

Annual Report 2019-20

| Heritage Council of Western Australia

Financials and performance indicators

Planning and managing land and heritage for all Western Australians





Auditor General

INDEPENDENT AUDITOR'S REPORT

To the Parliament of Western Australia

HERITAGE COUNCIL OF WESTERN AUSTRALIA

Report on the financial statements

Opinion

I have audited the financial statements of the Heritage Council of Western Australia which comprise the Statement of Financial Position as at 30 June 2020, the Statement of Comprehensive Income, Statement of Changes in Equity, Statement of Cash Flows and Summary of Consolidated Account Appropriations for the year then ended, and 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 Heritage Council of Western Australia for the year ended 30 June 2020 and the financial position at the end of that period. They are in accordance with Australian Accounting Standards, the *Financial Management Act 2006* and the Treasurer's Instructions.

Basis for opinion

I conducted my audit in accordance with the Australian Auditing Standards. My responsibilities under those standards are further described in the Auditor's Responsibility for the Audit of the Financial Statements section of my report. I am independent of the Council in accordance with the *Auditor General Act 2006* and the relevant ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to my audit of the financial statements. I have also fulfilled my other ethical responsibilities in accordance with the Code. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Responsibility of the Council for the financial statements

The Council is responsible for keeping proper accounts, and the preparation and fair presentation of the financial statements in accordance with Australian Accounting Standards, the *Financial Management Act 2006* and the Treasurer's Instructions, and for such internal control as the Council 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 Council is responsible for assessing the entity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Western Australian Government has made policy or funding decisions affecting the continued existence of the Council.

Auditor's responsibility 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.

A further description of my responsibilities for the audit of the financial statements is located on the Auditing and Assurance Standards Board website at https://www.auasb.gov.au/auditors_responsibilities/ar4.pdf. This description forms part of my auditor's report.

Report on controls**Opinion**

I have undertaken a reasonable assurance engagement on the design and implementation of controls exercised by the Heritage Council of Western Australia. The controls exercised by the Council are those policies and procedures established by the Council to ensure that the receipt, expenditure and investment of money, the acquisition and disposal of property, and the incurring of liabilities have been in accordance with legislative provisions (the overall control objectives).

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

In my opinion, in all material respects, the controls exercised by the Heritage Council of Western Australia 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 2020.

The Council's responsibilities

The Council 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 to report on the design and implementation of controls involves performing procedures to obtain evidence about the suitability of the design of controls to achieve the overall control objectives and the implementation of those controls. The procedures selected depend on my judgement, including the 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 the controls are 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 key performance indicators

Opinion

I have undertaken a reasonable assurance engagement on the key performance indicators of the Heritage Council of Western Australia for the year ended 30 June 2020. 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 Heritage Council of Western Australia are relevant and appropriate to assist users to assess the Council's performance and fairly represent indicated performance for the year ended 30 June 2020.

The Council's responsibility for the key performance indicators

The Council 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 Council 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 Council 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 responsibility

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

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

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

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

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

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 Heritage Council of Western Australia for the year ended 30 June 2020 included on the Council's website. The Council's management is responsible for the integrity of the Council's website. This audit does not provide assurance on the integrity of the Council's website. The auditor's report refers only to the financial statements and key performance indicators described above. It does not provide an opinion on any other information which may have been hyperlinked to/from these financial statements or key performance indicators. If users of the financial statements and key performance indicators are concerned with the inherent risks arising from publication on a website, they are advised to contact the entity to confirm the information contained in the website version of the financial statements and key performance indicators.

VINCE TURCO
SENIOR DIRECTOR FINANCIAL AUDIT
Delegate of the Auditor General for Western Australia
Perth, Western Australia
17 September 2020



HERITAGE
COUNCIL

CERTIFICATION OF FINANCIAL STATEMENTS

For the reporting period ended 30 June 2020

The accompanying financial statements of the Heritage Council of Western Australia 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 2020 and the financial position as at 30 June 2020.

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.

