuals which includes increased reporting of garden waste from local governments operating transfer stations.

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

The indicator relates to the State Government's waste management target of recovering 75% of commercial and industrial (C&I) waste by 2025, as described in the waste strategy.

Due to the significant time required to gather the relevant information, 2020–21 data, as reported in *Waste and recycling in Western Australia 2020–21*, was used to calculate this indicator for 2021–22.

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 sourced from voluntary surveys prior to 2019–20.



Variance analysis

Waste Recovery in the C&I sector has declined since 2020–21. C&I waste recovery is strongly influenced by international markets for waste materials, which have been increasingly uncertain following the introduction of the China Sword policy in 2018.

Recent, and future investments in recycling infrastructure by the State and Australian Governments will help to minimise reliance on international markets.

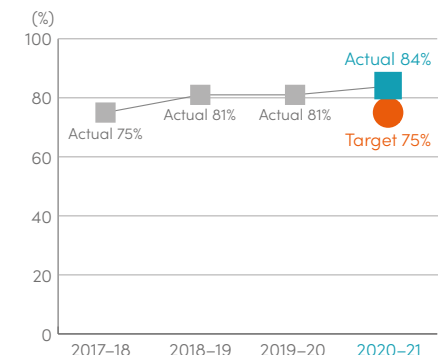
Organic waste recovery from the C&I stream has not responded as positively as expected to waste levy rate increases introduced in 2015.

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

The indicator relates to the State Government's waste management target of recovering 77% of construction and demolition (C&D) waste by 2025, as described in the waste strategy.

Due to the significant time required to gather the relevant information, 2020–21 data, as reported in *Waste and recycling in Western Australia 2020–21*, was used to calculate this indicator for 2021–22. 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 sourced from voluntary surveys prior to 2019–20.



Variance analysis

Relatively higher scheduled increases in the waste levy, compared to those that applied to the MSW and C&I streams since 2015, have made C&D waste landfilling more cost prohibitive.

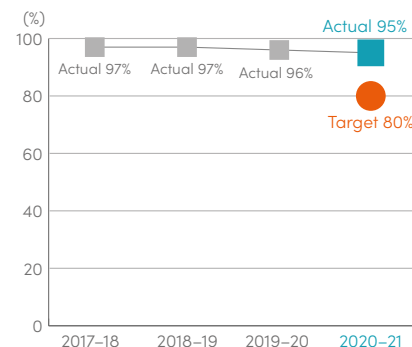
The variance between the 2021–22 Target and the 2021–22 Actual is most likely due to the ongoing stockpiling of C&D waste in lieu of disposal, which acts to inflate the reported recovery rate. Waste levy avoidance may also contribute to the reported diversion rate.

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).

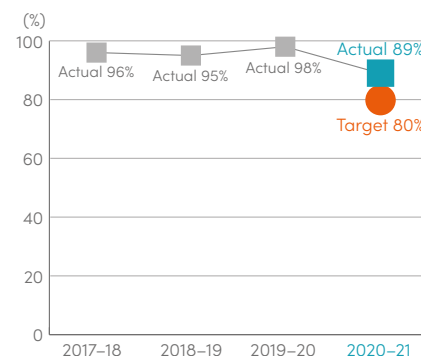
Variance analysis

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.



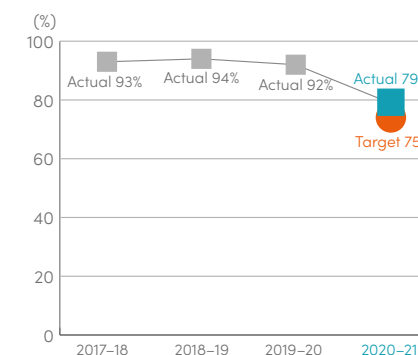
A significant change can be deemed as a substantial change to the form of a condition, the deletion or addition of a new condition, or a substantial change to the outcome or objective specified in a condition. A substantial change to the specified requirements of an environmental management plan or environmental 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 exceeded the KPI Target by more than 5%. The reduction in the percentage of assessments that met agreed timescales from 2020–21 Actuals to 2021–22 Actuals is due to several large complex projects with high levels of complexity of the assessments.

