



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

# CHIEF FINANCE OFFICERS' FORUM

**30 NOVEMBER 2022**





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

# **Economic Update**

## **Presentation to the CFO Forum**

**30 November 2022**

**David Christmas, Director (Economic and Revenue Forecasting)**

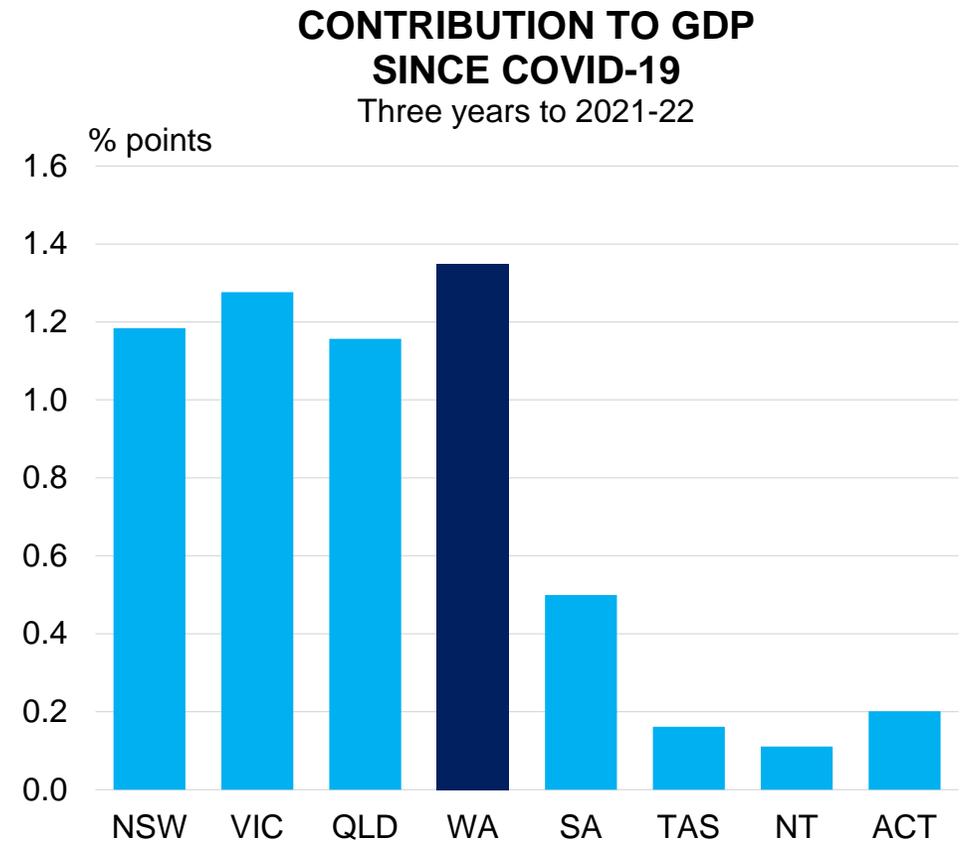
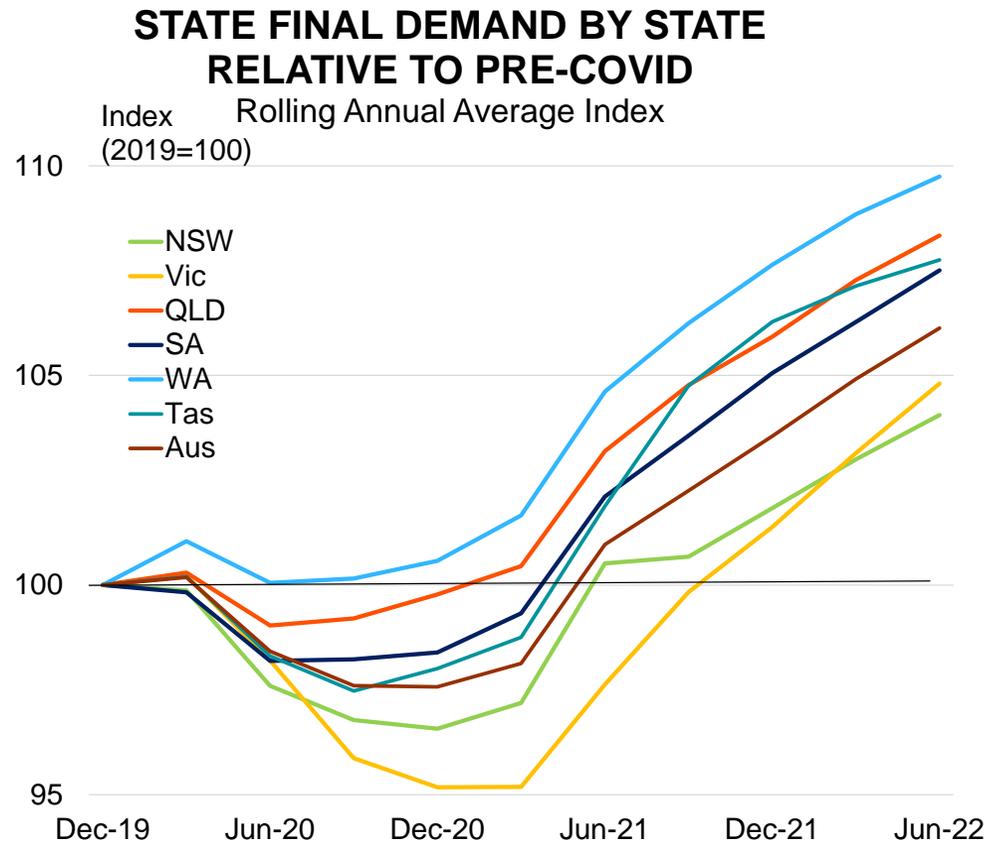
The information provided in these slides is based on data that was available at 30 November 2022

# Summary

- ▶ The Western Australian economy has been resilient through COVID-19
- ▶ The State's domestic economy in particular is currently performing strongly
  - ▷ Household spending to date has been robust
  - ▷ A number of key projects have reached Final Investment Decision
- ▶ Conditions in the State's labour market have been very strong
- ▶ However, growth is expected to slow (there are some signs of this already) and there are significant risks to the outlook including:
  - ▷ A slowing in global growth and deteriorating growth outlook
  - ▷ China is experiencing more widespread COVID outbreaks and has a weak property market

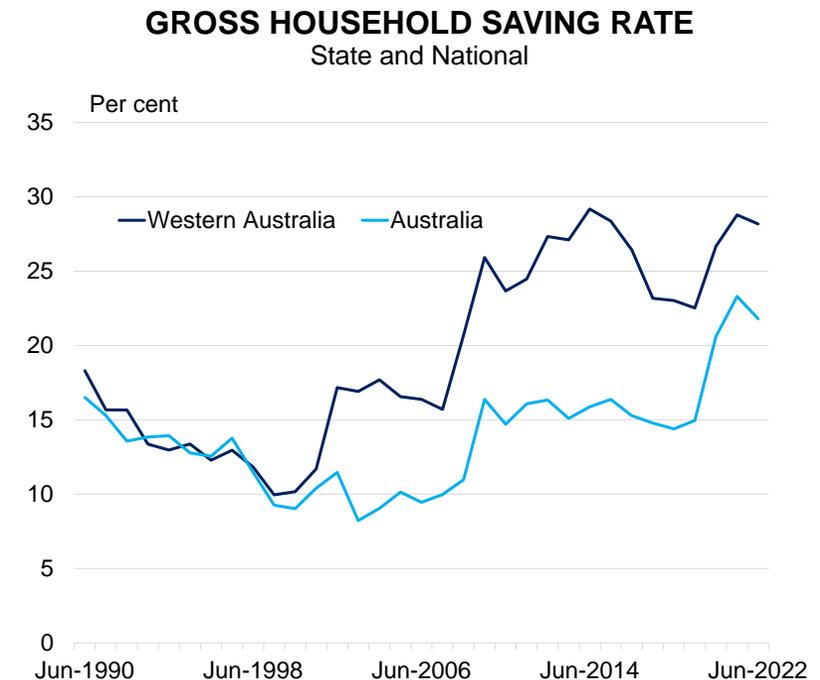
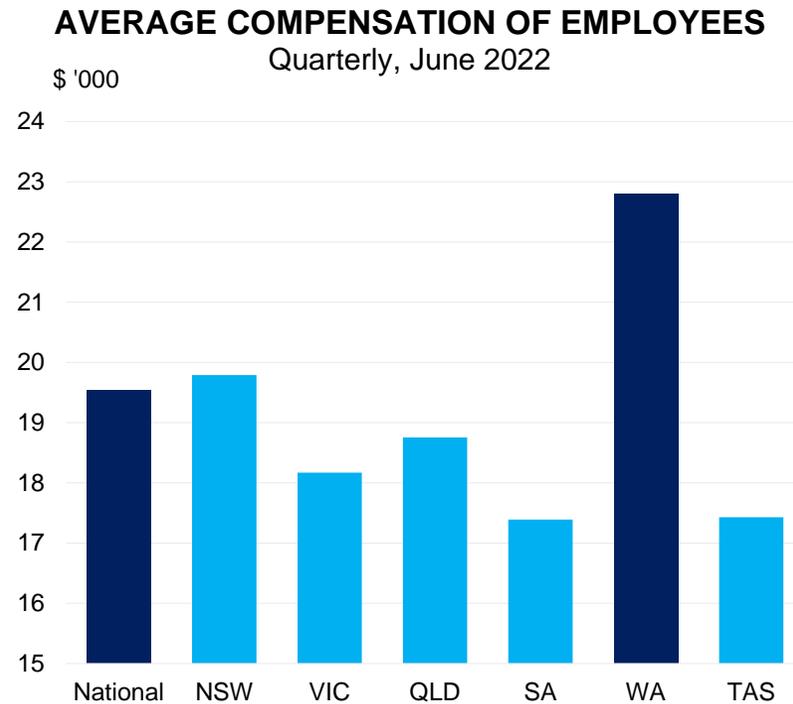
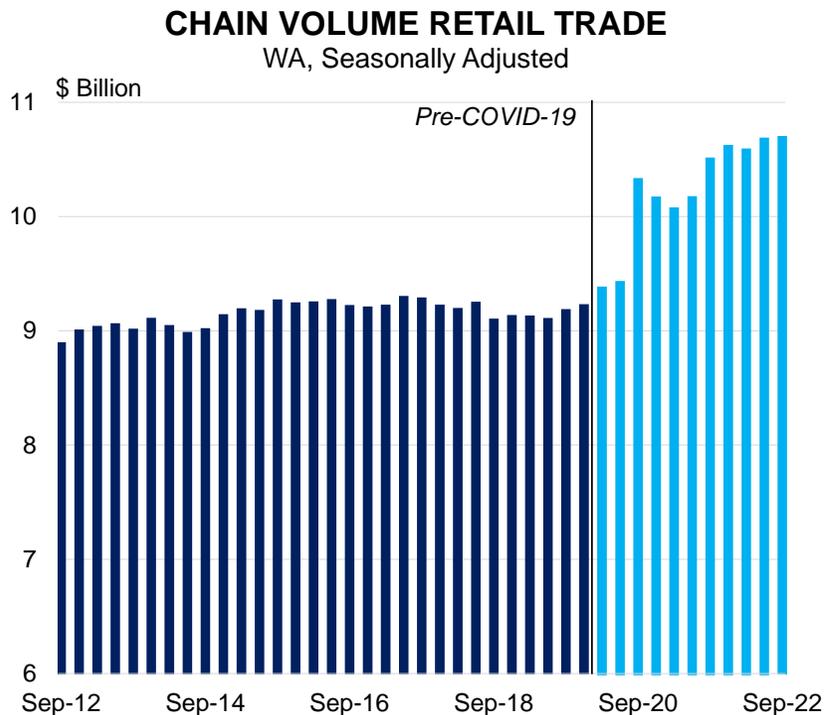
# Western Australia has been resilient throughout the pandemic

WA economy recovered well from the initial economic shock caused by COVID-19 restrictions in 2020, and has performed the strongest of the States



# Household Spending

- ▶ Despite rising inflation and interest rates, spending remains strong to date
- ▶ Significant savings buffers and rising incomes are expected to support relatively robust consumption over the forecast period

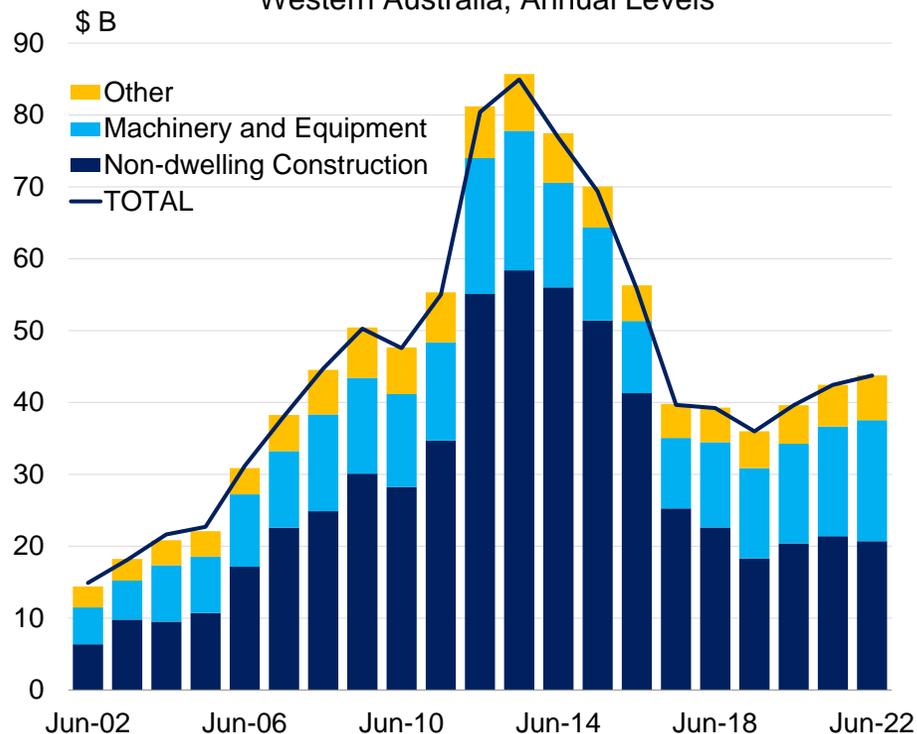


# Business Investment

Business investment grew by 3.1% in 2021-22, and is expected to be sustained by a raft of new investments, including resource projects across a range of commodities

## BUSINESS INVESTMENT

Western Australia, Annual Levels

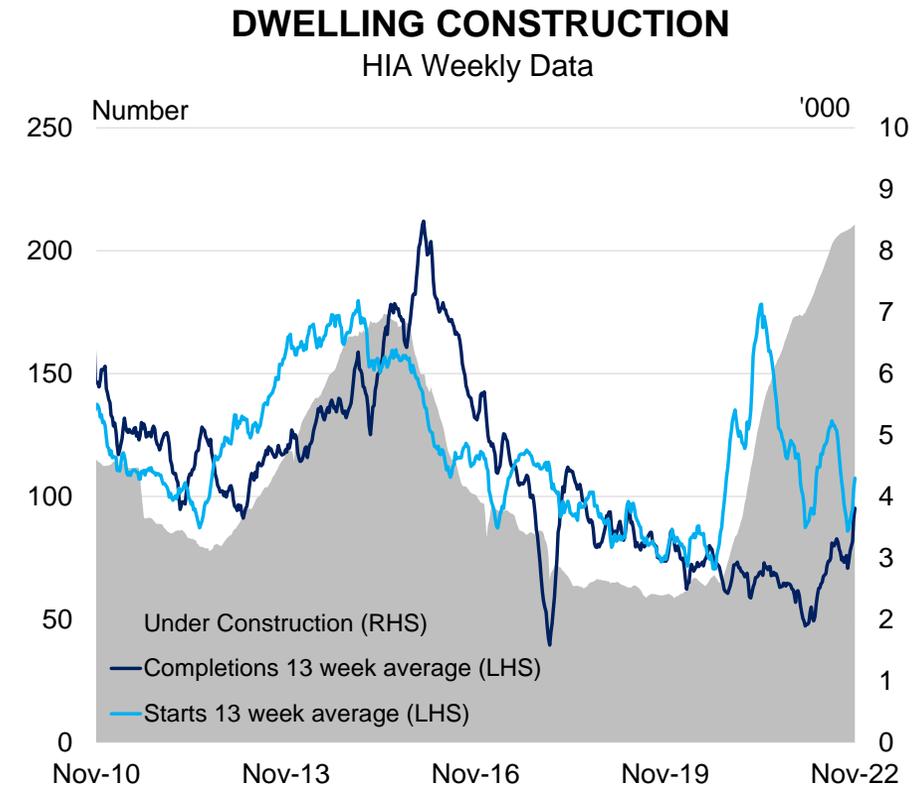
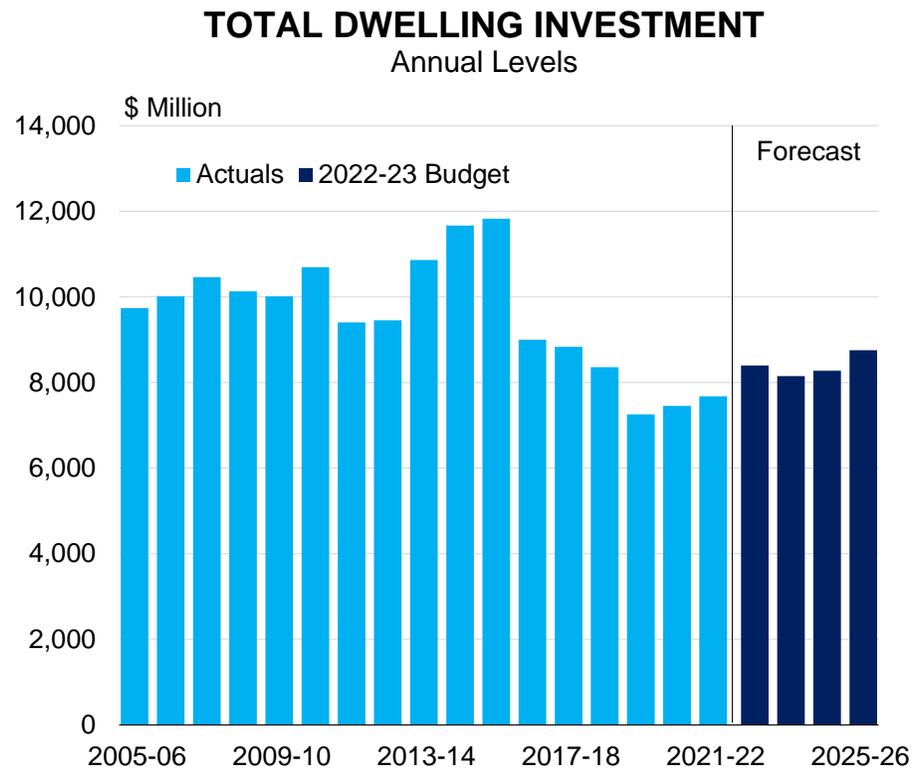