Hon. John Cowdell AM
Chair
Heritage Council of Western Australia
17 September 2020

Richard Offen
Member
Heritage Council of Western Australia
17 September 2020

Maurice Hanrahan
Chief Finance Officer
Department of Planning, Lands and Heritage
17 September 2020



STATEMENT OF COMPREHENSIVE INCOME

For the year ended 30 June 2020

	Notes	2020 \$	2019 \$
COST OF SERVICES			
Expenses			
Supplies and services	2.2	168,590	131,952
Grants and subsidies	2.1	1,221,000	1,221,398
Other expenses	2.2	18,174	38,180
Cost of goods sold	3.2	-	1,005,986
Total cost of services		1,407,764	2,397,516
Income			
<i>Revenue</i>			
Sales	3.2	-	2,811,007
Other revenue	3.3	163,194	149,490
Total revenue		163,194	2,960,497
Total income other than income from State Government		163,194	2,960,497
NET COST OF SERVICES/(NET INCOME FROM SERVICES)		1,244,570	(562,981)
Income from State Government	3.1		
Service appropriation		1,390,000	1,390,000
Total income from State Government		1,390,000	1,390,000
SURPLUS FOR THE PERIOD		145,430	1,952,981
OTHER COMPREHENSIVE INCOME			
Items not reclassified subsequently to profit or loss			
Changes in asset revaluation surplus		-	-
Total other comprehensive income		-	-
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		145,430	1,952,981

The Statement of Comprehensive Income should be read in conjunction with the accompanying notes.



STATEMENT OF FINANCIAL POSITION

As at 30 June 2020

	Notes	2020 \$	2019 \$
ASSETS			
Current Assets			
Cash and cash equivalents	5.1	950,962	791,064
Restricted cash and cash equivalents	5.1	6,801,774	7,569,738
Receivables	4.1	973	21,009
Total Current Assets		7,753,709	8,381,811
TOTAL ASSETS		7,753,709	8,381,811
LIABILITIES			
Current Liabilities			
Payables	4.2	-	5,568
Grants payable	4.3	249,100	1,017,064
Total Current Liabilities		249,100	1,022,632
TOTAL LIABILITIES		249,100	1,022,632
NET ASSETS		7,504,609	7,359,179
EQUITY			
Contributed equity		-	-
Accumulated surplus		7,504,609	7,359,179
TOTAL EQUITY		7,504,609	7,359,179

The Statement of Financial Position should be read in conjunction with the accompanying notes.



SUMMARY OF CONSOLIDATED ACCOUNT APPROPRIATIONS

For the year ended 30 June 2020

	2020 Estimate \$	2020 Actual \$	Variance \$	2020 Actual \$	2019 Actual \$	Variance \$
Delivery of Services						
Item 87 Net amount appropriated to deliver services	1,390,000	1,390,000	-	1,390,000	1,390,000	-
Total appropriations provided to deliver services	1,390,000	1,390,000	-	1,390,000	1,390,000	-
Details of Expenses by Service						
Cultural Heritage Conservation	2,970,000	1,407,764	(1,562,236)	1,407,764	2,397,516	(989,752)
Total Cost of Services	2,970,000	1,407,764	(1,562,236)	1,407,764	2,397,516	(989,752)
Less Total Income	(4,080,000)	(163,195)	3,916,805	(163,195)	(2,960,497)	2,797,302
Net Cost of Services	(1,110,000)	1,244,569	2,354,569	1,244,569	(562,981)	1,807,550
Adjustments	2,500,000	145,431	(2,354,569)	145,431	1,952,981	(1,807,550)
Total appropriations provided to deliver services	1,390,000	1,390,000	-	1,390,000	1,390,000	-

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



STATEMENT OF CHANGES IN EQUITY

For the year ended 30 June 2020

	Accumulated surplus	Total equity
	\$	\$
Balance at 1 July 2018	5,406,198	5,406,198
Surplus	1,952,981	1,952,981
Other comprehensive income	-	-
Total comprehensive income for the period	1,952,981	1,952,981
Balance at 30 June 2019	7,359,179	7,359,179
Balance at 1 July 2019	7,359,179	7,359,179
Surplus	145,430	145,430
Other comprehensive income	-	-
Total comprehensive income for the period	145,430	145,430
Balance at 30 June 2020	7,504,609	7,504,609

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 2020

Notes	2020 \$	2019 \$
CASH FLOWS FROM STATE GOVERNMENT		
Service appropriation	1,390,000	1,390,000
Net cash provided by State Government	1,390,000	1,390,000
Utilised as follows:		
CASH FLOWS FROM OPERATING ACTIVITIES		
Payments		
Supplies and services	(174,352)	(149,754)
Grants and subsidies	(1,825,769)	(1,432,106)
GST payments on purchases	(173,984)	(109,990)
GST payments to taxation authority	-	(4,100)
Other payments	(18,283)	(38,180)
Receipts		
Proceeds from sale of Warders' Cottages	-	2,711,004
GST receipts from taxation authority	194,322	144,938
Net cash (used in)/provided by operating activities	(1,998,066)	1,121,812
Net (decrease)/increase in cash and cash equivalents	(608,066)	2,511,812
Cash and cash equivalents at the beginning of the period	8,360,802	5,848,990
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	7,752,736	8,360,802
5.1		

The Statement of Cash Flows should be read in conjunction with the accompanying notes.