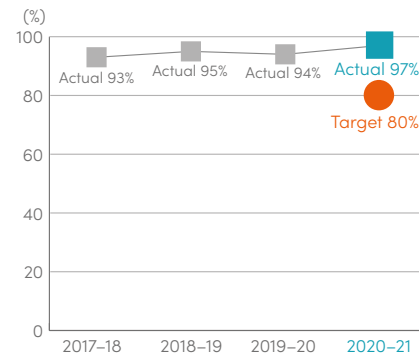
12. The EPA's satisfaction with the department's provision of environmental management services during the year

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%.



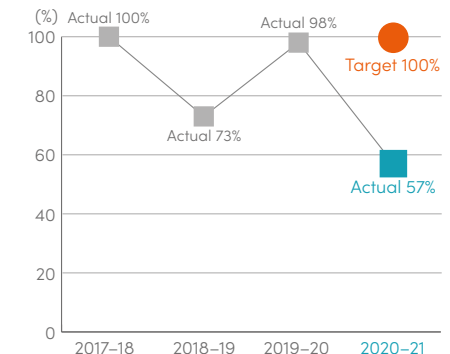
13. The number of Ministerial Statements audited compared to targets

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 that they are managed in an environmentally acceptable manner.

Variance analysis

The variance from the 2020–21 Actual and 2021–22 Target to 2021–22 Actual is due to some compliance resources being refocused on increasing reactive compliance workload and post-assessment activities across several of its regulatory deliveries.



Key efficiency indicators

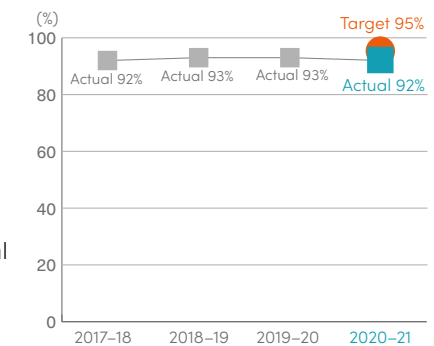
Service 1: Water information and advice

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 \$	Actual 2020–21 \$	Target 2021–22 \$	Actual 2021–22 \$
13,072	11,442	7,182	5,125	8,073	5,418

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

The reduction in the average cost per statutory referral assessment in 2021–22 from the 2021–22 Target was driven by a reduction in the total costs of service resulting from workforce priorities for resourcing of regulatory approvals as well as an increase in the number of statutory referral assessments compared to the target.

► Average cost per water measurement site managed

Actual 2017–18 \$	Actual 2018–19 \$	Actual 2019–20 \$	Actual 2020–21 \$	Target 2021–22 \$	Actual 2021–22 \$
8,754	7,118	9,437	7,437	9,741	5,944

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 2021-22 from the 2020-21 Actual and the 2021-22 Target resulted from lower cost incurred relating to Rural Water Deficiency and Community Water Supply and Grants more than offset by a reduction in the number of water measurement sites managed during the year.

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 \$	Actual 2020–21 \$	Target 2021–22 \$	Actual 2021–22 \$
417,794	431,338	348,488	233,709	212,216	268,753

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 Gngangara 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 increase in the Actual for 2021–22 from the 2020–21 Actual and 2021–22 Target is mainly due to a reduction in the total number of documents due to COVID impacts, resources being diverted to other priority work including Alcoa mining, Water Resource Management Bill, Public Drinking Water Source Areas bylaws update and Urban development pressures in Jandakot Public Drinking Water Source Areas, to support water planning, allocation and optimisation with the total costs 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 \$	Actual 2020–21 \$	Target 2021–22 \$	Actual 2021–22 \$
196	145	161	172	196	185

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.

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 \$	Actual 2020–21 \$	Target 2021–22 \$	Actual 2021–22 \$
Low	3,400	3,788	3,284	3,412	3,203	3,348
Medium	4,534	5,051	4,378	4,549	4,271	4,464
High	5,667	6,313	5,473	5,686	5,339	5,580

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 \$	Actual 2020–21 \$	Target 2021–22 \$	Actual 2021–22 \$
Low	73	57	46	30	65	35
Medium	134	133	85	39	75	52
High	158	213	87	47	95	65

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 license application has been significantly reduced in 2021–22 over the 2021–22 Targets across all water licensee application risk categories, driven by the successful implementation of the water licensing backlog action plan and several other water licensing business performance initiatives. The increase in the average time taken to process a water licence application from 2020–21 Actual to 2021–22 Actual across all water licence application risk categories is due to the water licensing backlog action plan and several other water licensing business performance initiatives. The 2021–22 Targets were outperformed across all risk categories (average 36% reduction).