## Recent Major Final Investment Decisions (FID)

Project	Capital Cost	Company	Product
CBH Network Infrastructure and Assets	\$4B	CBH	All Agriculture
Crux LNG	\$3.6B	Shell	LNG
Western Range	\$3B	Rio Tinto/Baowu	Iron Ore
Onslow Iron	\$3B	Mineral Resources	Iron ore
West Musgrave	\$1.7B	OZ Minerals	Copper/Nickel
Data Centre	\$600M	Green Square DC	Infrastructure
Kathleen Valley	\$545M	Liontown Resources	Lithium
Mt Weld Mine Expansion	\$500M	Lynas	Rare Earth Minerals
Thunderbird Mineral Sands	\$484M	Sheffield Resources/Yansteel	Minerals
Pilgangoora Operation - P680	\$297.5M	Pilbara Minerals	Lithium
Yuri Project	\$87.1M	Yara Pilbara/Engie	Hydrogen/Ammonia

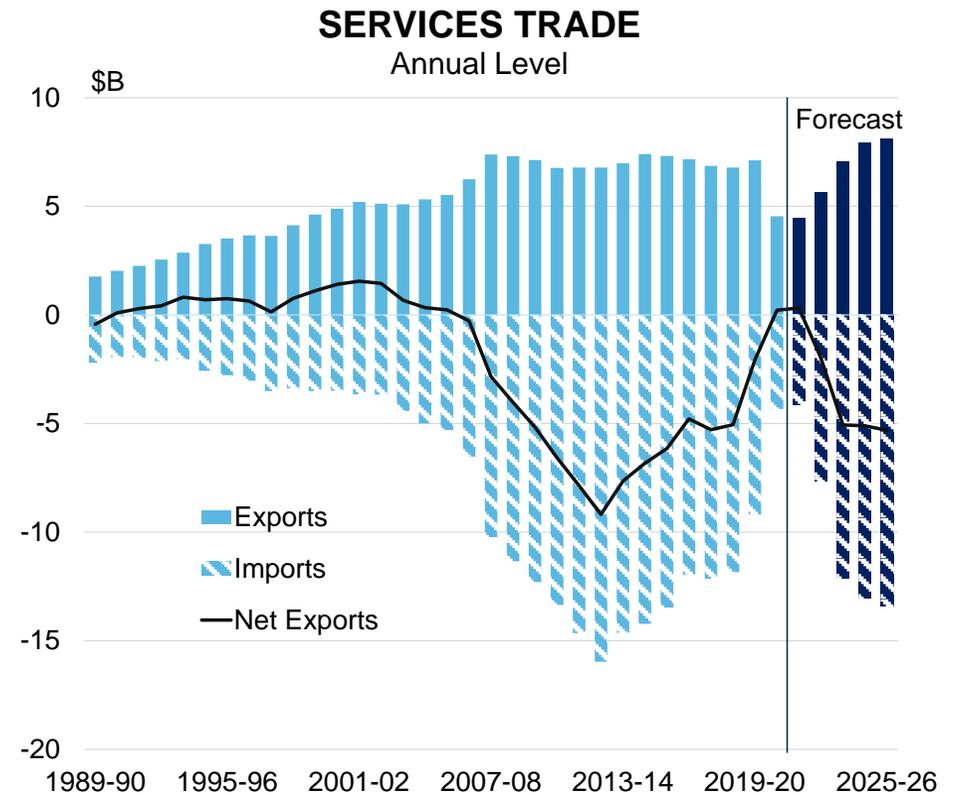
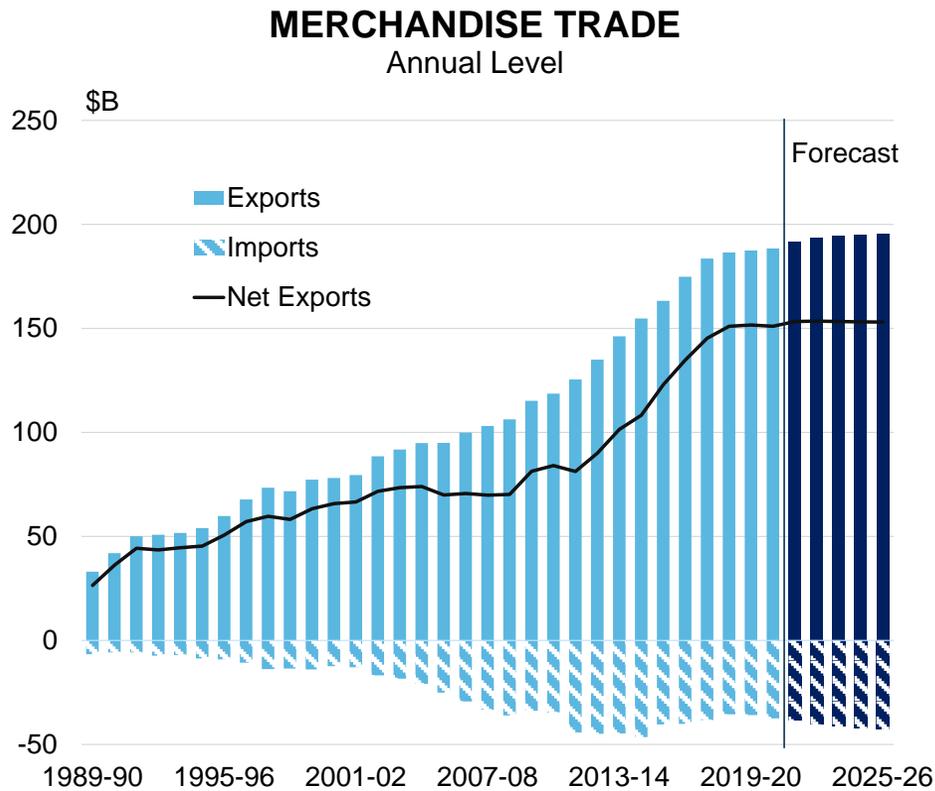
# Dwelling Investment

- ▶ Labour and material shortages have resulted in a build up of homes under construction
- ▶ While new starts have begun to slow, outstanding work is anticipated to partially offset this drop in demand



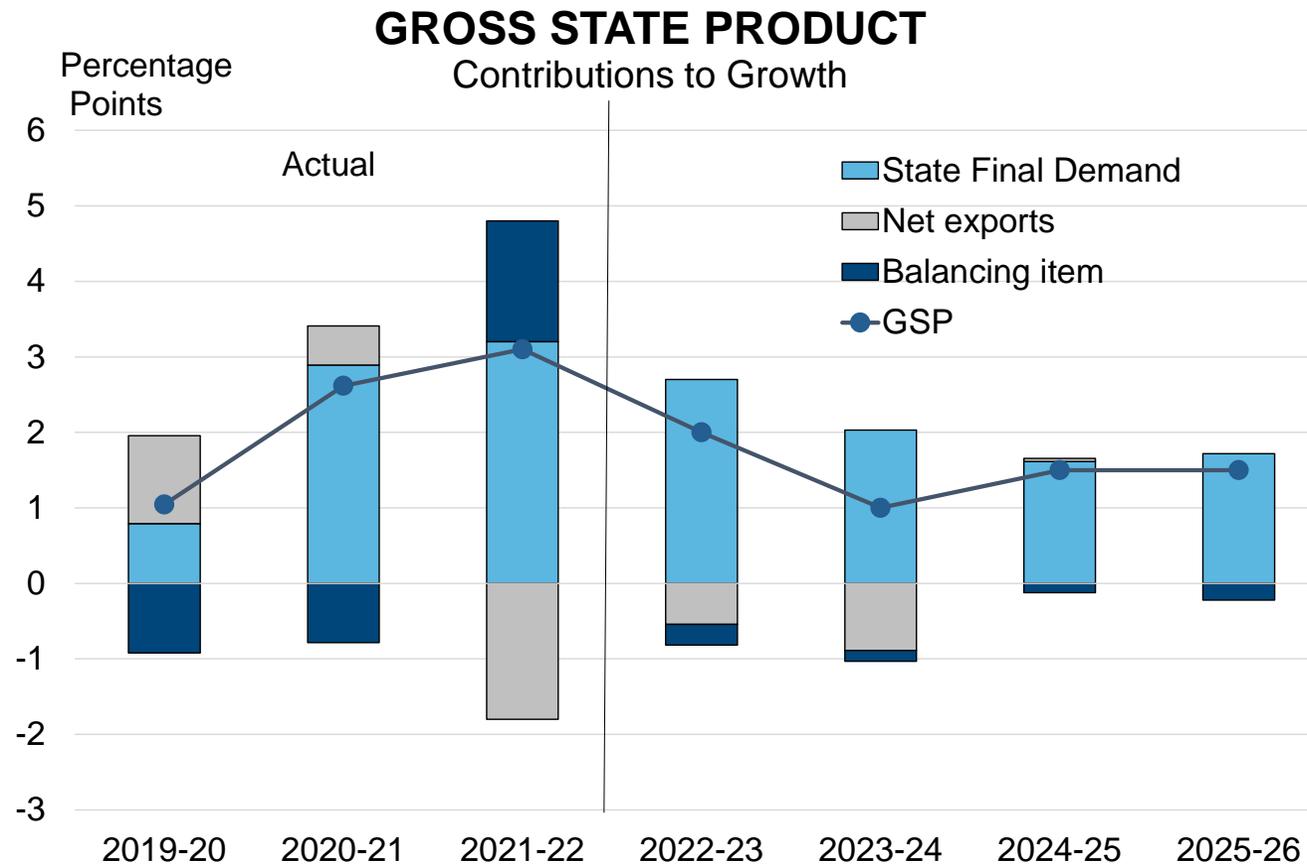
# Trade

Net exports are expected to act as a drag on growth in the near term, as major exporters are producing at capacity and as services trade, which has been briefly positive, returns to a trade deficit



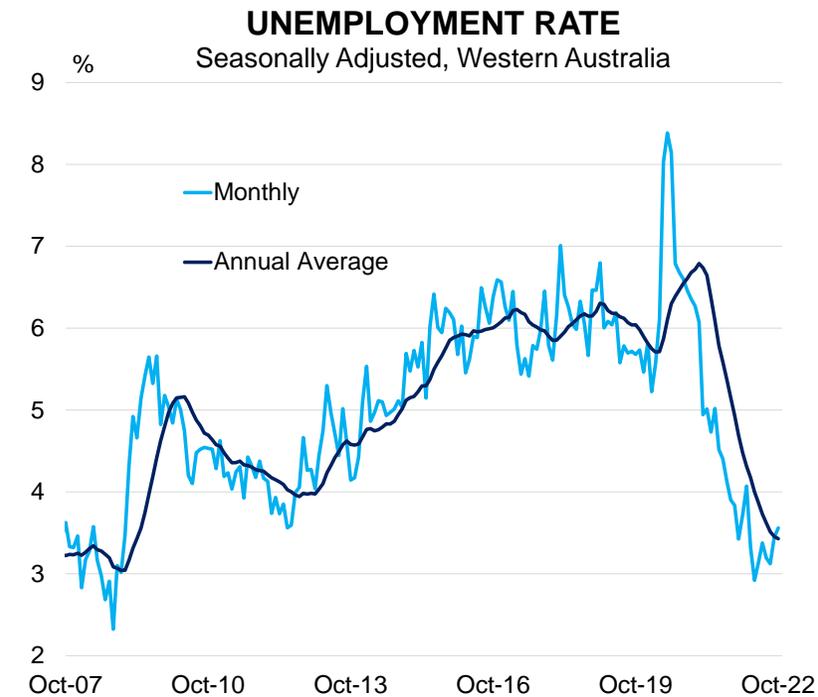
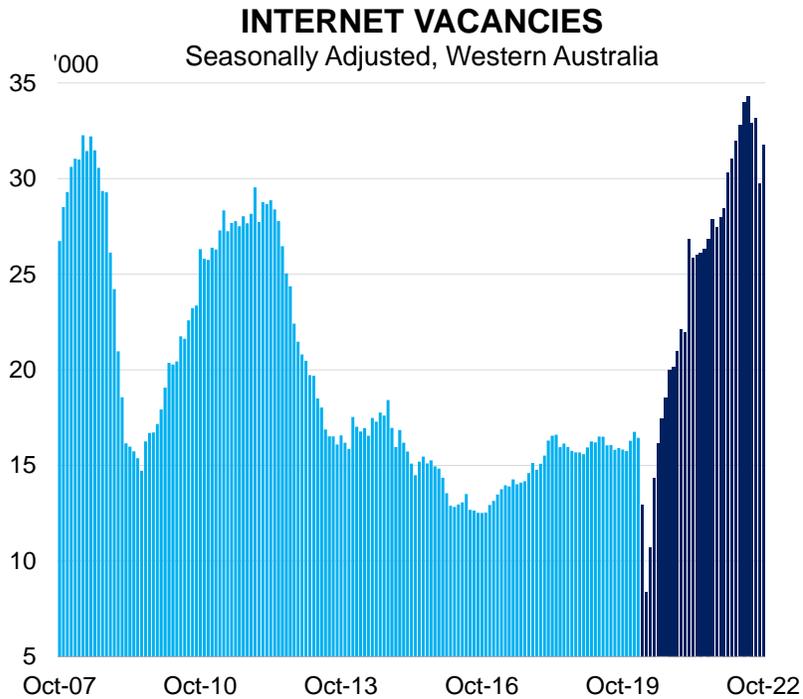
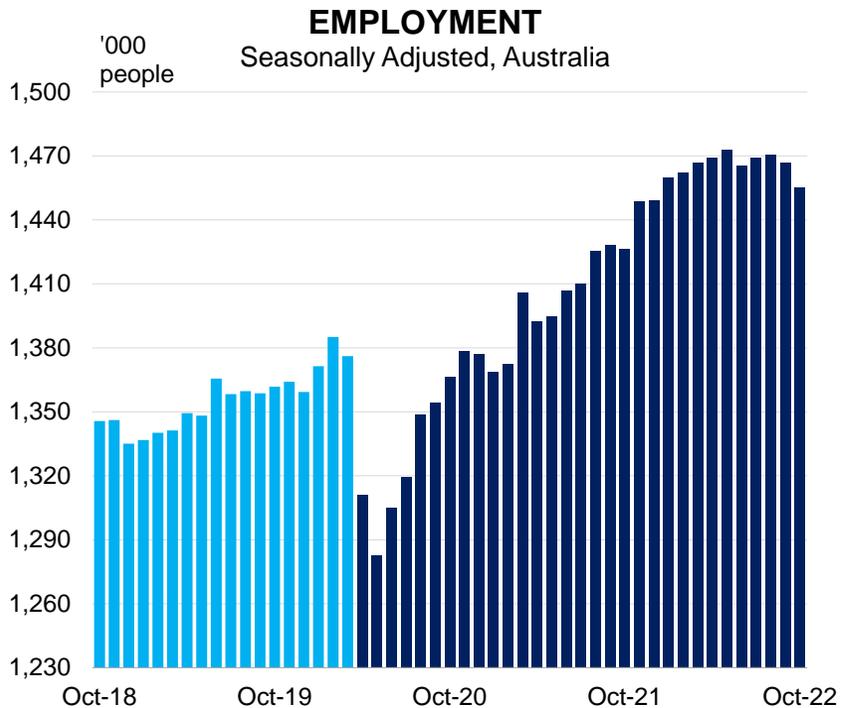
# GROSS STATE PRODUCT

- ▶ Gross State Product in 2021-22 was supported by a strong domestic economy
- ▶ Growth in the outyears is expected to ease, as growth in State Final Demand softens and Western Australia's external sector is a drag on growth



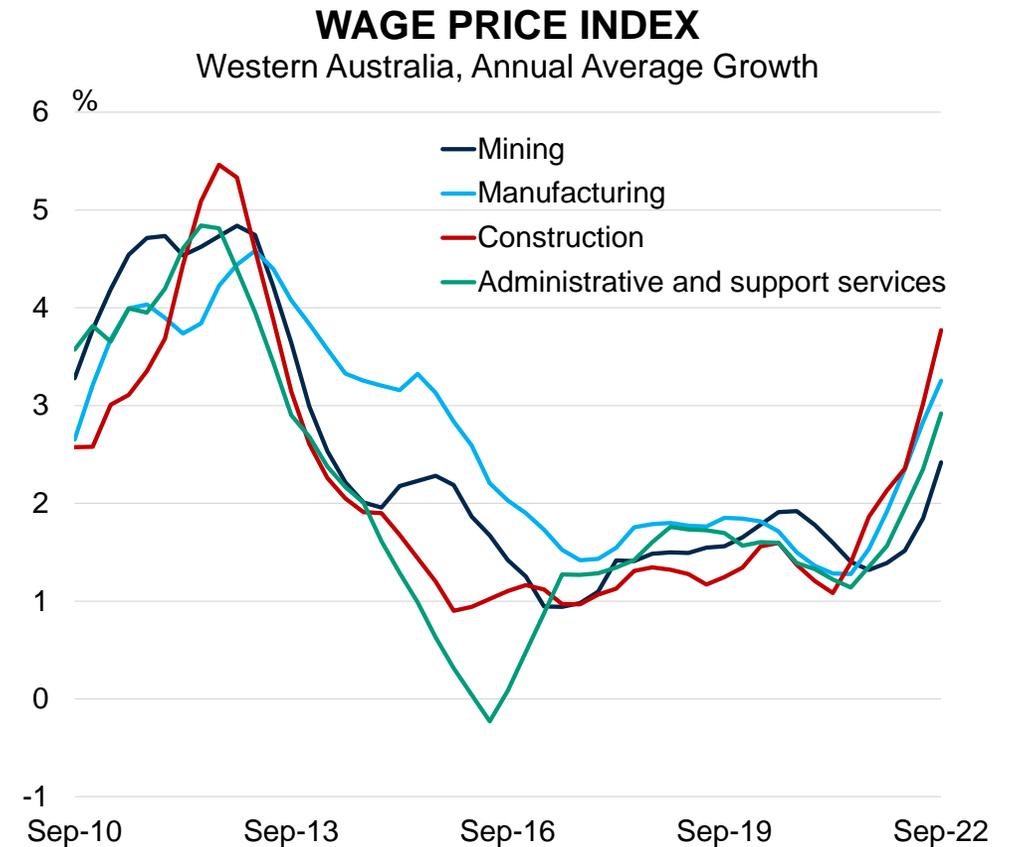
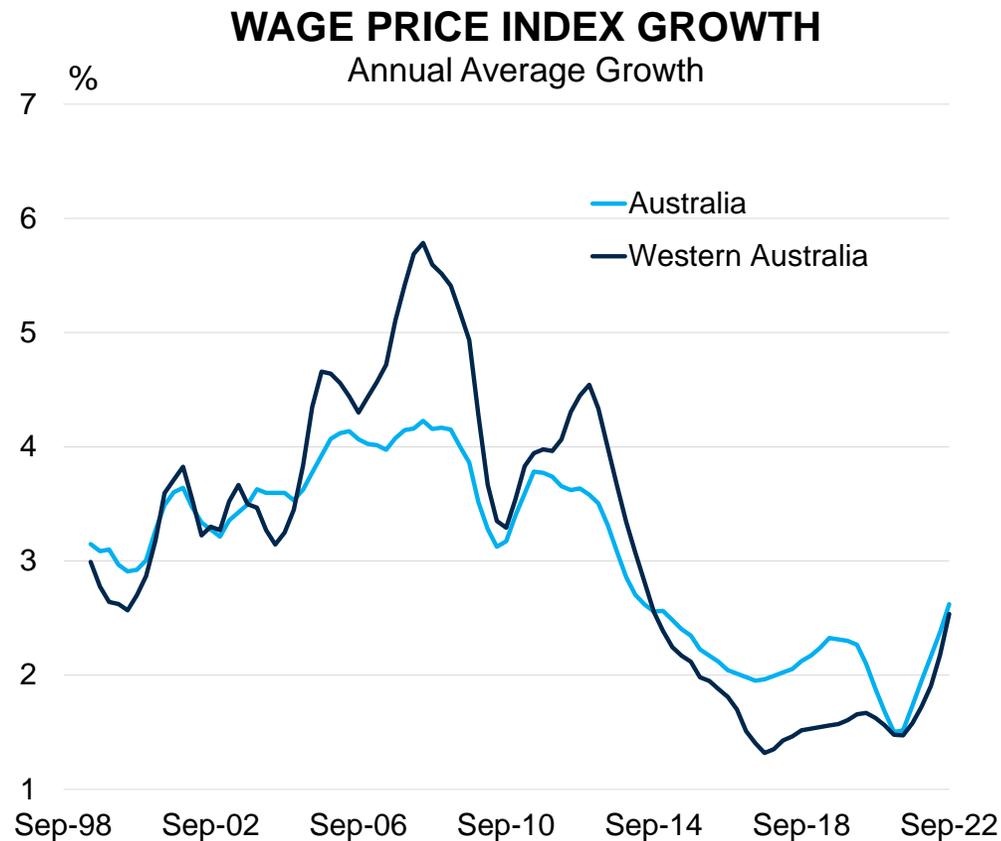
# Labour Market