Notes to the financial statements

1 Basis of preparation

The Heritage Council of Western Australia (Heritage Council or HCWA) is a Western Australian Government entity and is controlled by the State of Western Australia, which is the ultimate parent entity. The Heritage Council 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 'Overview' of this Annual Report, which does not form part of these financial statements.

These annual financial statements were authorised for issue by the Chair of the Heritage Council on 17 September 2020

Statement of compliance

These general purpose financial statements are prepared in accordance with:

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

The *Financial Management Act 2006* and the Treasurer's Instructions take precedence over AASs. Several AASs are modified by the Instructions 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.

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 dollar (\$).

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.

Contributed equity

AASB Interpretation 1038 *Contributions by Owners Made to Wholly-Owned Public Sector Entities* requires transfers in the nature of equity contributions, other than as a result of a restructure of administrative arrangements, to be designated by the Government (the owner) as contributions by owners (at the time of, or prior to, transfer) before such transfers can be recognised as equity contributions. Capital appropriations have been designated as contributions by owners by TI 955 *Contributions by Owners made to Wholly Owned Public Sector Entities* and have been credited directly to Contributed Equity.

The transfers of net assets to/from other agencies, other than as a result of a restructure of administrative arrangements, are designated as contributions by owners where the transfers are non-discretionary and non-reciprocal.

2 Use of our funding

Expenses incurred in the delivery of services

This section provides additional information about how the Heritage Council'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 Heritage Council in achieving its objectives and the relevant notes are:

	Notes	2020 \$	2019 \$
Grants and subsidies	<u>2.1</u>	1,221,000	1,221,398
Other expenditure	<u>2.2</u>	186,764	170,132

2.1 Grants and subsidies

Heritage Grants Program - assistance for conservation work, development of conservation management plans or strategies.	1,221,000	1,221,398
	1,221,000	1,221,398

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 applications are checked and reviewed prior to being recognised as an expense at the date the application was authorised by the Minister. 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.

In 2019-20 the Minister approved a grant of \$1.221 million to be paid to the Department of Planning Lands and Heritage for urgent conservation works at the Fremantle Prison.

2.2 Other expenditure

Supplies and Services

Committee sitting fees	152,134	119,557
Superannuation - defined contribution plans	15,341	11,358
Consumables	1,115	1,037
Total supplies and services	168,590	131,952

Other expenses

Lease rental & hire costs	448	1,297
Warders cottages - conservation works	-	16,570
Other	17,726	20,313
Total other expenses	18,174	38,180
Total other expenditure	186,764	170,132

Supplies and services:

Supplies and services are recognised as an expense in the reporting period in which they are incurred. Conservation works 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.

3 Our funding sources

How we obtain our funding

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

	Notes	2020 \$	2019 \$
Income from State Government	<u>3.1</u>	1,390,000	1,390,000
Trading profit	<u>3.2</u>	-	2,811,007
Other Revenue	<u>3.3</u>	163,194	149,490

3.1 Income from State Government

Appropriation received during the period:

Service appropriation ^(a)		1,390,000	1,390,000
		1,390,000	1,390,000
Total income from State Government		1,390,000	1,390,000

^(a) **Service appropriations** are recognised as income at the fair value in the period in which the Heritage Council gains control of the appropriated funds. The Heritage Council gains control of appropriated funds at the time those funds are deposited to the bank account.

The application of AASB 15 and AASB 1058 from 1 July 2019 has had no impact on the treatment of income from State Government.

Appropriations fund the net cost of services delivered.

3.2 Sale of goods

Sales ^(a)		-	2,811,007
Cost of Sales			
Opening inventory		-	1,005,986
Purchases		-	-
		-	1,005,986
Closing inventory		-	-
Cost of goods sold		-	1,005,986
Trading profit		-	1,805,021

^(a) Sale of Warders' Cottages completed in 2018-19

Sale of goods

Up to 30 June 2019, revenue was recognised from the sale of goods when the significant risks and rewards of ownership transfer to the purchaser and can be measured reliably.