Importantly, it should be noted that the average processing duration for low-risk applications, which represented more than 73% of the total water licence applications processed in 2021–22, is 30 days (or 46%) less than the target of 65 days.

► Average cost of compliance monitoring and enforcement action

Actual 2017–18 \$	Actual 2018–19 \$	Actual 2019–20 \$	Actual 2020–21 \$	Target 2021–22 \$	Actual 2021–22 \$
743	608	205	118	173	130

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 reduction in the average cost of compliance monitoring and enforcement action for the 2021–22 Target to 2021–22 Actual reflects a continued large amount of compliance activity associated with the final stage of the water metering regulation resulting in higher than forecast compliance monitoring and enforcement actions, further impacted by a small reduction in the actual costs allocated to this service. The increase in the average cost of compliance monitoring and enforcement action from the 2020–21 Actual to the 2021–22 Actual is mainly due to a reduction in the number of compliance monitoring and enforcement actions associated with water metering regulations with the total costs remaining relatively consistent.

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:

1. approvals and licensing
2. monitoring, audit and compliance inspections
3. 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 \$	Actual 2020–21 \$	Target 2021–22 \$	Actual 2021–22 \$
Average cost per works approval and licence application	47,505	47,220	51,891	59,155	55,425
Average cost per native vegetation clearing permit application	29,865	17,644	33,217	53,613	30,353

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 decrease in average cost per native vegetation clearing permit application from the 2021–22 Target to the 2021–22 Actual is due to lower cost incurred relating to Maintain Vegetation Offsets Fund, Native Vegetation Rehabilitation Scheme and Wooroloo Bushfire Clean-up work more than offset by a reduction in the number of native vegetation clearing permit applications decided during the year.

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 \$	Actual 2020–21 \$	Target 2021–22 \$	Actual 2021–22 \$
89	84	118	148	295	273

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 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 2020–21 Actual to the 2021–22 Actual is due to increased resources for climate policy and Murujuga Rock Art activities. The decrease in average cost per hour of policy advice and recommendations from the 2021–22 Target to the 2021–22 Actual is largely due to lower cost allocations, 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 %	Actual 2020–21 %	Target 2021–22 %	Actual 2021–22 %
1.31	2.10	1.94	1.60	1.50	1.87

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 number 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 increase in the cost of landfill levy compliance as a percentage of landfill levy income collected from the 2020–21 Actual and the 2021–22 Target to the 2021–22 Actual is due to a relatively small increase 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 \$	Actual 2020–21 \$	Target 2021–22 \$	Actual 2021–22 \$
34,681	33,082	39,924	62,466	54,409	45,444

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 budget year.

Variance analysis

The decrease in cost per standardised unit of assessment output from the 2020–21 Actual to the 2021–22 Actual is due to an increase in the number of Standardised Unit of Assessment Outputs following a year of significant and ongoing reforms in the department. The decrease in cost per standardised unit of assessment output from the 2021–22 Target to 2021–22 Actual is due to changes in resource cost allocations to allocate relatively lower costs to this service with the number of standardised units of assessment outputs remaining broadly the same.

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 \$	Actual 2020–21 \$	Target 2021–22 \$	Actual 2021–22 \$
31,377	21,049	34,793	34,572	49,963	26,706

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 lower than the 2020–21 Actual and 2021–22 Target due to changes in resource cost allocations to allocate lower costs to this service with an increase in the number of environmental management services outputs to deliver the amendments to the EP Act and the EPA procedure suite. Additional advice and support were provided by the department in 2021–22.

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 \$	Actual 2020–21 \$	Target 2021–22 \$	Actual 2021–22 \$
18,069	31,719	65,666	56,117	60,013	51,684

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 2021–22 is lower than the 2021–22 Target due to refocusing of resources to resolution of long-standing and high-risk compliance matters.

Other requirements



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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 2021–22 was \$1,004,809.96 (excluding GST).

Unauthorised use of purchasing cards

During 2021–22, there were 33 instances where a State Government purchasing card was used for personal use. The aggregate amount of personal use expenditure was \$1,436.48. All expenditure was recovered by 30 June 2022. 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, Grievance Standard or Discipline Standard) were lodged in the fiscal year.