Employment and job ads have moderated in recent months. However the labour market remains very tight, with the unemployment rate averaging 3.4% in the past 12 months – the lowest annual rate in over 13 years and the lowest of all States



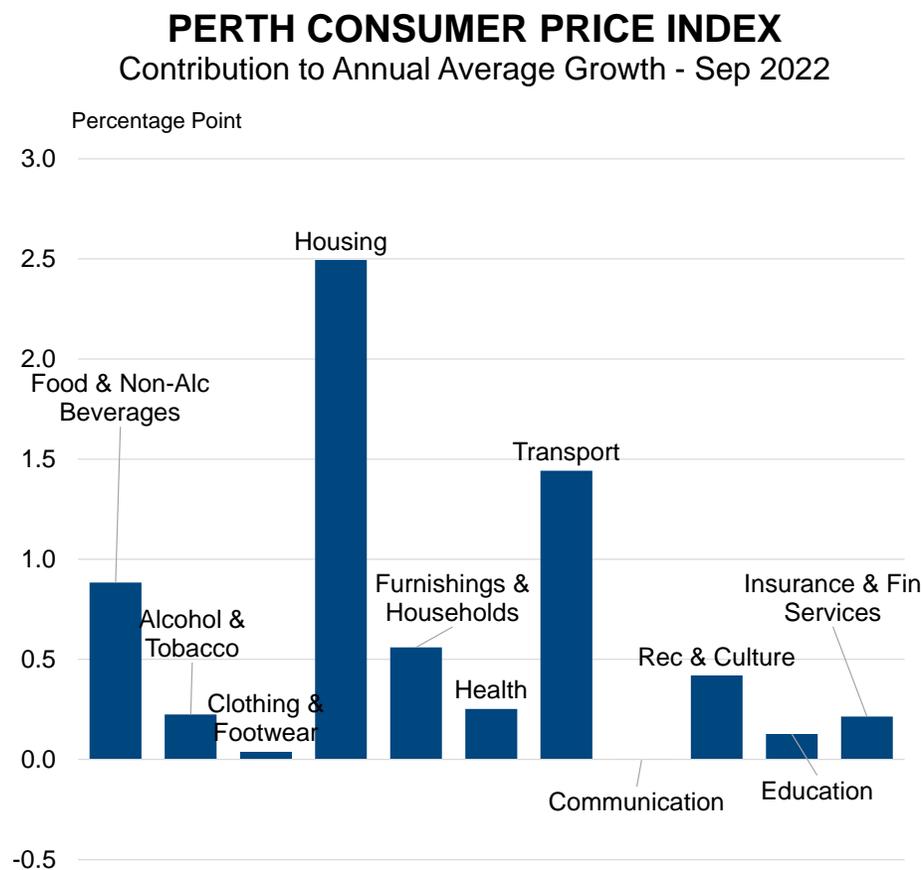
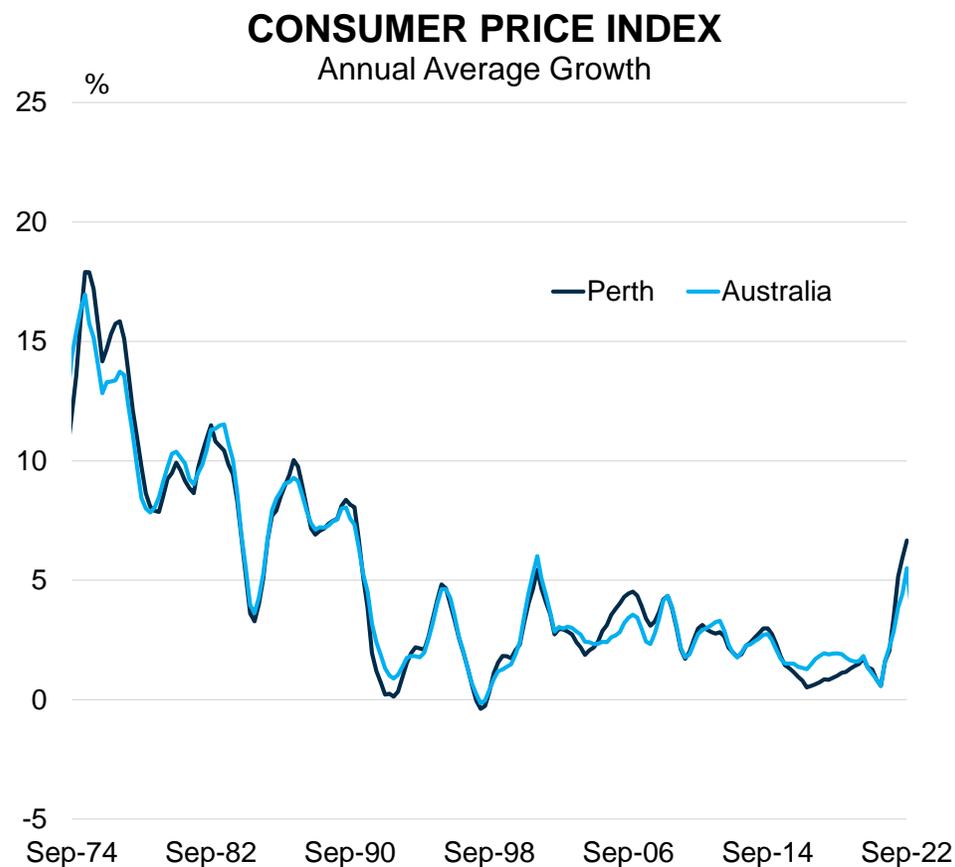
# Wages

Wages growth (as measured by the Wage Price Index) has started to pick-up after a prolonged period of subdued growth – particularly in mining, construction, and mining related manufacturing



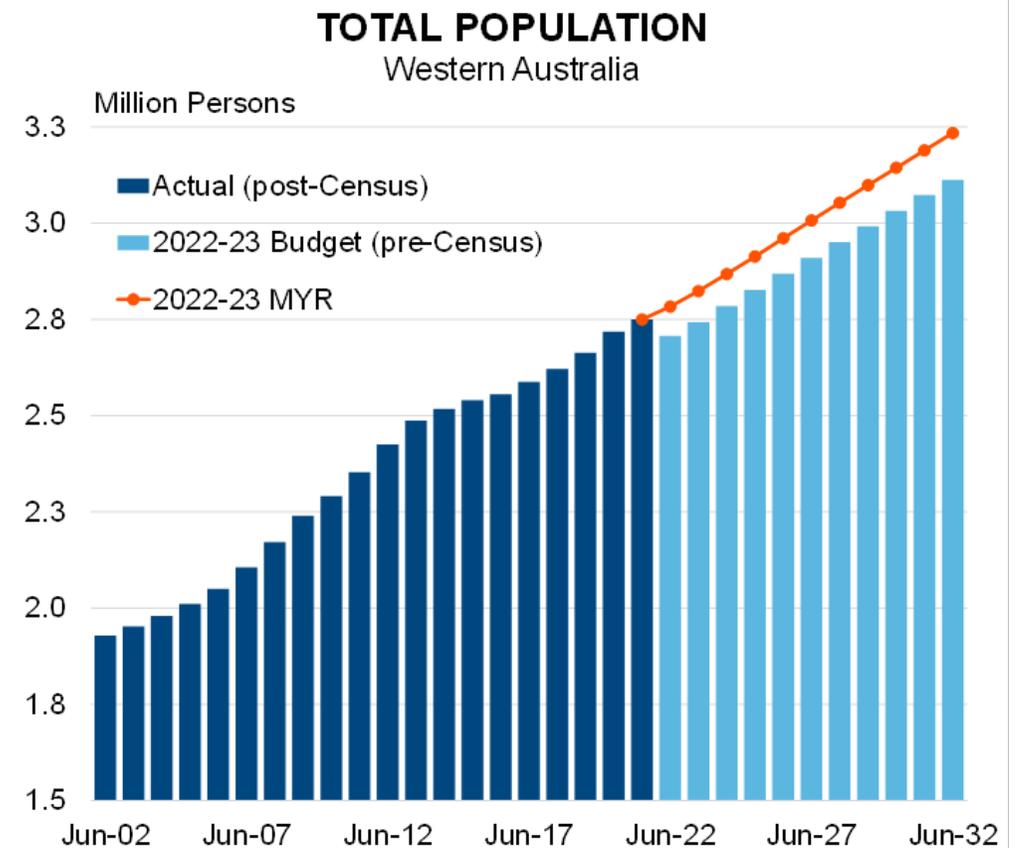
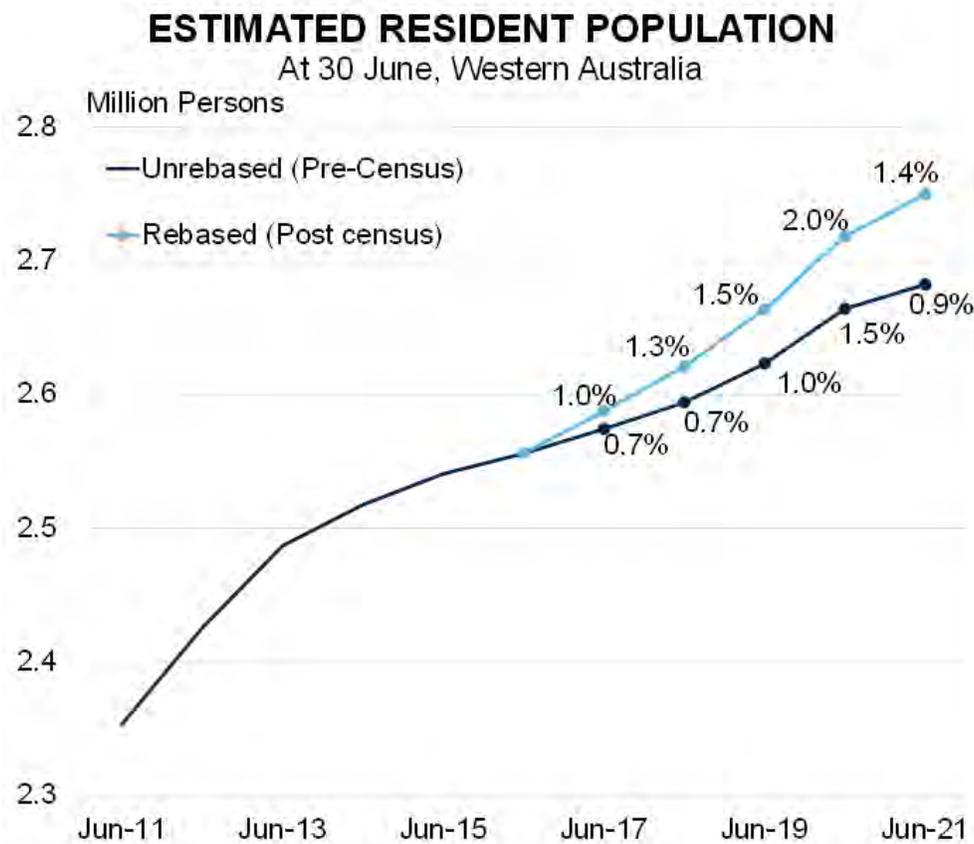
# Inflation

Consistent with trends globally and nationally, the Perth Consumer Price Index has lifted since the December quarter 2021, with housing (primarily rent and new homes) and automotive fuel the largest contributors



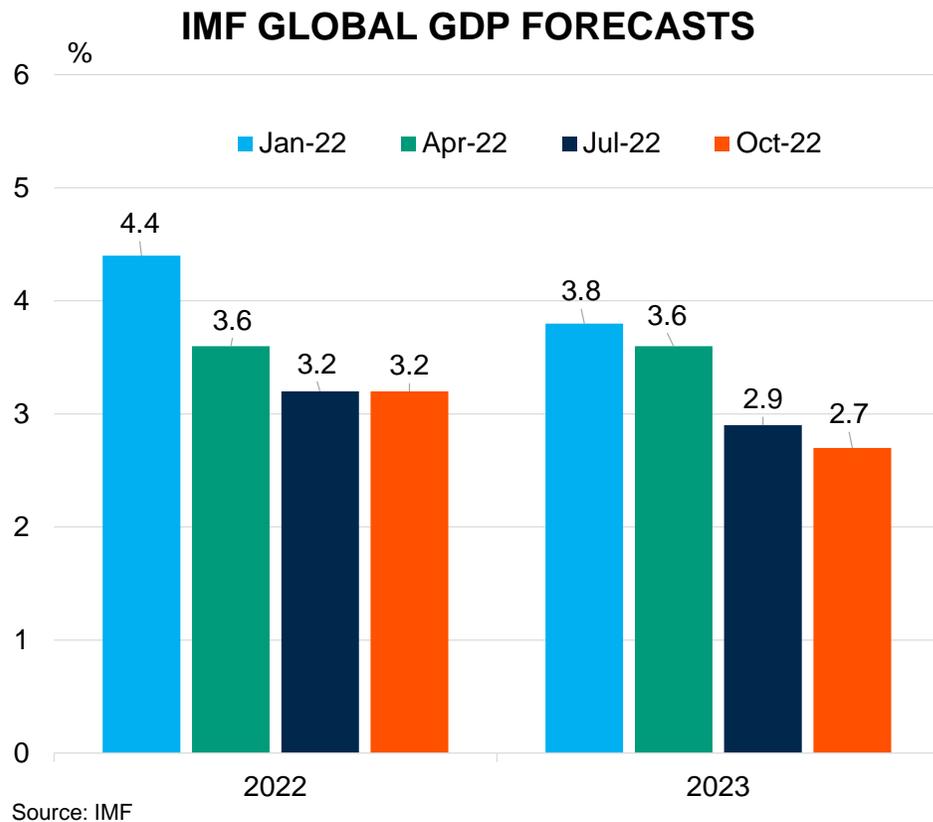
# Population Growth

Following the 2021 Census being finalised, Western Australia's population has been revised up by around 67,000 persons



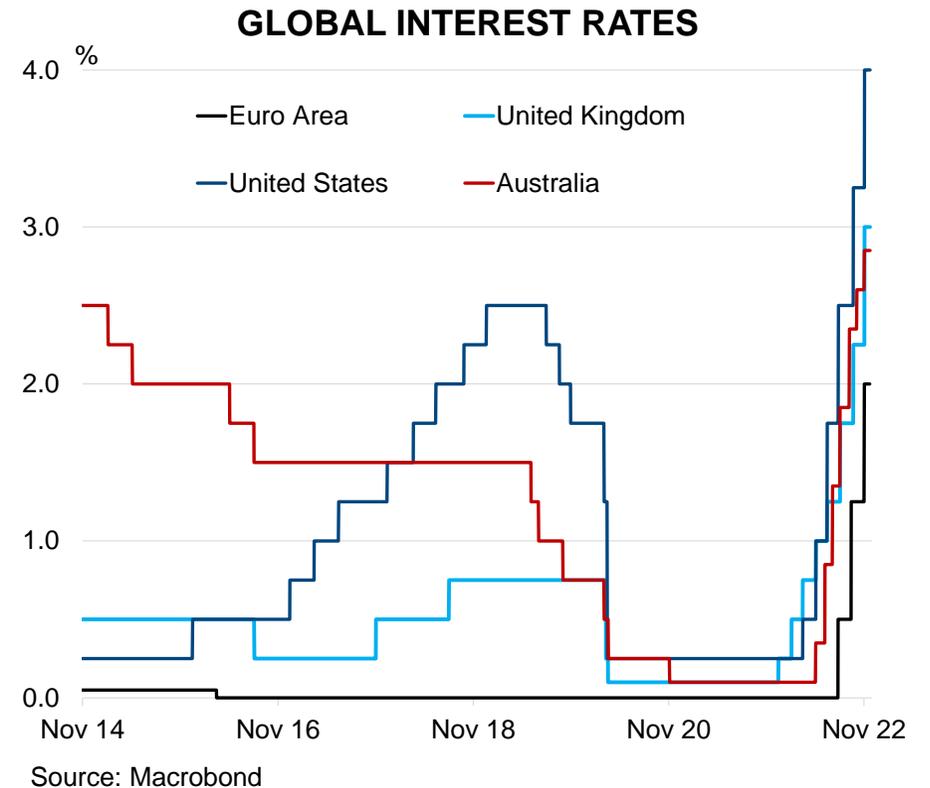
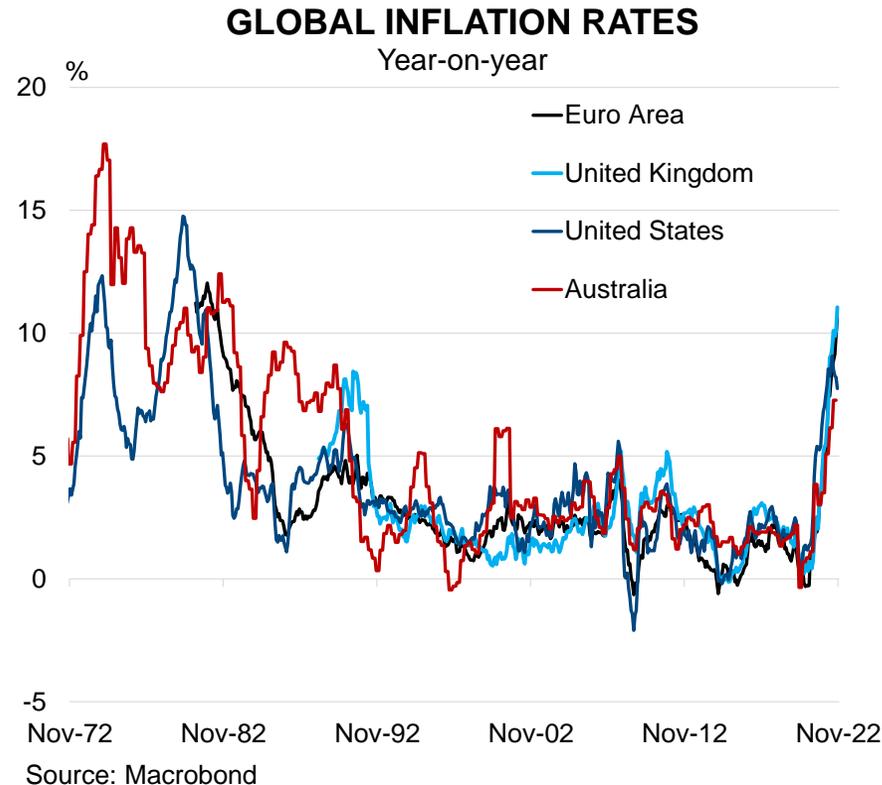
# Global growth has slowed through 2022

- ▶ Growth of the global economy has slowed through 2022 and is expected to slow further in 2023, and the US yield curve has inverted – often a lead indicator of the US economy moving into recession



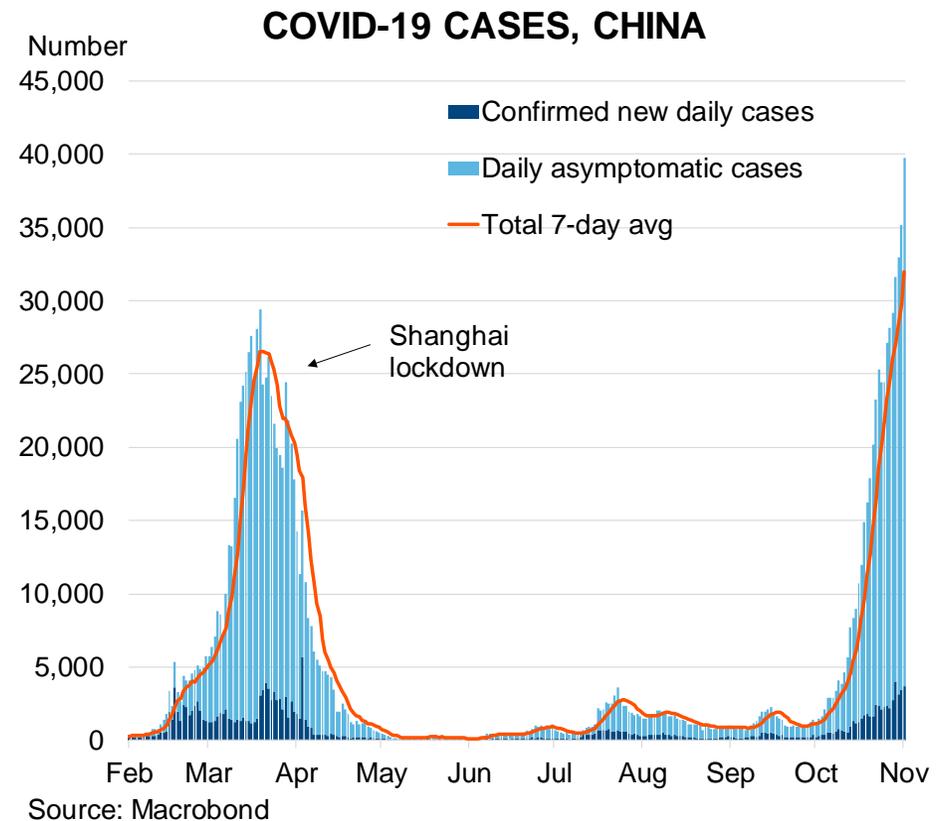
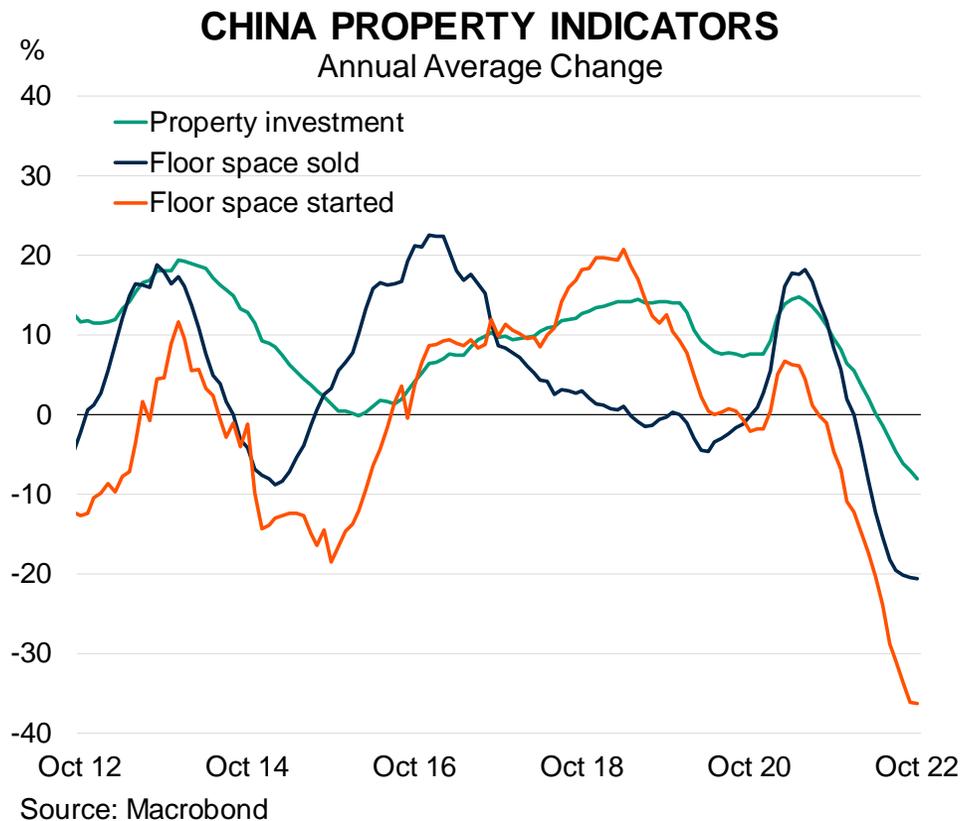
# Global inflation has picked up and central banks are acting

- ▶ Global inflation rates have risen to their highest levels in 40 years
- ▶ In response, central banks have simultaneously increased interest rates – which are starting to slow growth. Further rate rises, and the lagged effect of monetary policy will see a further easing in growth



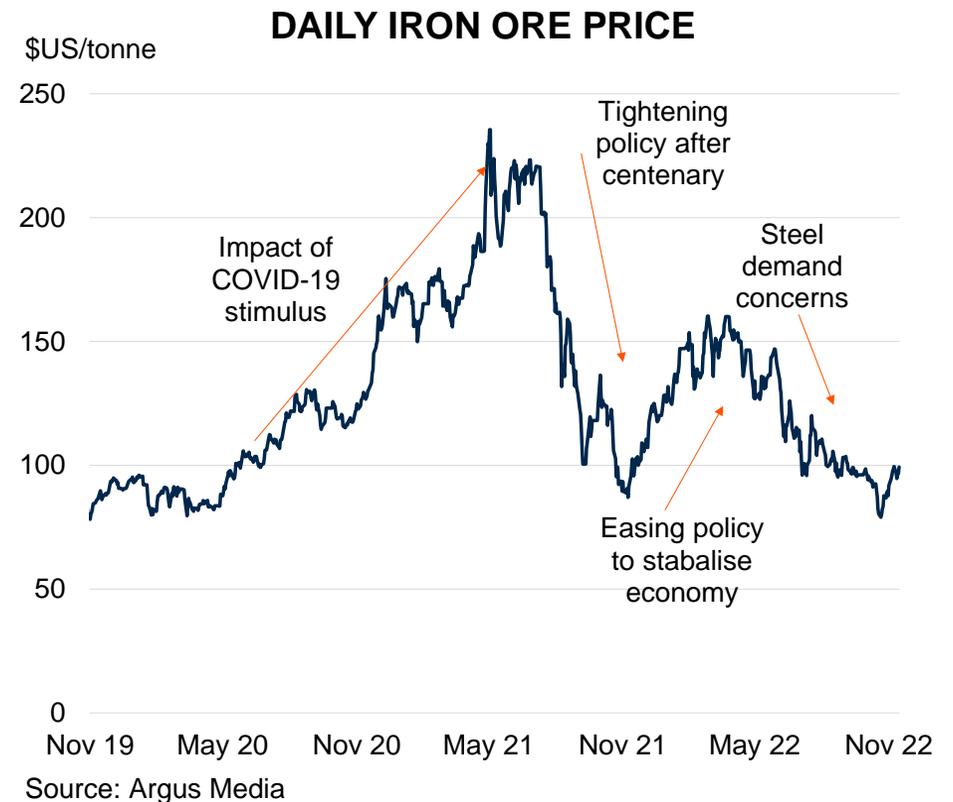
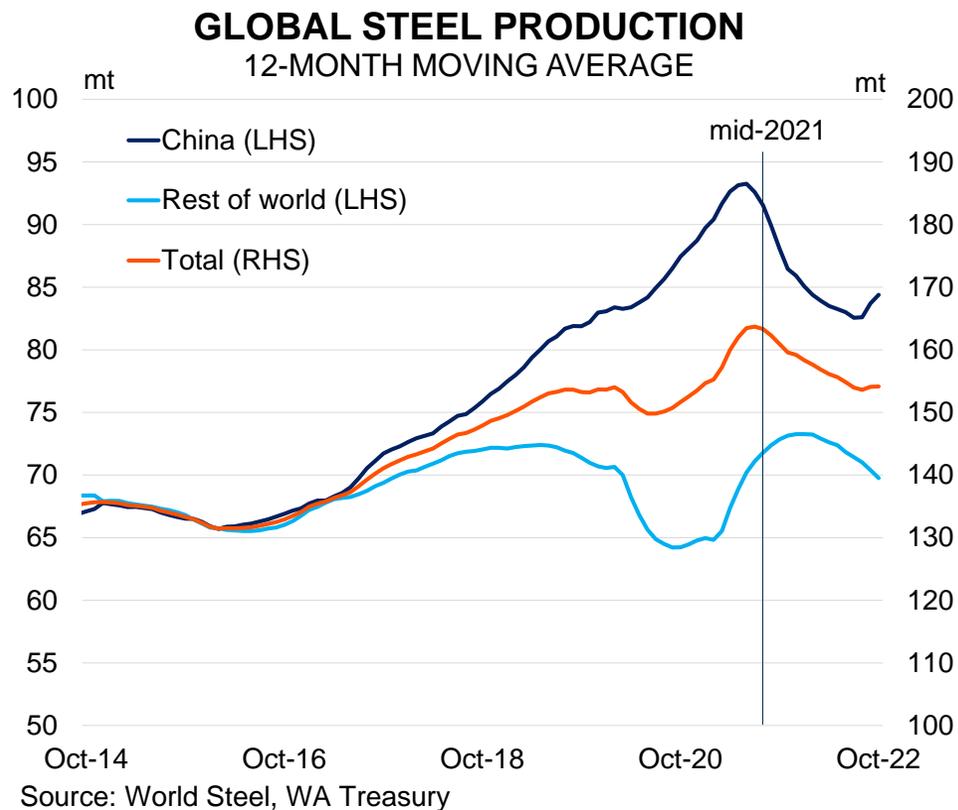
# China: COVID-19 cases and property market

- ▶ The efficacy of stimulus initiatives in China will be important to Western Australia's outlook
- ▶ Rising COVID-19 cases represent a key risk



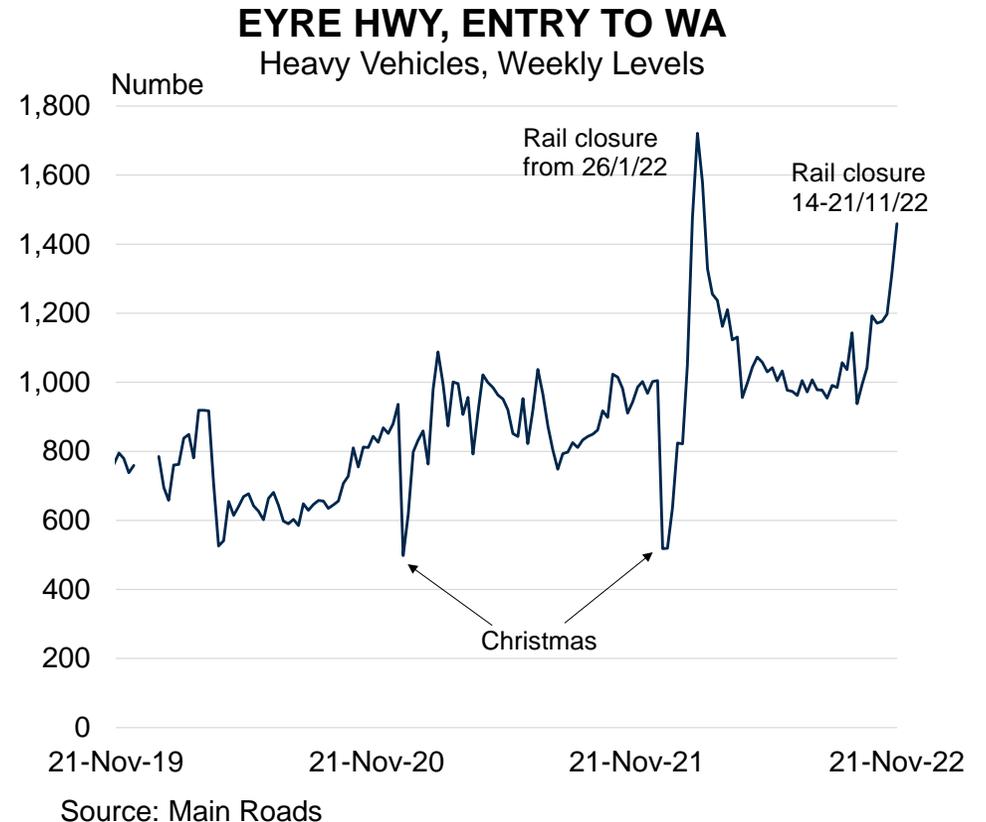
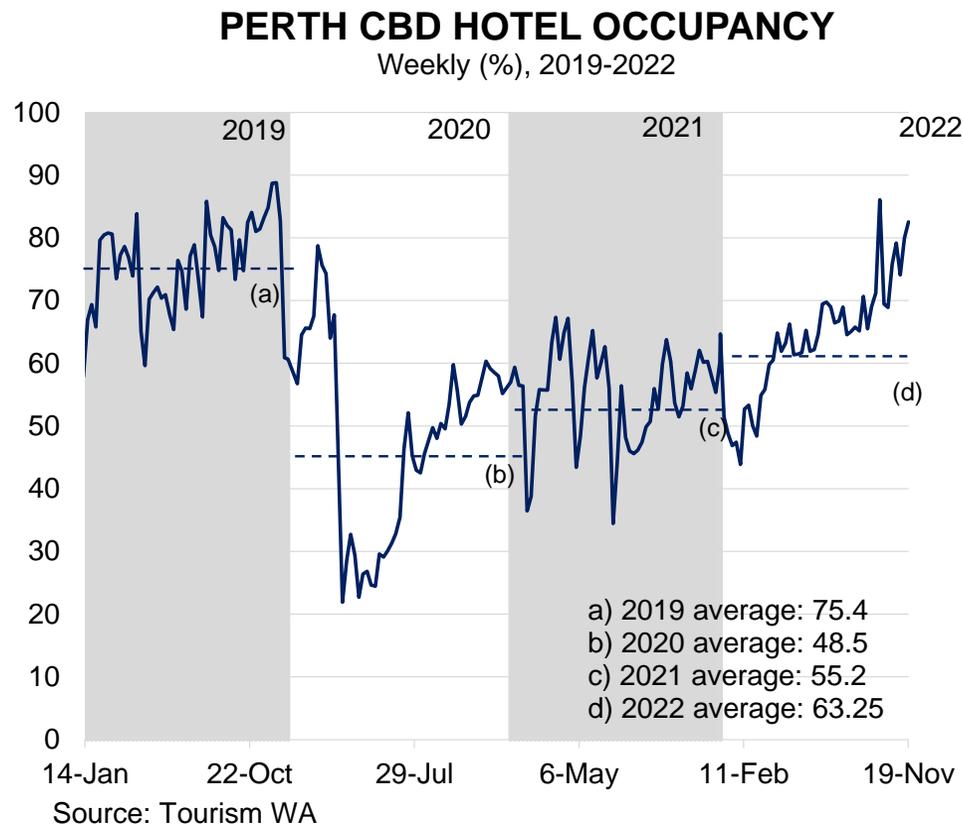
# Global activity and commodity prices

- ▶ Slowing global steel production has resulted in the iron ore price easing since mid-2021 illustrating the impact that global activity has on commodity prices that are key to the State's economy and general government revenue



# THANKS to agencies for assisting monitoring the economy

- ▶ A number of agencies have supplied Treasury with high frequency data which has been important to “real time” monitoring of the economy – which is critical in providing evidence based advice to Government





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

# Thanks!

Questions?





# 2021-22 financial audit cycle: State government entities

Grant Robinson, AAG-FA

# Draft Audit Results State Entities 2021-22

**EMBARGOED**

# Draft Audit Results State Entities 2021-22

- Audit qualifications continue to rise
- Shortage of skilled audit and finance professionals
- Not all entities were “audit ready”
- Some entities made good progress
- Audits outstanding
- Thoughts on the way forward

# Summary of audit results for the year

## Draft as at 25 November 2022

**118**

Opinions issued  
(147 prior year)

**21**

Entities qualified

**35**

Qualifications

**357**

Financial and  
control findings  
(427 prior year)

**38%**

Financial control  
issues unresolved  
(28% prior year)

**80**

Significant

**189**

Moderate

**88**

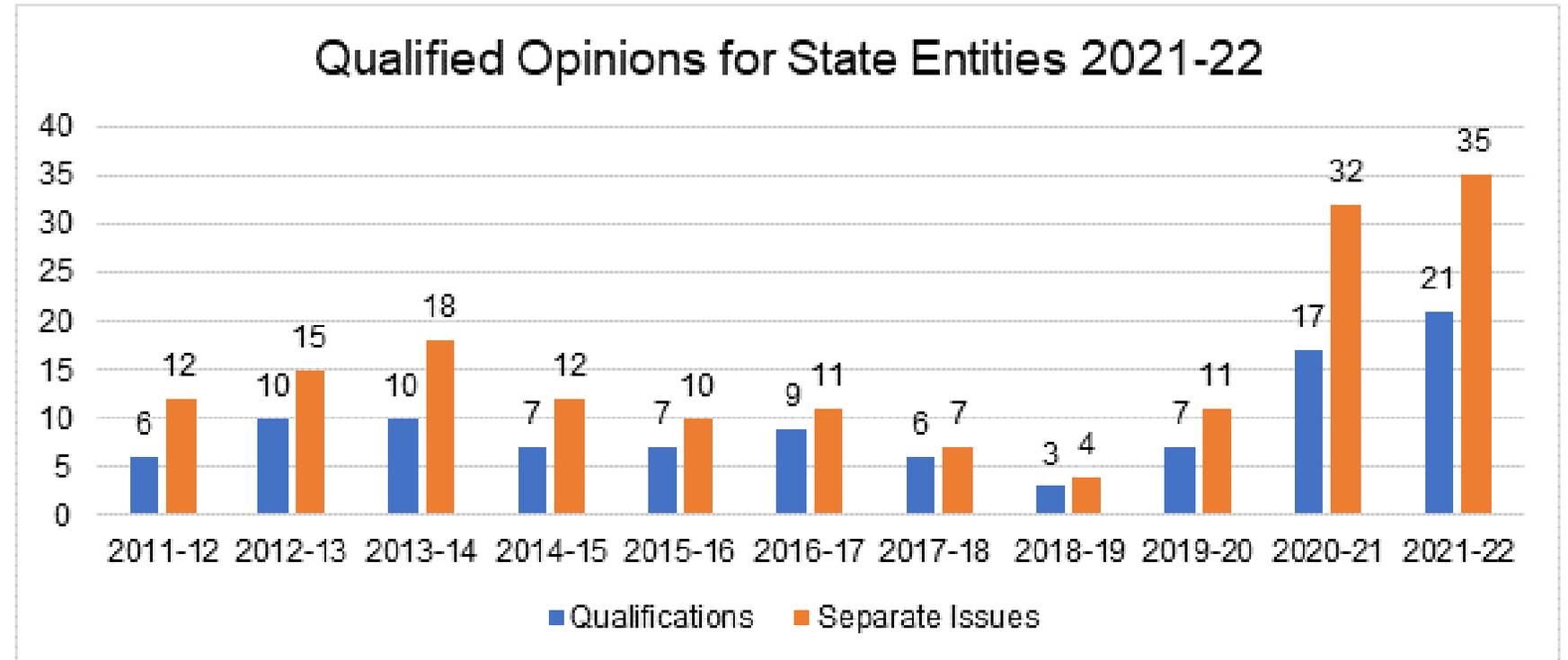
Minor

# Qualified opinions – Highest ever reported

## Draft as at 25 November 2022

### Major Themes

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



# Implications - Draft as at 25 November 2022

- Qualified opinions matter in the public sector as they are integral to providing assurance that public funds and resources are being properly accounted for and well managed.
- So, when the State realised a record operating surplus of \$6.0 billion in 2020-22 our concern is that entities must ensure the highest standard of financial management and public administration so that this money can deliver the best possible economic and social outcomes for the State.