Expenditure	Total	Expenditure paid to	Amount
Advertising agencies	Nil		Nil
Market research organisations	Nil		Nil
Polling organisations	Nil		Nil
Direct mail organisation	\$818.18		Nil
Media advertising organisations	\$936,867.53	Carat	\$670,479.90
		Facebook	\$490.93
		Google	\$26,835.94
		Initiative Media Australia	\$137,809.43
		Likeable Creative Pty Ltd	\$97,250.00
		Independent & general media	\$12,729.23
		Koori Mail	\$818.18
		DPC	\$10,715.26
		Telstra	\$40,649.40
		State Law Publisher	\$3,848.54
		Tribe Digital	\$2,999.79
		Campaign Monitor	\$183.36
		TOTAL	\$1,004,809.96

Special purpose statement

The special purpose statement (right) applies to the Environmental Protection Part IV Cost Recovery Account.

Department of water and environmental regulation Special purpose statement Environmental Protection Part IV Cost Recovery Account

Name	An Account called the Environmental Protection Part IV Cost Recovery Account (the Account) shall be established and maintained as an agency special purpose account pursuant to section 16(l) (d) of the <i>Financial Management Act 2006</i> by the Department of Water and Environmental Regulation.
Purpose	The Account is to manage funds recovered under the Environmental Protection (Cost Recovery) Regulations 2021. Funds in this account are to be used for defraying the costs incurred by the Department in receiving and assessing proposals and monitoring the implementation of proposals under Part IV Division 1 or 2 of the <i>Environmental Protection Act 1986</i> .
Receipts	There shall be credited to the Account monetary contributions collected as fees and charges from proponents pursuant to the Environmental Protection (Cost Recovery) Regulations 2021.
Payments	Moneys standing to the credit of the Account may be applied only for the purpose of the Account.
Accountability and governance	The Account shall be administered, accounted for and reported on by the Director General, Department of Water and Environmental Regulation, in accordance with the <i>Financial Management Act 2006</i> , Financial Management Regulations 2007, Treasurer's instructions and any other legal requirements.
Review	A detailed review of the Account is to be undertaken on an annual basis. This is to include an assessment of the payments and receipts to ensure compliance with the purpose outlined above.
Disposal of funds on cessation	Upon closure of the Account, any balance standing to the credit of the Account shall be disbursed to another mechanism utilised for the purposes of cost recovery, as determined by the Minister for Environment.

I have examined and agree to the provisions of this special purpose statement



Michelle Andrews
DIRECTOR GENERAL
Department of Water and Environmental Regulation

Date: 14 December 2021

Approved (under delegated authority)



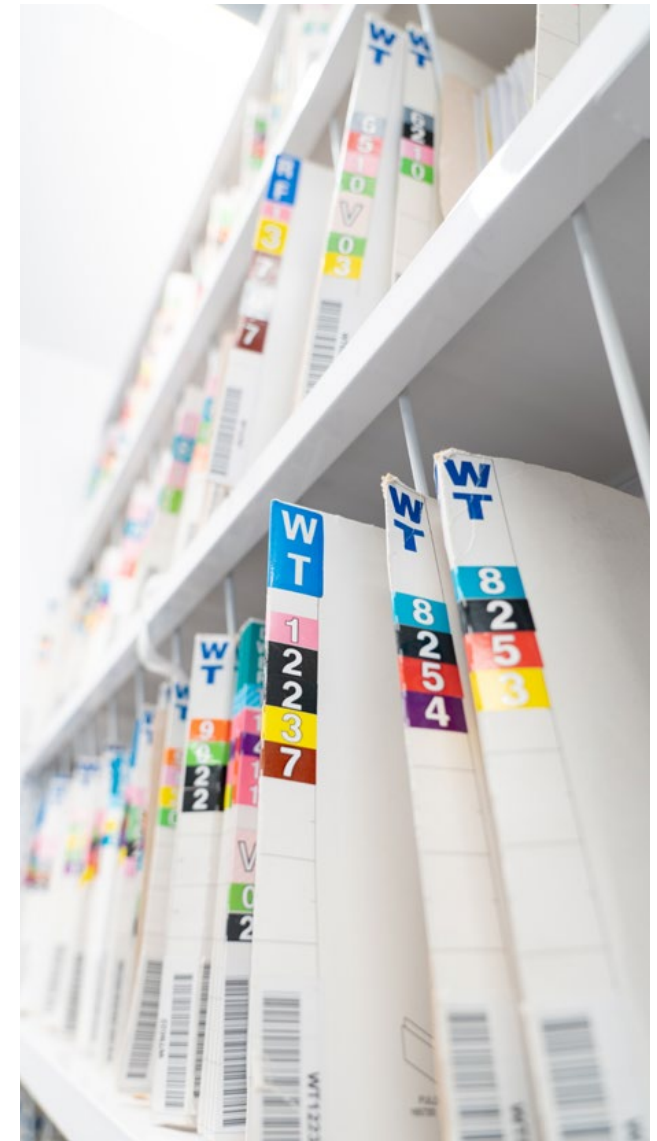
Michael Court
UNDER TREASURER
Department of Treasury