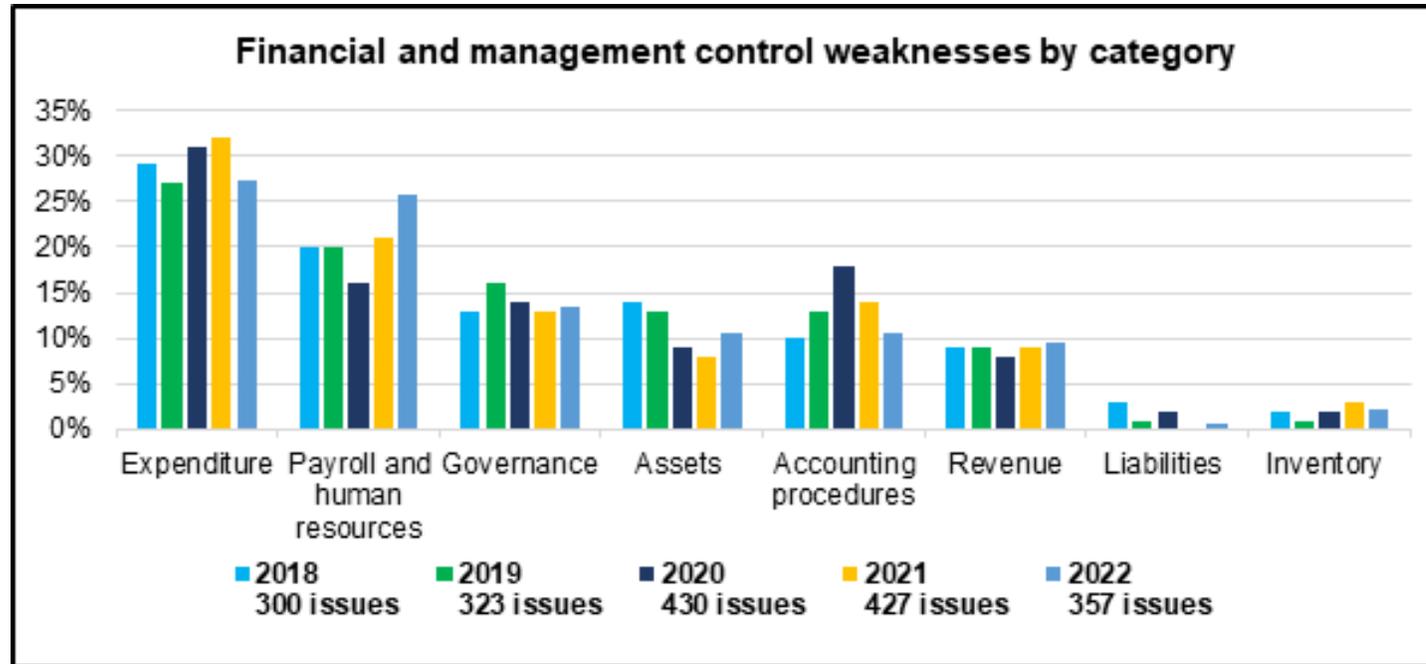
# Other disclosures in the financial statements

## Draft as at 25 November 2022

- 3 Matters of significance
  - exemption from the Under Treasurer for reporting certain KPI's
- 18 Emphasis of Matter paragraphs. Some examples:
  - contingent liability for the Palmer/ Mineralogy claim of \$28 billion. This was also reported in the ARSF;
  - not reporting on KPI's
  - Restatements for prior period errors
  - Impairments, subsequent events, inventory (RATS)

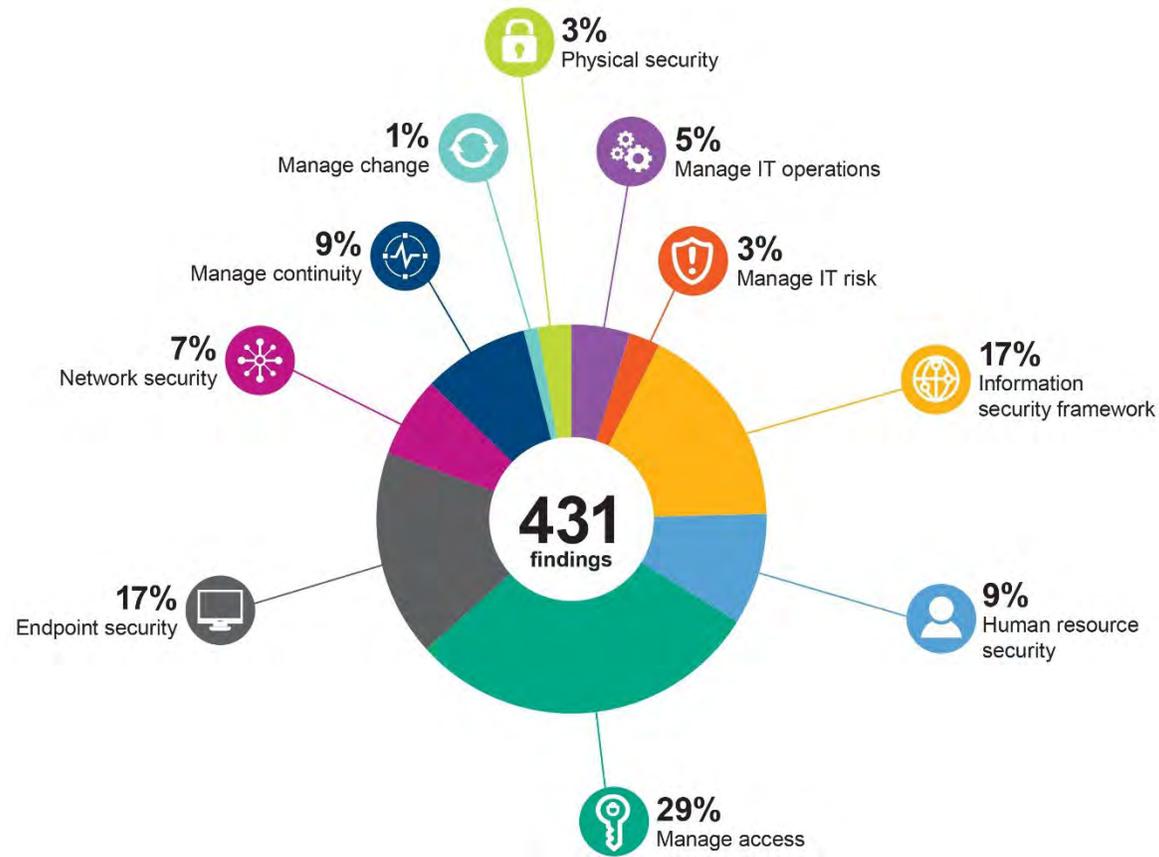
# Financial and management control

Draft as at 25 November 2022



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

# Information system controls - Draft as at 25 November 2022



# So what? - Draft as at 25 November 2022

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

# Audit timelines - Draft as at 25 November 2022

63% ready for audit within 20 days of year end

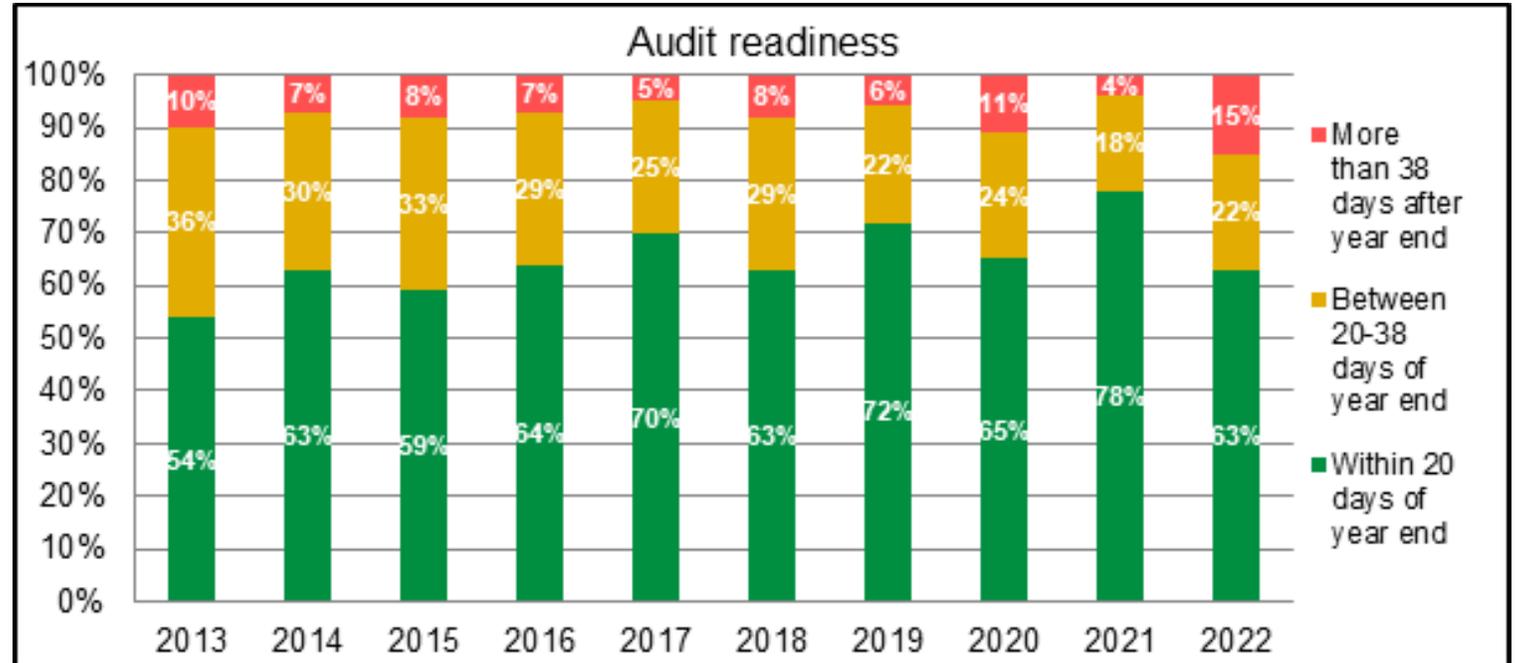
- compared with 64% last year

However, only 64% of audits completed within the 90 day tabling timeframe

- compared with 84% last year

Due to:

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



# Audit differences – Draft as at 25 November 2022

- New topic in 2022
- Adjusted differences – 86 across 45 entities
  - aggregate value - \$1.2 billion
- Unadjusted differences – 79 across 37 entities
  - aggregate value - \$851 million

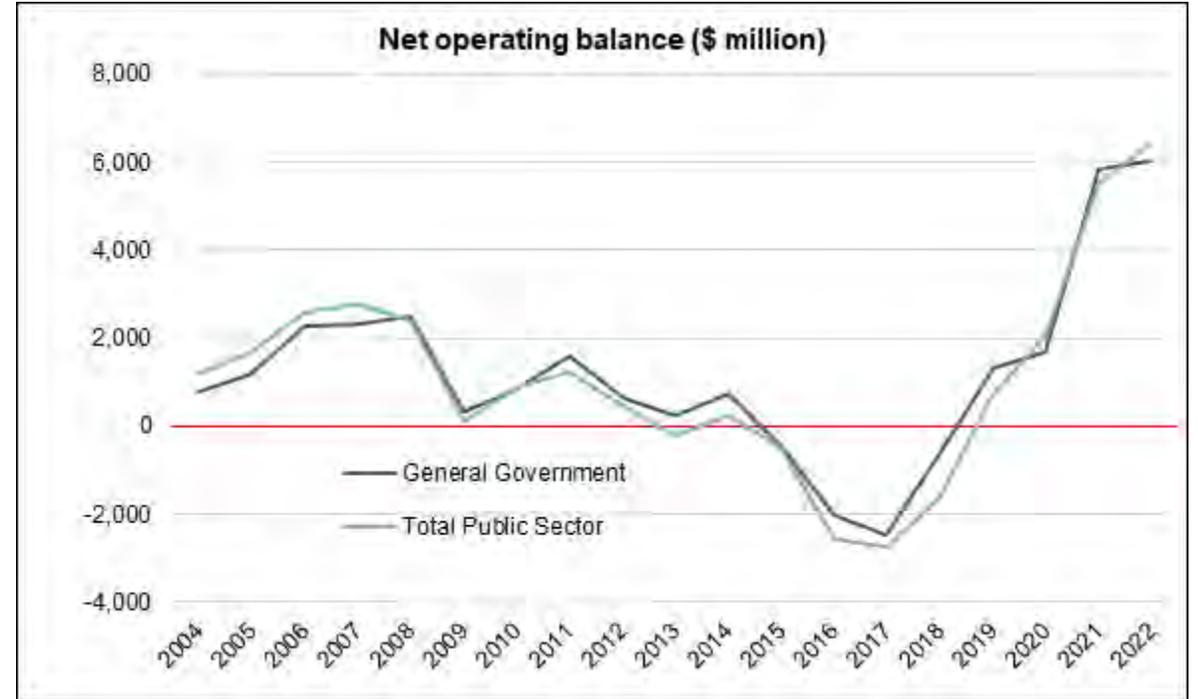
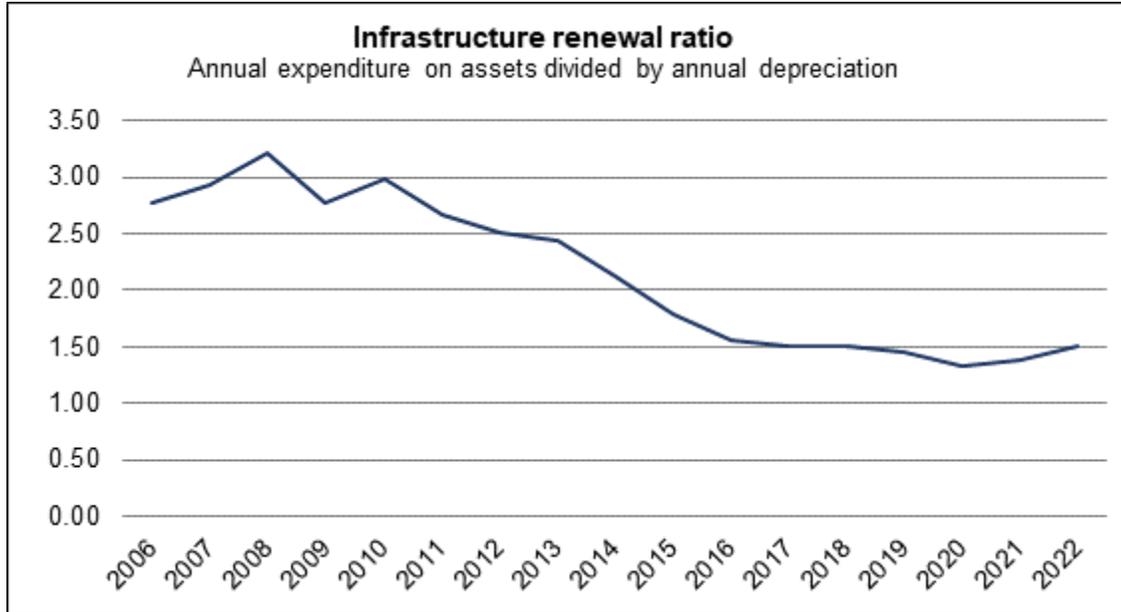
# Other financial reporting, accountability and audit matters

## Draft as at 25 November 2022

- Cloud computing arrangements
- Combustible building cladding
- Managing climate change related risk
- Service Organisation Controls (SOC) Reports

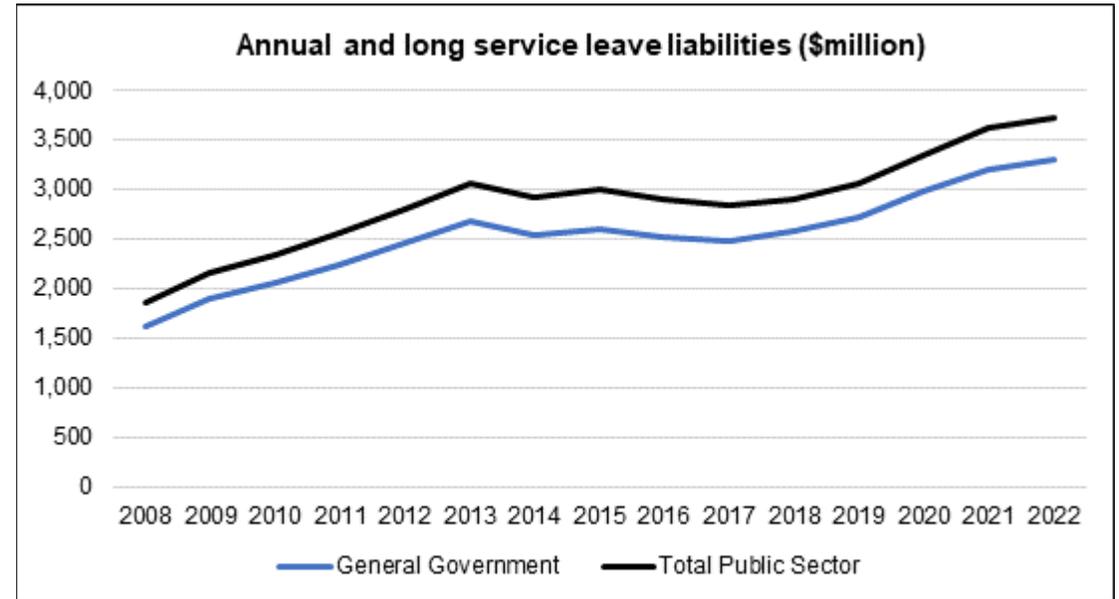
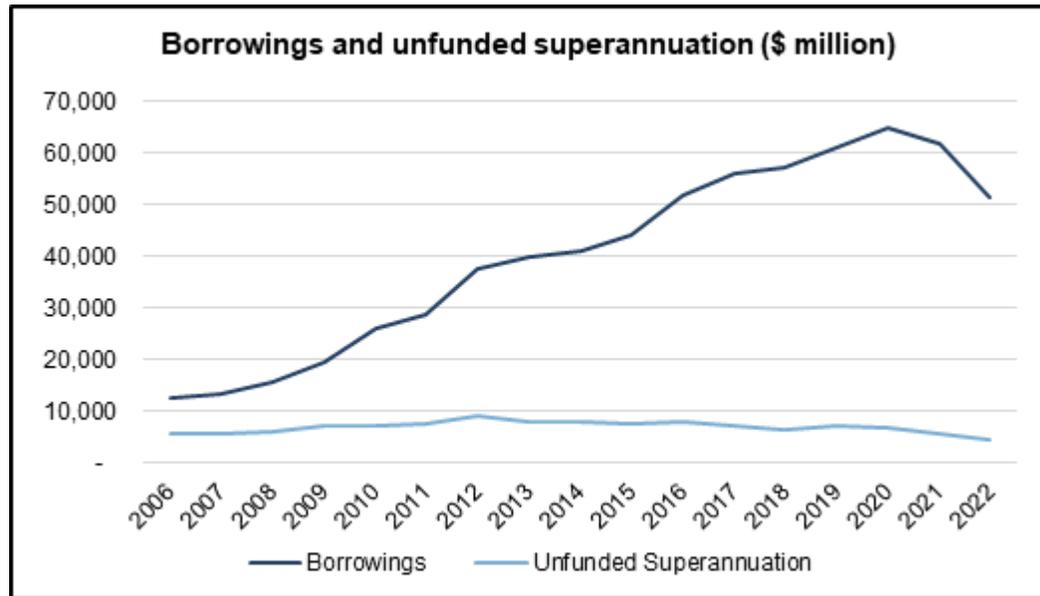
# WA finances – selected key indicators

## Draft as at 25 November 2022



# WA finances – selected key indicators

## Draft as at 25 November 2022



# Key focus for CFOs – Draft as at 25 November 2022

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

# Thoughts on the way forward... Draft as at 25 November 2022

- **Sector considerations:**

- Allow DG's and CEO's ability to reclassify CFO's/finance staff positions upwards
- Undertake targeted promotions campaign to attract accounting graduates
- Educational program for Agency staff - importance of accurate SIMS data for ARSF
- Additional support to selected Agencies to support remediation initiatives

- **OAG considerations**

- Ongoing recruitment to capacity build
- Earlier planning meetings
- Revisit timing and sequencing of audit activities
- Enhance clarity and timeliness of our communications
- Enhance our training

# Recommendations – Draft as at 25 November 2022

1. Audit Readiness checklist completion
2. Review annual report processes
3. Treasury consider deemed tabling date – change FM Act
4. All entities should ensure they maintain the integrity of their financial control environment
5. Entities should periodically review their KPIs
6. Obtain type 2 SOC Reports

# Thank you and Questions





# Accounting Position Papers – What makes a good paper?

Patrick Arulsingham



# Objectives

- What is an accounting position paper?
- Uses for an accounting position paper
- Structuring the paper
- Tips



## Western Australian Public Sector Financial Statements – Better Practice Guide

## Western Australian Public Sector Financial Statements – Better Practice Guide

- This guide has been developed to promote better practice principles for financial preparation for the WA public sector
- Located under reports and publications, better practice guidance on OAG website

## Position paper – XXXXXXXX

### *Purpose*

Why are we preparing this paper?

Who originated the request? Name, entity, date and how the issue was raised.

If the position paper is dealing with implementation of a new accounting standard, the purpose should outline what the standard requires, when it is effective and a summary of the main issues that will be addressed. This may require discussion of the implications for whole-of-government reporting to ensure a consistent approach to preparation of budget estimates and to consolidated financial statements if applicable.

### *Scope*

The conclusion may be reached under a restricted timeframe and with limited facts available. If the events or circumstances are changed this may affect the conclusion.

Outline what is in scope and what is out of scope.

### *Facts, circumstances and assumptions*

Outline the facts that are presented and what documents were provided outlining the facts. What assumptions are made in the absence of complete knowledge? How would a different assumption influence the conclusion reached?

### *Consultation*

In forming a position, whom did the preparer consult with and what was the nature of the consultation (e.g. phone discussions, draft paper circulated by email)?

If a substantial amount of consultation has occurred, the main conclusion or consensus can be summarised with detailed comments included as an appendix to the paper. The consultation section should note the respondent's position and organisation.

### *Relevant accounting pronouncements/related documents*

Document the relevant legislation and AASB pronouncements that has been referred to in the analysis.

# Tool 8 template: Position Paper page 1/2

## Position 1

Discuss the relevant AASB pronouncements (standards and interpretations) and how they apply to the circumstances outlined in this case. Are the facts in this case similar or different to those considered in accounting standards, in particular the facts discussed in the basis for conclusion or application guidance.

Consider any relevant research papers prepared by the AASB, International Accounting Standards Board (IASB) or major accounting firms.

Position 1	
Conclusion/recommendation	
Prepared by	
Signature:	
Name:	
Position:	[e.g. Finance Officer]
Date:	
Reviewed by	
Signature:	
Name:	
Position:	[e.g. Chief Finance Officer]
Date:	
Approved by	
Signature:	
Name:	
Position:	[e.g. Accountable authority/ Audit committee]
Date:	

Tool 8 template: Position Paper page 2/2

# Tips

- Executive summary for complex issues
- Consider whether any information or process could be represented using tables, diagrams, process mapping, graphs or other visual representations where it will aid better understanding of the issue
- Where external advice has been sought from an accounting firm, document your assessment of the advice
- Engage with auditors early on potential issues that may materially affect the financial statements and the audit process



# Thank You



Office of the Auditor General  
Serving the Public Interest

# In House Bank Branch

Commonwealth Bank of Australia and  
Treasury

Department of



**Commonwealth Bank  
of Australia**

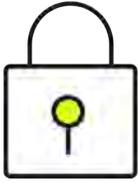
# Scope of services

Driving efficiencies and innovation

**Rosemary Gaglioti:** [gaglioro@cba.com.au](mailto:gaglioro@cba.com.au)

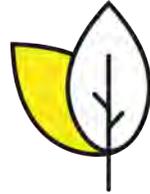
**James Nichols:** [james.nichols@cba.com.au](mailto:james.nichols@cba.com.au)

**Matthew Dann:** [matthew.dann@cba.com.au](mailto:matthew.dann@cba.com.au)



## Cyber Security

- Cyber security presentations
- Signals Reports – Cyber security articles/trends
- Local Based Cyber Security Specialist
- Tailored sessions for awareness



## FinOps Reviews

- Consultative review of specific areas within the finance function
- Benchmarking and recommendations
- Focused on revealing and optimising operational efficiencies



## Annual Reviews

- Overview of your transactional banking function
- Tailored as a 'health-check' to ensure products, facilities, and authorities are up to date with CBA
- Insights provided based on volumes and industry trends



## Thought Leadership

- Industry insights
- Trends in payments and receivables
- Emerging technologies
- Digital transformation

# Updates

1



## Cyber Security

Forever relevant, threat actors are increasingly active – ask about resources available to raise awareness and vigilance in your agency.

3

## WA Government CUA

CBA retains the WA State Government Transactional Banking Contract for a further 3+2+2 years.

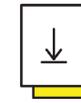
5



## New Payments Platform

CBA's commitment to further avail CUA users of the capabilities of the platform i.e. bulk fast payments. NPP is becoming the default *rail* for retail transactions.

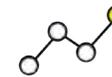
2



## File Translation

ISO20022 is emerging as the new/ preferred file format in Australian banking industry. CBA developing file translation capabilities for future release.

4



## PayTo

Industry initiative leveraging the New Payments Platform (NPP) to revolutionise and digitise the way merchants send/ individuals receive requests to pay.

6



## 3DS 2.0

3DS 2.0 fraud protection is now available on CBA ecommerce solutions to reduce chargeback risk and protect cardholders

# Department of Justice

## Revolutionising prison visitor payments via BPOINT Payment Link solution

### Requirements;

- Solution needed to be secure, robust, easy to implement and maintain

### Outcomes;

- BPOINT has been embraced by family and friends of people in custody and feedback from family and friends was extremely positive, particularly for those who had to drive long distances to deposit cash with prison cashiers;
- BPOINT has been user-friendly for prison staff, generates necessary reports and each prison maintains control over security checks, approved depositors and amounts that can be paid to people in custody;
- Frontline prison staff reporting a dramatic reduction in inefficient data entry and receipt paperwork;
- CBA implementation team was able to help customised the payment pages for each prison; and
- 3D Secure has mitigated and reduce the risk of fraudulent payments/ chargebacks

# Payment Card Industry Data Security Standard (PCI DSS)

Department of Mines, Industry Regulation and Safety (DMIRS)

*From CBA PCI DSS Compliance Manager...*

- *“DMIRS as a PCI ‘show piece’. Absolute Gold Class & best practice in reference to PCI DSS Compliance*
- *PCI DSS is designed to protect cardholder data but organisations will get co-benefits, utilising the PCI requirements as a ‘control’ across other data. It will help minimise the risks of that data being compromised, as it is a baseline security standard – firewalls, passwords, two factor authentication, user access management to name just a few*
- *The advantage of PCI Compliance is, amongst other things, segmentation, outsourcing to compliant service providers (not touching the data), encryption/ tokenisation, historical data cleanse, data deletion policies etc.*
- *As good examples, the big breaches in the media lately have all had personal information stolen – however, not one of them has had cardholder data stolen! It’s a massive good news story for PCI DSS Compliance!”*

Thank you



Commonwealth Bank  
of Australia



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

# Protection of your customer's payment card data



# Payment Card Industry Data Specification Standard (PCI DSS)



## What is PCI DSS

The Payment Card Industry Data Security Standard (PCI DSS) is a set of requirements designed to ensure that **ALL** organisations that **process**, **store**, or **transmit** payment card information maintain a secure environment.

## How is PCI DSS compliance assessed

- There are 12 main requirements with 342 sub-requirements within the standard.
- Organisations must be assessed against the 342 sub-requirements **every year**.
- Current Version 3.2.1 is valid until March 2024. Only Version 4 is valid thereafter.

# Why is PCI DSS compliance important?

---

- Improve the community's trust in government to protect their data.
- Prevention of data breaches and sensitive information from being misused.
- In accordance with terms of your merchant agreement with the bank.
- To remain insured by the Insurance Commission of WA.

## **If non compliant and your customer's payment card data is stolen**

- Legal action and compensation for negligence.
- Monetary monthly fines and penalties from payment brands and/or bank.
- Reputational damage.
- May not be insured by the Insurance Commission of WA.

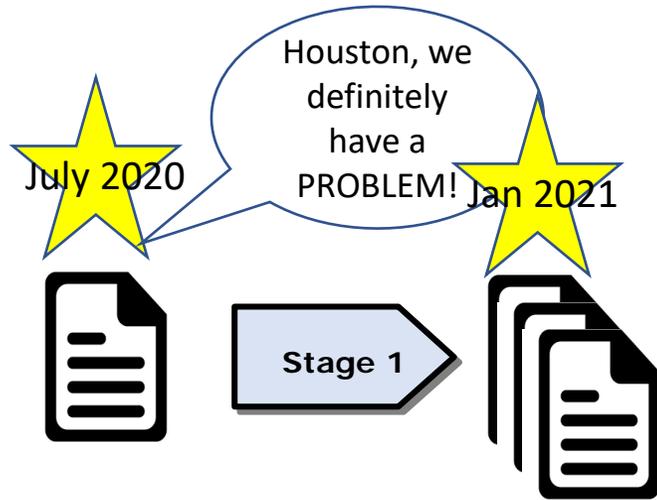
# Our journey

---



PCI DSS Gap  
Assessment  
Report: 36%  
compliance

# Our journey



PCI DSS Gap  
Assessment  
Report: 36%  
compliance

- Discovery  
Phase

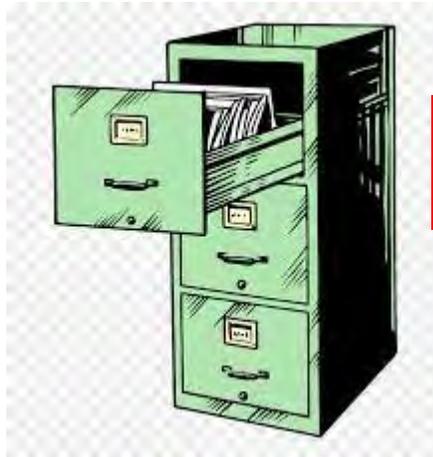
# Outcome of the Discovery Phase – DMIRS' cardholder data environment



shutterstock



As proof of identity

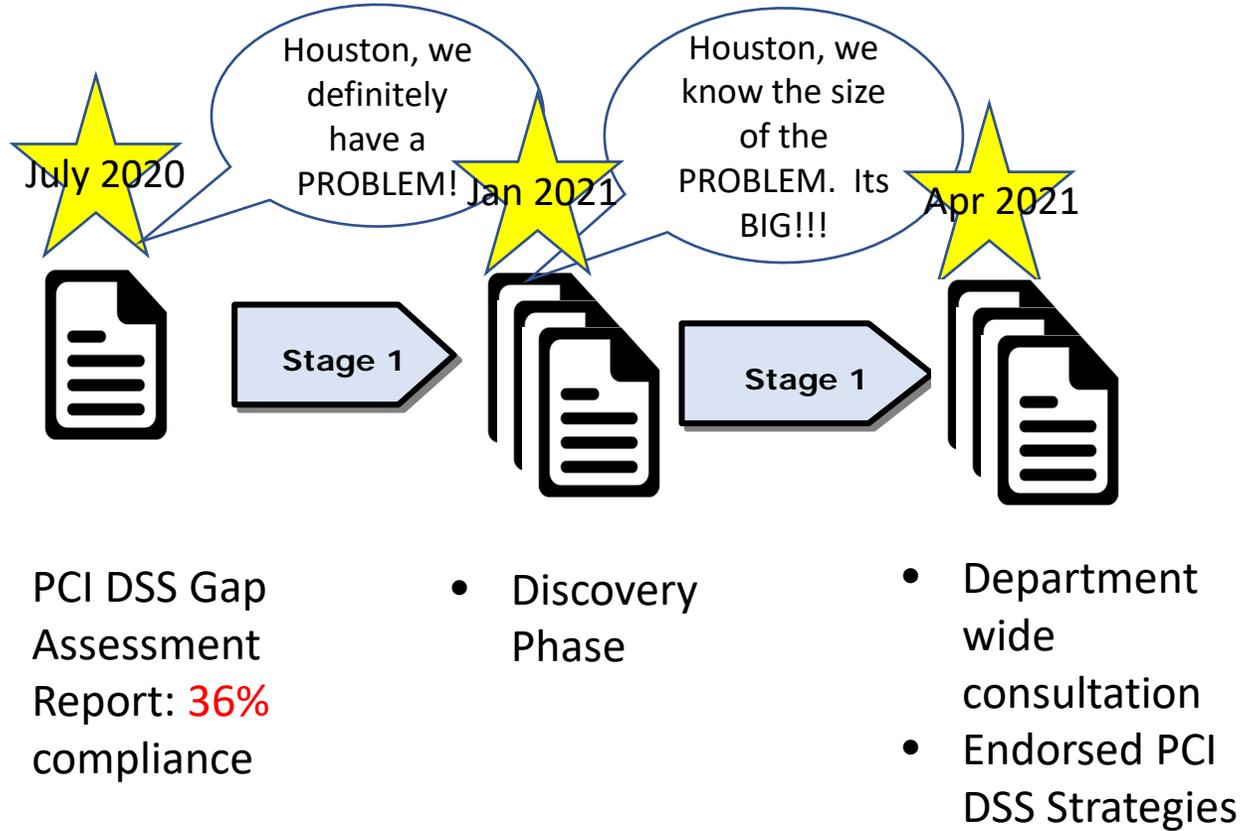


**EDRMS**

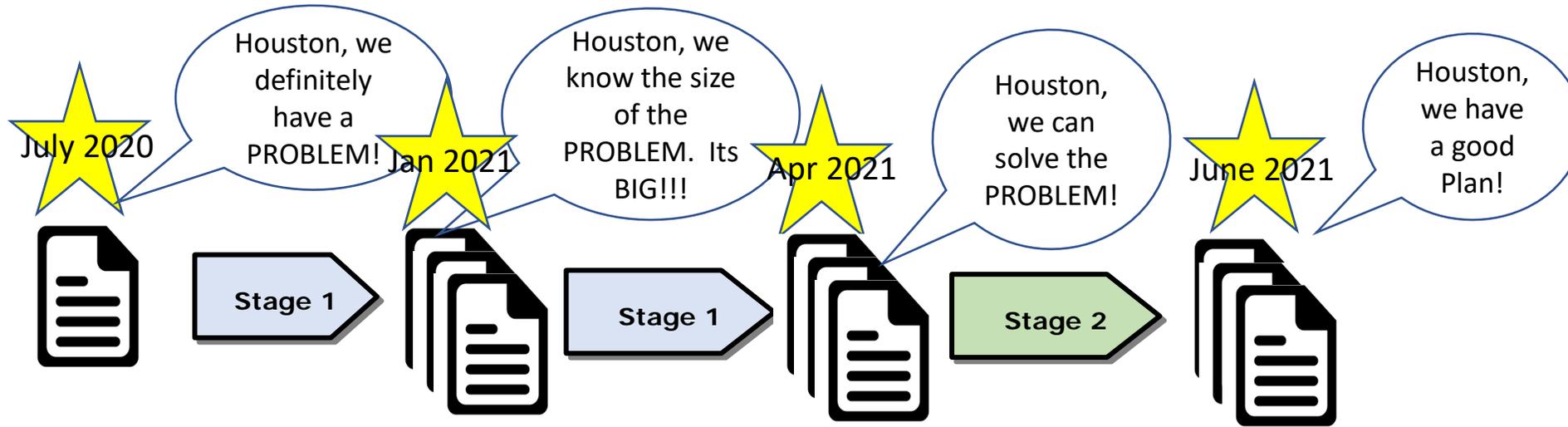
Complex environment added to the complexity.

- Low baseline.
- Remediate two agencies as one.