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 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 our Recordkeeping Plan. In 2021–22, record awareness training across the department was completed by 230 staff, resulting in 943 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 recordkeeping awareness training, they will be required to complete the refresher module every two years. So far, 151 staff have completed this training.



Government policy requirements

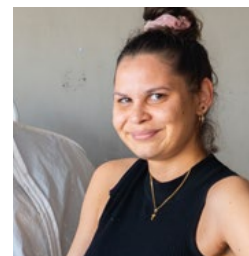
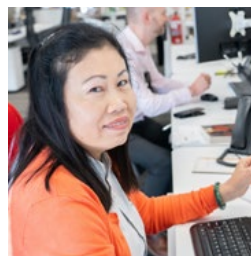
Substantive equality

There is a whole-of-department commitment to substantive equity, which is built in to the way we deliver water and environmental management. All processes associated with our management tasks and planning practices are developed with diverse input from the community and stakeholders. This development process features broad public invitations across multiple platforms to comment on draft documents.

We aim to implement substantive equality measures across all operations and department functions as well as make our services available to all in a form that meets diverse, individual and cultural needs. Our equity and diversity panel provides oversight on developing and integrating substantive equality strategies into the overall equity framework.

We are committed to providing employment opportunities for Aboriginal people within the department and through our business. We are also strengthening sustainable relationships with Aboriginal communities and respect their knowledge and deep connection to WA's land and waterways.

We continue to seek to listen, learn and build partnerships with Traditional Owners across the state. As part of our reconciliation commitment, we incorporate and consider the social and cultural wellbeing as well as rights of Aboriginal people when working on Country with Traditional Owners. The department incorporates Acknowledgement of Country protocols into all official meetings and events to recognise Aboriginal peoples' spiritual and cultural connection to lands and waters.



Inclusive access

The delivery of our [*Disability Access and Inclusion Plan*](#) demonstrates the department's commitment to an inclusive public service. The five-year plan, due for renewal after 2023, recognises the rights of all employees to access services, information and facilities, and to participate in community consultation. It helps us to meet, and in some respects surpass, obligations under the *Disability Services Act 1993*, the *Western Australian Equal Opportunity Act 1984* and the *Commonwealth Disability Discrimination Act 1992*.

We continue to build on initiatives in the plan championed by our Corporate Executive and have started developing workplace adjustments policies and procedures to better enable people with disability to fully participate in all aspects of their employment.

We participated in the Building the Talent Pool project, a cross-agency collaboration with the aim of increasing employment outcomes for people with disability in the public sector. The department also launched a review of the accessibility of our buildings and equipment.

In this year's department census, 11 per cent of the 438 staff who completed the survey identified as a person with disability. This compares with 9 per cent across the Australian workforce.

The census found that of our employees who identified as a person with a disability (49):

- 32.5 per cent felt they have to hide or change who they are to fit in at work compared with 10.5 per cent without a disability
- 14.2 per cent had personally experienced unfair treatment or been denied opportunities in the last 12 months

- 42 per cent reported people made incorrect assumptions about their abilities.

The results reaffirm our commitment to an even more inclusive workplace and work has advanced to deliver a Dignity at work policy and change program.



Occupational health, safety and injury management

As a department, we take the health and safety of all our staff seriously and are committed to ensuring a safe and healthy workplace. The Health and Safety Committee meets quarterly and regularly consults with regional offices through Sub-Health and Safety Committees, which comprise safety and health representatives, employee representatives and management representatives.