# Our journey



# Our journey



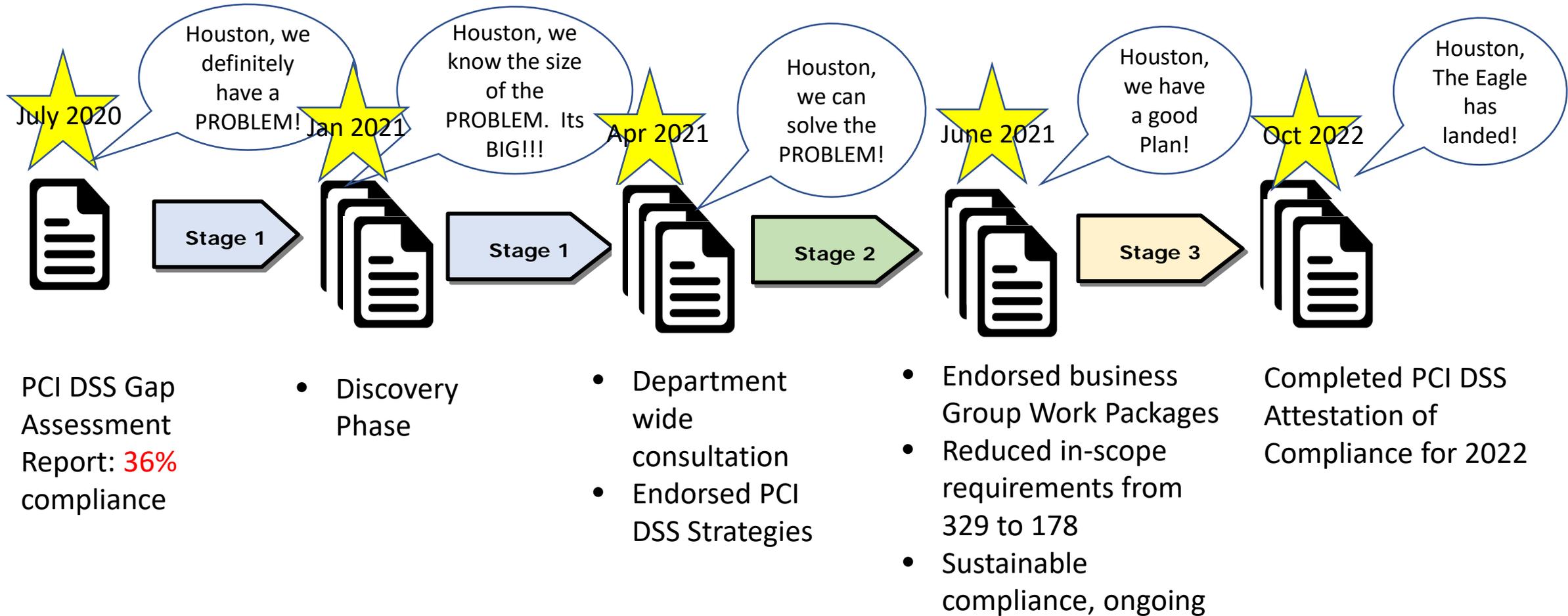
PCI DSS Gap Assessment Report: 36% compliance

- Discovery Phase

- Department wide consultation
- Endorsed PCI DSS Strategies

- Endorsed business Group Work Packages
- Reduced in-scope requirements from 329 to 178
- Sustainable compliance, ongoing

# Our journey



# Attestation of Compliance for reporting year 2022



- Two remaining pieces of work are underway that will achieve a 98% followed by a full 100% PCI DSS compliance by October 2023

# Critical Success Factors

- **Corporate Executive's full support including committed funding for the remediation program.**
- **Investment in Discovery - financial transactions, department wide survey and consultations**
  - Minimise in-scope requirements - reduced, from 329 to 178 requirements.
  - Pragmatic and sustainable remediation approach based on risk profile.
- **Stop the bleed alongside remediation – deploy redaction while strategies are being endorsed.**
- **Effective and strong governance - Remediation program team, Working Group, Steering Committee, Corporate Executive**
- **Building a collaborative culture to secure high participation from all stakeholders across the department through:**
  - Investment in strong consultation and feedback of policy and strategy to achieve a shared understanding and co-ownership.
  - A clear and well communicated execution plan underpinned by endorsed policy and strategy.
  - Enterprise-wide mobilisation.



**Commonwealth**Bank

**Paul White**

Manager Merchant Compliance

Merchant Risk and Portfolio Management

- “Thanks so much – sincere thanks for all of your PCI efforts, due diligence, & for even future proofing DMIRS! FYI - your presentation was easily; hands down, **the best that I’ve seen in over a decade of PCI Compliance walk throughs!**”
- Congratulations on landing this - you should be very proud!”



## Insurance Commission of Western Australia

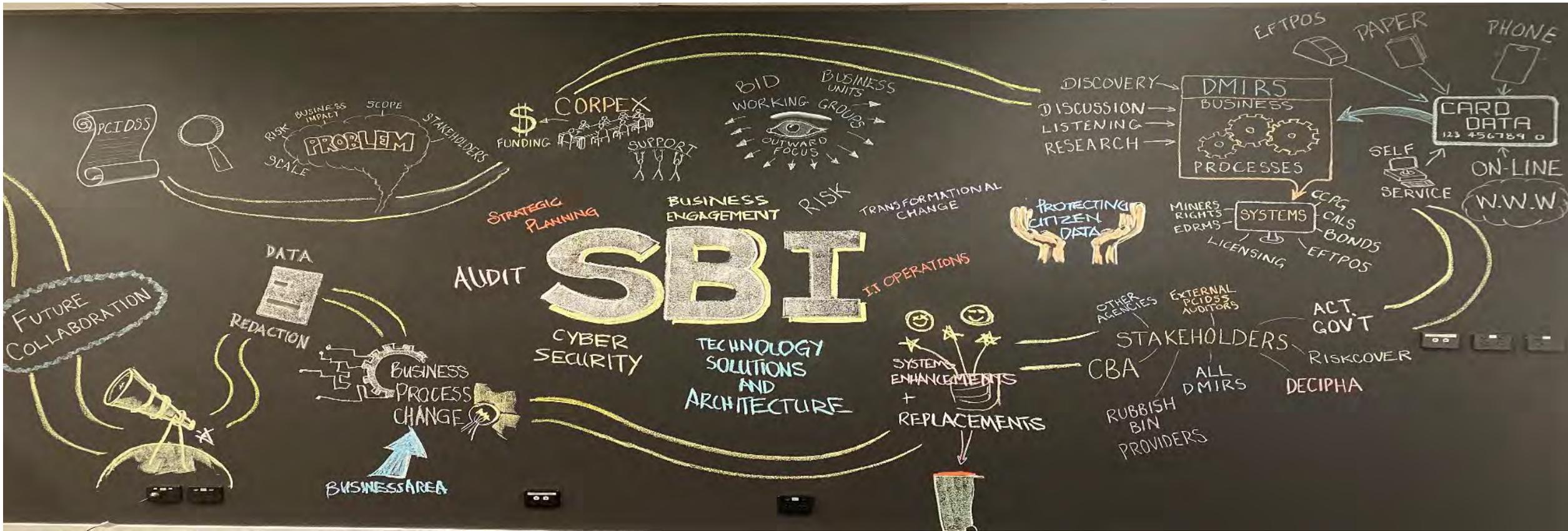
**Selwyn D’Rozario** | Insurance Advisory and Underwriting  
Manager  
Government Insurance Division

**Dane Saunders** | Senior Client Relationship Advisor  
Government Insurance Division

- “As I stated at the last update, this is an impressive body of work that DMIRS has undertaken and is a stand-out example of an agency who understands its cyber risk exposure and has taken pro-active steps to mitigate the risk exposure.
- The thorough and robust framework outlined ...Ming Poi and her team should be commended for their pragmatic approach to identifying and rectifying ...DMIRS is certainly significantly ahead of the pack when it comes to tackling this complex issue.”



# Department of Mines, Industry Regulation and Safety PCI DSS Remediation Program







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

# Agency Financial Reporting Update

Mark Hort  
Senior Financial Advisor  
Financial Policy and Operations

# Overview

Financial  
Administration  
Bookcase



December Update

Future Reporting  
Directions



# Financial Administration Bookcase (FAB)

## ▶ Amendments

- ▷ FAB #89, released 22 March 2022
- ▷ FAB #90, anticipated soon

## ▶ Updates to

- ▷ Acts
- ▷ Treasurer's instructions
- ▷ December Model
- ▷ Opportunity Cost of Capital



# Financial Administration Bookcase (FAB)

- ▶ Key Changes for Treasurer's instructions:
  - ▷ Collection agents
  - ▷ Act of Grace payments
  - ▷ Special Purpose Statements and Trust Statements
  - ▷ Debts forgiven / waived
  - ▷ Budgeting:
    - Resource Agreements
    - Annual Estimates
  - ▷ Explanatory Statements
  - ▷ Internal Audit



# December

- ▶ Mid-Year Review
- ▶ Annual Reports
  - ▷ Adoption of Simplified Disclosures
  - ▷ Last sitting date – 30 March 2023
  - ▷ Land & Building Valuations
  - ▷ IFRIC Interpretations



# December

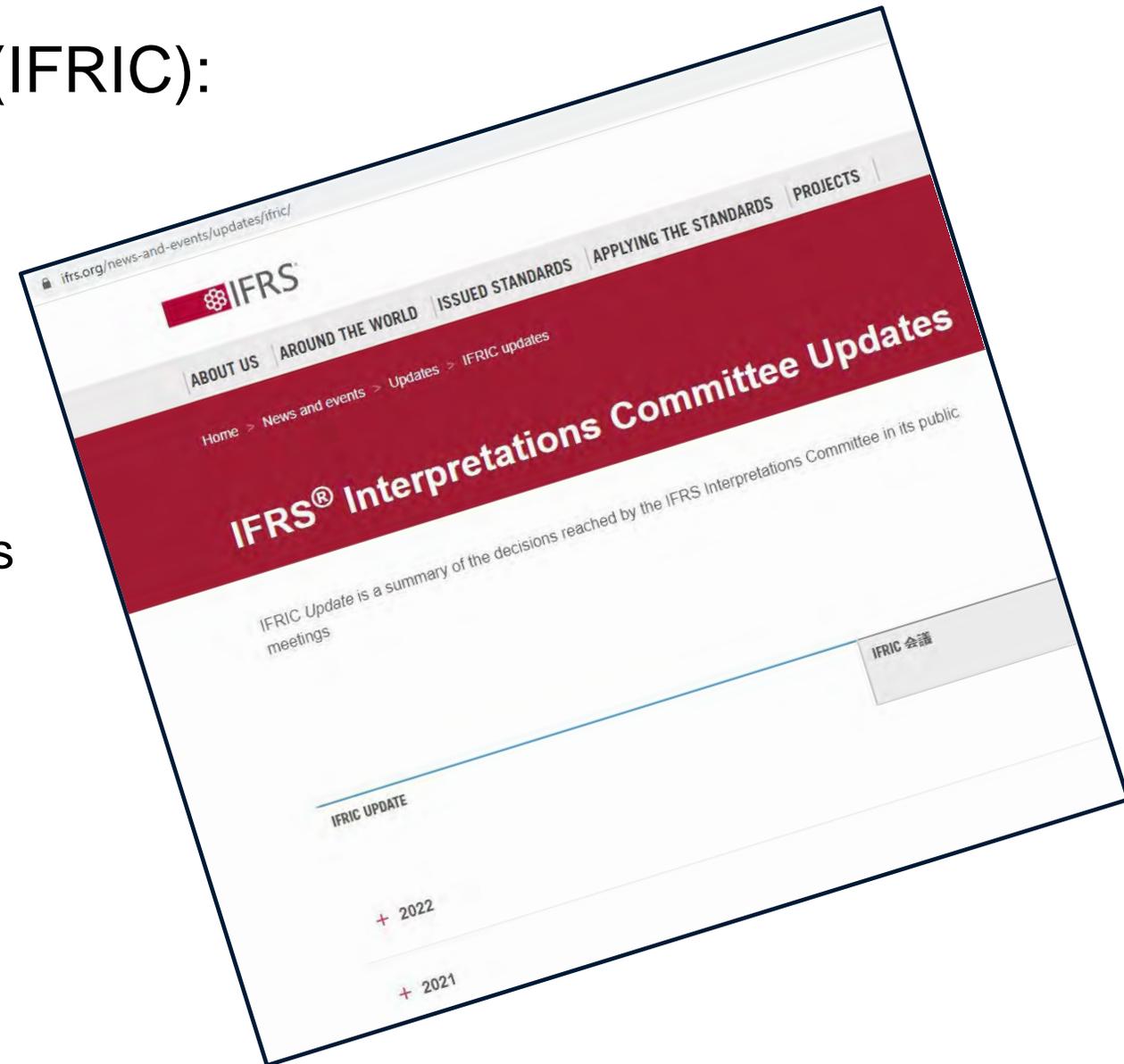
## ▶ IFRS® Interpretations Committee (IFRIC):

### ▷ 2021

- Software as a Service
- Costs Necessary to Sell Inventories

### ▷ 2022

- Agent vs Principal
- Lessor Forgiveness of Lease Payments
- Substitution Rights (Lease Assets)
- Implementation Reviews



# Future Reporting Directions

- ▶ Accounting Policy Guidance 2
- ▶ Fair Value
- ▶ Sustainability Reporting
- ▶ Financial Reporting Council
  - ▷ Cyber Security
  - ▷ Digital Reporting



# Future Reporting Directions

- ▶ Standards Issued, but not effective for period ended 30 June 2023

AASB 2021-6  
*Disclosure of policies:  
Tier 2 & other amendments*



AASB 2021-2  
*Disclosure of policies and  
definition of accounting  
estimates*



AASB 2022-3  
*Illustrative examples for  
AASB 15*



AASB 17  
*Insurance Contracts*



AASB 2021-5  
*Deferred tax from a single  
transaction*





Government of Western Australia  
Department of Water and Environmental Regulation

# Climate Update: Your agencies' role in the State Government's Climate Action response

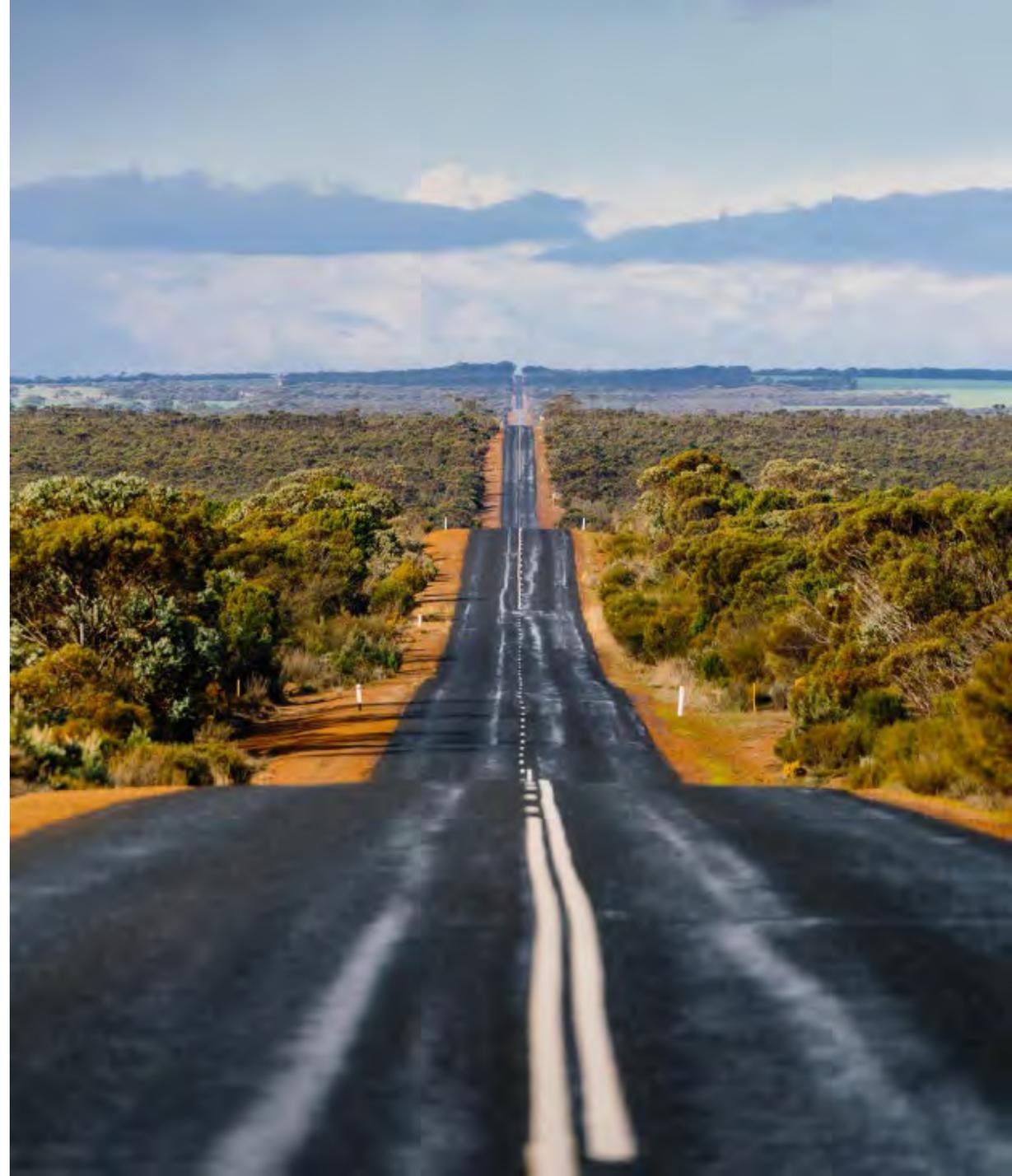
For CFO Forum  
30 November 2022

James Duggie and Sam Wilkinson  
[james.duggie@dwer.wa.gov.au](mailto:james.duggie@dwer.wa.gov.au) ; [sam.wilkinson@dwer.wa.gov.au](mailto:sam.wilkinson@dwer.wa.gov.au)

# This presentation:

## Public sector's role in:

- Climate risk and climate change adaptation
- Whole-of-government emissions reduction
- Next steps & questions



# Climate Risk:

## An evolving landscape

Rapidly evolving policy and regulatory landscape, however awareness and application in WA is uneven.

### Key initiatives

- **2017** Taskforce on Climate-Related Financial Disclosures
- **2019** AASB - Practice Statement 2
- **2021** ASIC - Climate change risk guidance for directors
- **2022** ISSB - IFRS - Climate-related Disclosures
- **2022** Australian Government signals development of a 'climate risk disclosure framework'

"Climate events **disrupt production and they affect prices**. ...These disruptions affect prices in global markets and it is likely that we will **see more of these disruptions in the years ahead.**"

Philip Lowe, RBA Gov,  
Nov 2022

"**very few WA businesses have considered the full suite of risks** that could impact their business, and more than 30 per cent think climate change will have no impact on their business."