These groups focus on resolving systemic safety issues and the continuous improvement of our occupational safety and health systems, processes and performance. The Health and Safety Committee is also responsible for safety risk and hazard identification and awareness. This includes ensuring that our department-wide Work Health Safety (WHS) Action Plan is implemented and meets its targets.

These committees, which include employee representatives, are integral to effective WHS 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.

Manager and supervisor training in occupational health and safety, and injury management

The department continued to provide onsite training for managers and employees. The training modules covered the new WHS legal framework, due diligence, hazard and risk management, incident management, WHS fatigue training and psychosocial injury management, and return-to-work programs. This year 288 managers and employees completed the course, with 621 employees completing the course in the past two years. All our managers and employees are also required to undertake WHS training every two years, made available and easily accessible through the department's online learning system.

The department has also continued to train our Health and Safety Representatives. To maintain the highest safety standards and assist managers in WHS matters, we have appointed WHS representatives to work closely with management teams. These voluntary roles include work site inspections for potential hazards, incident investigation, and communications with department staff.

Mechanisms for consultation with employees

The primary mechanism for consultation with employees is through our Health and Safety 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, timely and inclusive engagement with our staff, to ask for their feedback on department policy and procedures, and to update and announce events occurring in our safety and wellbeing areas.

Commitment to return employees back to work after injury

We have a workers' compensation and injury management policy, and align to State Government guidelines to help injured employees 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 *Work Health Safety Act 2020* 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 (below).

► Injury performance

Measures	Results 2019–20	Results 2020–21	Results 2021–22	Targets	Comments towards targets
Number of fatalities	0	0	0	0	The department has had 0 fatalities
Lost time injury and disease incidence rate	0.3	0.3	0.1	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	0.1	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%	99.9%	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	Injury management training 77% Online training modules for managers 79%	Online training modules for managers 75%	Online training modules for managers 92%	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.

Complaints procedure

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

The department is committed to providing high-quality services to meet our customers' needs. Our [Service Charter](#) guides our relationship with our customers. We have a dedicated feedback and complaints portal where we encourage our stakeholders to visit and bring matters to the department's attention so we can action, track and monitor trends.

In line with our Service Charter, from 1 July 2021 to 30 June 2022 the department received a total of 42 complaints via its online complaints and feedback mechanism. Twelve of those received were anonymous submissions which were actioned and closed, leaving 26 submissions that included complainant details.

The complaints received ranged from not relating to the department's service delivery, providing direct feedback to faults in the department's website, Water Online, Environment Online and EPA submissions requiring redirection. These 26 submissions were also actioned and closed. In the timeframe recorded, four items are yet to be finalised.

This does not include complaints managed under statutory processes within the department's remit, such as noise, dust and littering complaints.

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 2021–22 period, we received 275 FOI applications. Five 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 42 days (the mandatory requirement under the FOI Act is 45 days)
- we received two applications for personal information
- we received 273 applications for non personal information
- in addition to the 275 FOI applications received by the department, we handled a further 50 consultations from other agencies.

Recognising our staff: Woola Awards

Reward and recognition are important elements of our organisational culture. They reinforce our departmental values, help highlight what 'great' looks like and, most importantly, help employees feel valued, energised, happy and motivated.

We believe that should happen continuously and throughout our agency. We strive to pay attention to when people get things 'right' and let them know.

Our Woola Awards and Recognition program was created in 2021 to celebrate the accomplishments of staff. Woola! means 'shout of praise' in the language of the Whadjuk Noongar people, on whose Country our head office is based.

We hold these awards each year on or close to 23 June, the United Nations Public Service Day which celebrates the value of public servants to their communities.

The 2022 Woola Significant Achievement Award was presented to Mike Young, Senior Manager Native Vegetation Regulation, for his work on delivering amendments to the EP Act, the Environment Online build and offsets governance initiatives.

There were also awards for staff who kept their colleagues safe and updated, and who mitigated risks, during the outbreak of COVID-19 in WA. Some 147 staff received certificates for reaching milestone lengths of 10, 15, 20, 25, 35, 40 and 45 years of continuous public service in 2022.