CCIWA, Climate Change Position Statement, June 2022

# Climate impacting: Business and industry

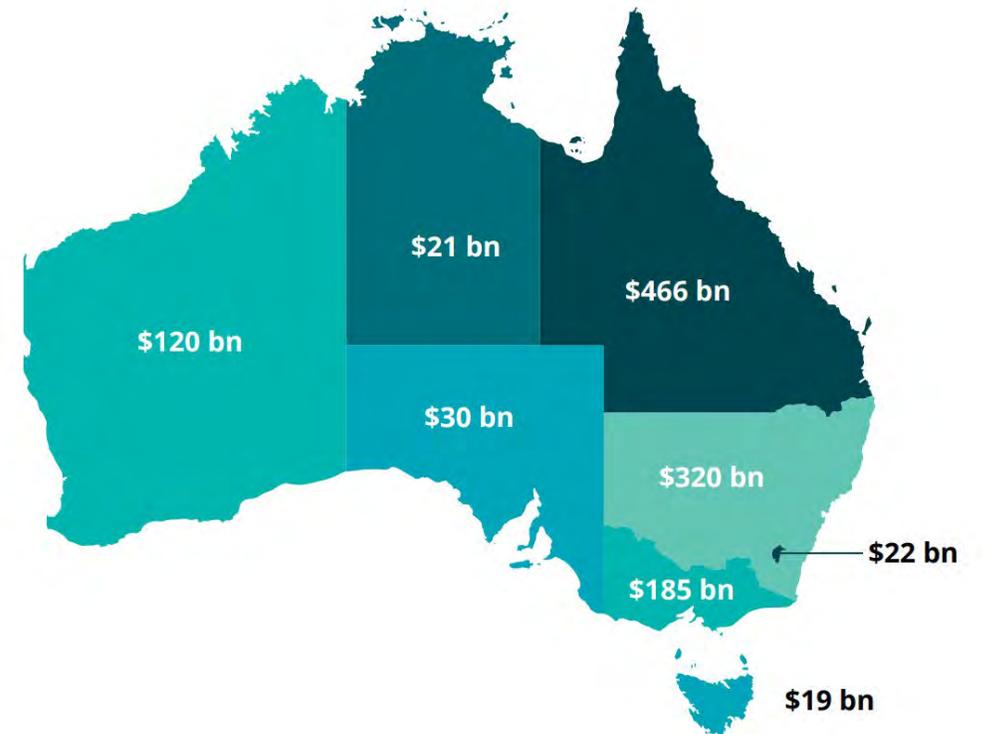
- Climate change is impacting key economic sectors, and will worsen even under low emissions scenarios
- Without rapid and significant climate action, **the loss to Australia's economy could reach \$150 billion** over the next 10 years (Deloitte 2022).
- Benefits of investing now far outweigh reactive responses in the future

## Physical damages risk

Proportion of jobs and GDP in the top six industries that are most at risk to the physical damages of climate change:



Deloitte Access Economics, 2020



## Total economic costs of natural disasters between 2020-2060 by state and territory (low emissions scenario).

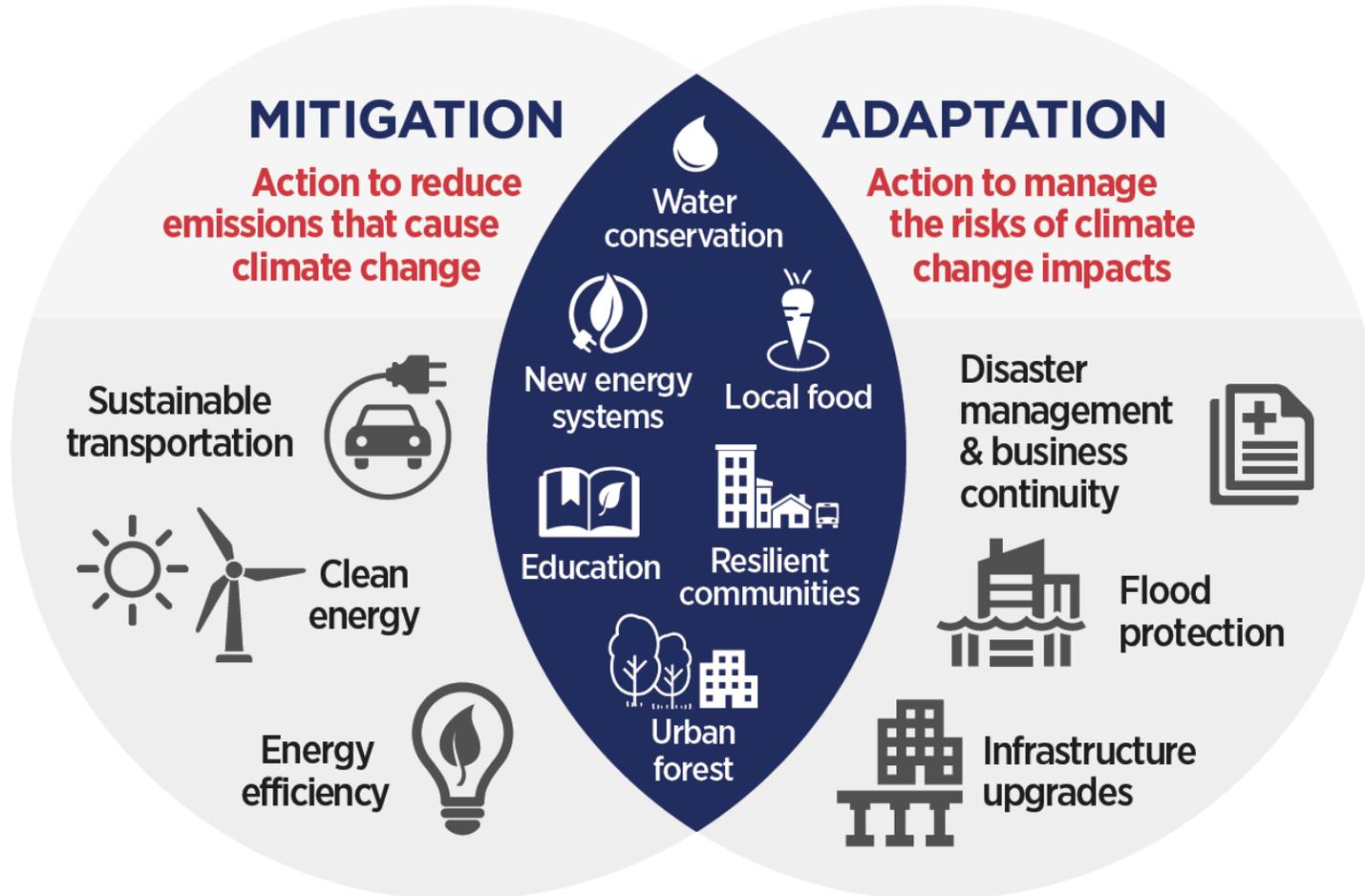
Australian Business Roundtable for Disaster Resilience & Safer Communities (2021)

# Development of Western Australian Climate Policy

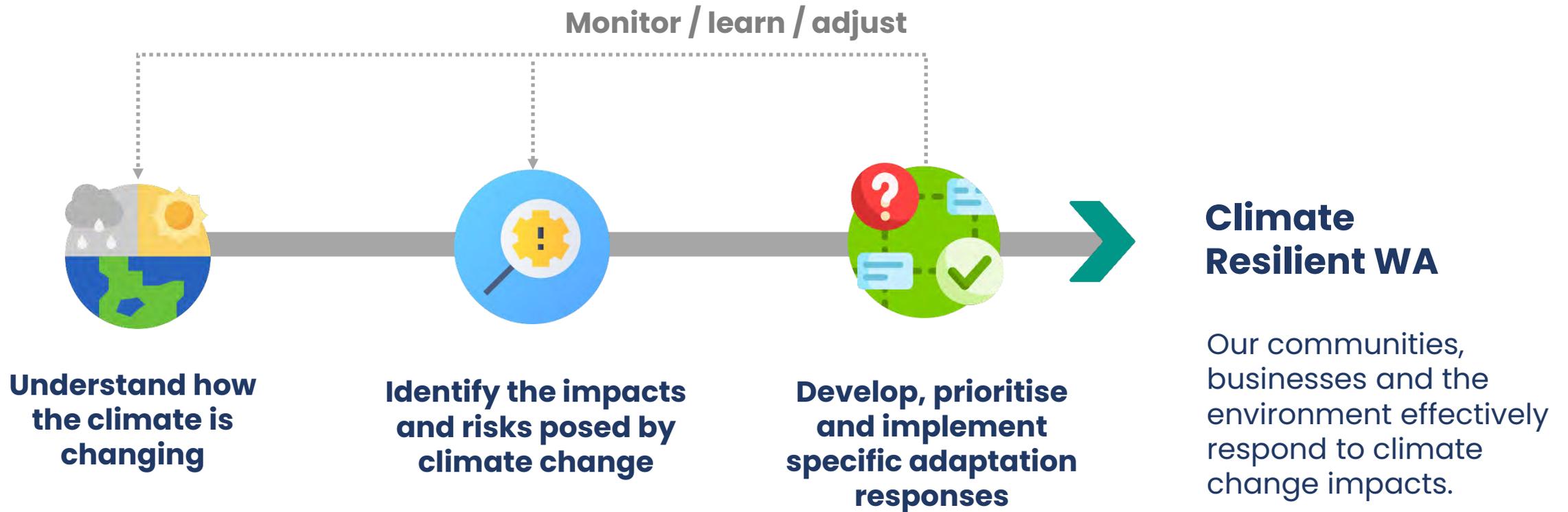
- ✓ **Aug '19** State Government aspiration of net zero emissions by 2050.
- ✓ **Nov '19** Publication of *Climate change in Western Australia – Issues paper*.
- ✓ **Nov '20** Release of *Western Australian Climate Policy*.
- ✓ **Mar '21** Climate Action Ministerial portfolio established.
- ✓ **Jun '21** Ministerial Taskforce on Climate Action.
- ✓ **Jun '22** State Government operations 80% of 2020 GHG emissions reduction target by 2030.

# Climate Action:

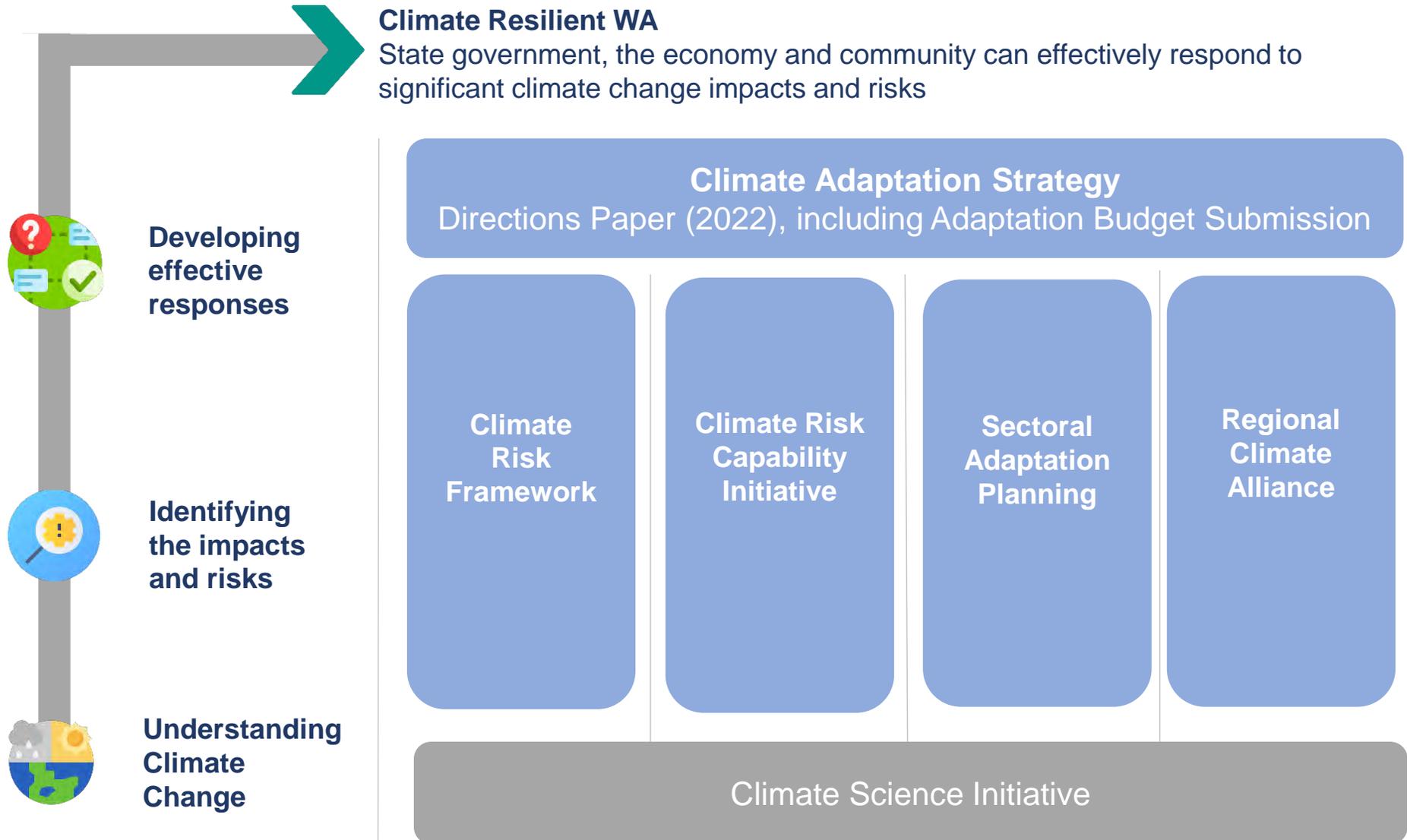
Imperative for emissions reduction and adaptation action



# What are the essential steps for adapting effectively?



# Responding to climate risk and increasing resilience in WA



# Climate Risk Capability Initiative

State government agencies will be affected by climate change in different ways. It is important that risks arising from climate change are understood, integrated into decision-making, and acted upon.

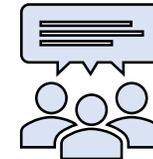
## Program components



Provide practical advice to identify, monitor and treat climate change risks and improve organisational resilience



Develop guidelines and assessment tools to support climate risk assessments and adaptation planning



Facilitate collaboration and sharing of knowledge between public sector agencies through Community of Practice (COP) online forum

# Climate risk management - Take home messages

1. Climate risk is material to the state economy, and the public sector needs to take action.
2. The State Government has several important initiatives underway to manage climate risk, but more work needs to be done.
3. The climate risk policy environment is evolving quickly. You can take practical steps to support your agency to better understand and manage your climate risks. Additional guidance will come with the finalisation of the Climate Risk Framework.

# Overview

1. Whole-of-government committed to reduce GHG emissions by 80% by 2030
    - On way to net zero by 2050 (WA Climate Policy)
  2. All agencies to calculate their emissions and develop emission reduction plans
    - DWER to provide tools and guidance
    - Note: some agencies are well advanced
- [FAQ: Government Emissions Interim Target | Western Australian Government \(www.wa.gov.au\)](#)

# 2030 Government Target

- Will result in  $\approx 5.8$ MT of Government emissions avoided per year
- Whole-of-government (agencies and GTE's)
- Not agency-specific; some will decarbonise more easily than others
- Includes Synergy decarbonisation plans
- Evaluating options to procure 100% renewables for Govt Agencies

# Emissions Reduction Plans

All agencies and GTE's to develop emissions reduction plans

## Emissions Reduction Hierarchy

- Avoid and reduce emissions on-site before use of grid-based renewable energy and carbon offsets
- To meet the target, consider on-site emissions reduction through:
  1. energy efficiency
  2. electrification
  3. onsite renewable energy
- Sooner you start the more you'll save

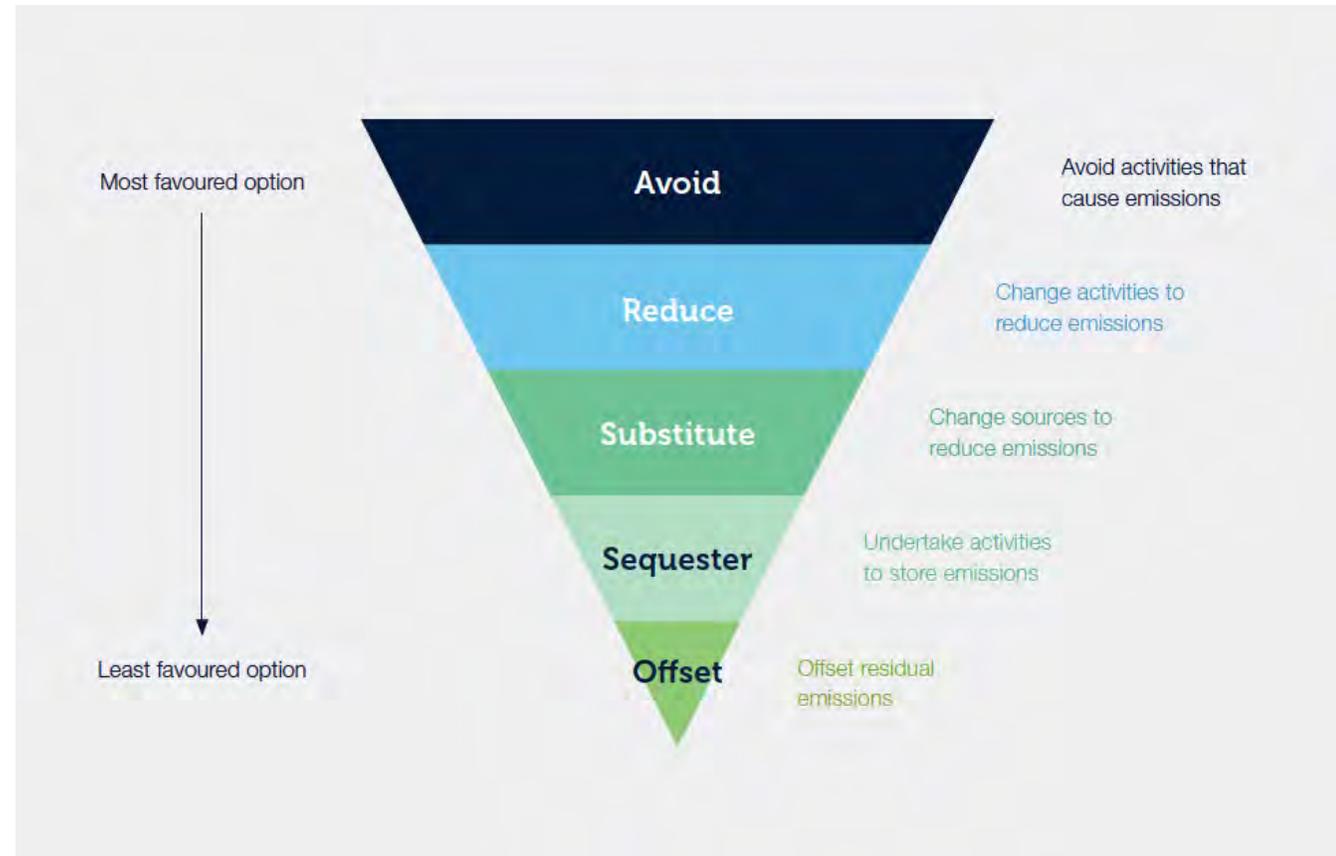


Image sourced from: [paiiconsulting.com.sg](http://paiiconsulting.com.sg)

# DWER-led Support Program

## Objectives:

1. Develop a consistent, whole-of-government approach to GHG emissions monitoring and reporting
  - Central emissions monitoring system
2. Support agencies and GTE's to develop and implement their emission reduction plans
  - Emission reduction identification and evaluation tools
  - Guidelines on monitoring and managing emissions (draft by Feb 2023)

# Government emissions reduction - next steps

- Guideline available ~ March 2023
- DWER will reach out:
  - Q2 regarding Emission Reduction Guideline
  - Q3/Q4 2023 regrading data collection as emission monitoring system develops
    - Please assign a contact person
    - Make energy bills available - to automate reporting in the monitoring system
- FAQ: <https://www.wa.gov.au/service/environment/business-and-community-assistance/government-emissions-interim-target>

# Questions?

## Contacts:

### Climate Risk and Resilience

James Duggie - Principal Policy Officer  
[james.duggie@dwer.wa.gov.au](mailto:james.duggie@dwer.wa.gov.au)

Dr Anna Gstaettner - Principal Policy Officer, Climate Risk  
[climate.risk@dwer.wa.gov.au](mailto:climate.risk@dwer.wa.gov.au)

### Mitigation Policy and Programs Team

Marc Cassanet - Senior Manager

Sam Wilkinson - Principal Policy Officer

[government.netzero@dwer.wa.gov.au](mailto:government.netzero@dwer.wa.gov.au)



# Thanks