Appendices

Appendix A: Legislation

Legislation administered by the Department of Water and Environmental Regulation as at 30 June 2022

- *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 Authority 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* (also called *Plumbers Licensing Act 1995*) (except part 5A, which the Department of Commerce administers)
- *Waterways Conservation Act 1976*

Regulations administered by the Department of Water and Environmental Regulation as at 30 June 2022

- 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 (NEPMNPI) Regulations 1998
- Environmental Protection (NEPMUPM) 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 Amendment Regulations 2019
- Waste Avoidance and Resource Recovery (Container Deposit Scheme) Regulations 2019
- Waste Avoidance and Resource Recovery (Container Deposit Scheme) Amendment Regulations 2019
- Waste Avoidance and Resource Recovery (Container Deposit Scheme) Amendment Regulations 2020
- Waste Avoidance and Resource Recovery Levy Regulations 2008
- Waste Avoidance and Resource Recovery 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

Other key legislation affecting our activities

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

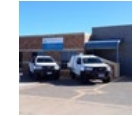
- *Aboriginal Heritage Act 1972*
- *Auditor General Act 2006*
- *Corruption and Crime Commission Act 2003*
- *Disability Services Act 1993*
- *Equal Opportunity Act 1984*
- *Financial Management Act 2006*
- *Freedom of Information Act 1992*
- *Government Employees Housing Act 1964*
- *Industrial Relations Act 1979*
- *National Environmental Protection Council Act 1997 (Commonwealth)*
- *Occupational Safety and Health Act 1984*
- *Long Service Leave Act 1958*
- *Minimum Conditions of Employment Act 1993*
- *Native Title Act 1993 (Cwlth)*
- *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*
- *Work Health Safety Act 2020* (from 31 March 2022)

Appendix B: Shortened forms

Term	Definition
AA	Agricultural Area
AQMP	Perth Air Quality Management Plan
AUSMAP	Australian Microplastics Assessment Project
AWEAG	Aboriginal Water and Environment Advisory Group
BCP	Business Continuity Plan
C&D	Construction and demolition
CSIRO	Commonwealth Scientific and Industrial Research Organisation
DBCA	Department of Biodiversity, Conservation and Attractions
DMIRS	Department of Mines, Industry Regulation and Safety
DPIRD	Department of Primary Industries and Regional Development
DPLH	Department of Planning, Lands and Heritage
EPA	Environmental Protection Authority
FOGO	Food organics and garden organics
FOI	Freedom of information
HHW	Household hazardous waste
ILUA	Indigenous Land Use Agreement
IPWEA	Institute of Public Works Engineering Australasia
JTSI	Department of Jobs, Tourism, Science and Innovation
KABC	Keep Australia Beautiful Council

Term	Definition
KPI	Key performance indicator
LGA	Local government authority
MAC	Murujuga Aboriginal Corporation
MLA	Member of the Legislative Assembly
NARClIM 2.0	New South Wales and Australian Regional Climate Modelling Project
PDWSA	Public drinking water source areas
PHIC	Port Hedland Industries Council
SERS	Sectoral Emissions Reduction Strategies
SGIP	State Groundwater Investigations Program
SWIS	South West Interconnected System
RAP	Reconciliation Action Plan
RtR	Roads to Reuse
WA	Western Australia
WAPC	Western Australian Planning Commission
WHS	Work Health Safety
WIR	Water Information Reporting
WWF	World Wide Fund for Nature
YSRC	Yamatji Southern Regional Corporation

Contact us



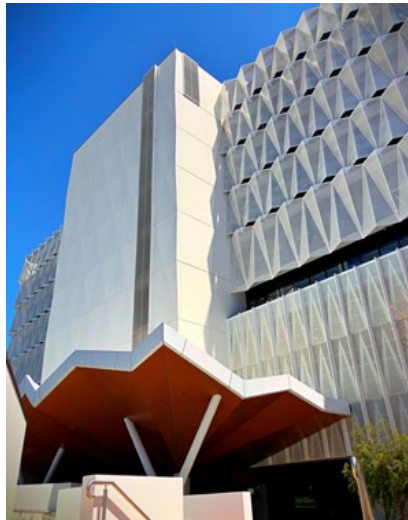
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Feedback form

Your feedback on our 2021–22 annual report would be greatly appreciated. We will use your comments to help improve the clarity and presentation of our publications. Thank you for your input.

- 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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- Did you find the design and presentation functional and effective?

not at all	not really	somewhat	yes	absolutely
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- Was the report clear, concise and easy to read?

not at all	not really	somewhat	yes	absolutely
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- Did you find the structural format of the report simple and logical?

not at all	not really	somewhat	yes	absolutely
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Please return completed feedback forms to:

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or

Mail to:

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