From 1 July 2019, revenue is recognised at the transaction price when the Council transfers control of the goods to customers.

3.3 Other revenue

Annual variation for previous years Heritage Grant Program		163,194	149,490
		163,194	149,490

Until 30 June 2019, revenue was recognised and measured at the fair value of consideration received or receivable.

From 1 July 2019, revenue is recognised at the transaction price when the Council transfers control of the services to customers.

Other revenue has been recognised in their entirety upon receipt as there are no conditions applying to its use and it is not subject to performance measures in terms of service delivery.

4 Other assets and liabilities

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

	Notes	2020 \$	2019 \$
Receivables	<u>4.1</u>	973	21,009
Payables	<u>4.2</u>	-	5,568
Grants payable	<u>4.3</u>	249,100	1,017,064

4.1 Receivables

Trade receivables	304	-
GST receivable	669	21,009
	973	21,009

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

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

4.2 Payables

Current

Trade payables	-	1,597
Accrued expenses	-	3,971
Total current	-	5,568
Balance at end of period	-	5,568

Payables are recognised at the amounts payable when the Heritage Council becomes obliged to make future payments as a result of a purchase of assets or services. The carrying amount is equivalent to fair value, as settlement is generally within 30 days.

4.3 Grants Payable

Current

Heritage Grants Program	249,100	1,017,064
Total current	249,100	1,017,064

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 applications are checked and reviewed prior to being taken up into payables at the date the application was authorised by the Minister. 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.

5 Financing

This section sets out the material balances and disclosures associated with the financing and cashflows of the Heritage Council.

	Notes	2020 \$	2019 \$
Cash and cash equivalents	<u>5.1</u>		
5.1 Cash and cash equivalents			
Cash and cash equivalents		950,962	791,064
Restricted cash and cash equivalents:			
- Heritage Grants Program ^(a)		249,100	1,017,064
- Refund of Heritage Loan Scheme Subsidy Funds ^(b)		384,480	384,480
- Heritage Revolving Fund ^(c)		6,168,194	6,168,194
		<u>6,801,774</u>	<u>7,569,738</u>
Balance at end of period		<u>7,752,736</u>	<u>8,360,802</u>

^(a) Funds restricted for heritage grants awarded to the owners of state listed heritage properties for conservation purposes.

^(b) The Heritage Loan Subsidy Scheme was terminated and the funds have been restricted with the understanding that the proceeds will be added to an existing or be applied to a future program that focuses on regional heritage.

^(c) Funds restricted for future use by the Heritage Revolving Fund.

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

6 Financial instruments

	Notes	2020 \$	2019 \$
Financial instruments	6.1		

6.1 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:

Financial assets

Cash and cash equivalents	950,962	791,064
Restricted cash and cash equivalents	6,801,774	7,569,738
Financial assets at amortised cost	304	-
Total financial assets	<u>7,753,040</u>	<u>8,360,802</u>

Financial liabilities

Financial liabilities at amortised cost	249,100	1,022,632
Total financial liabilities	<u>249,100</u>	<u>1,022,632</u>

7 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	7.1
Initial application of Australian Accounting Standards	7.2
Key management personnel	7.3
Related party transactions	7.4
Related bodies	7.5
Affiliated bodies	7.6
Remuneration of auditors	7.7
Supplementary financial information	7.8
Contingent assets and liabilities	7.9
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7.1 Events occurring after the end of the reporting period

No information has become apparent after the end of the reporting period which would materially affect the financial statements.

7.2 Initial application of Australian Accounting Standards

(a) AASB 15 Revenue from Contract with Customers and AASB 1058 Income of Not-for-Profit Entities

AASB 15 Revenue from Contracts with Customers replaces AASB 118 Revenue and AASB 111 Construction Contracts for annual reporting periods on or after 1 January 2019. Under the new model, an entity shall recognise revenue when (or as) the entity satisfies a performance obligation by transferring a promised good or service and is based upon the transfer of control rather than transfer of risks and rewards

AASB15 focuses on providing sufficient information to the users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from the contracts with customers. Revenue is recognised by applying the following five steps:

- Identifying contracts with customers
- Identifying separate performance obligations
- Determining the transaction price of the contract
- Allocating the transaction price to each of the performance obligations
- Recognising revenue as each performance obligation is satisfied.

Revenue is recognised either over time or at a point in time. Any distinct goods or services are separately identified and any discounts or rebates in the contract price are allocated to the separate elements.

In addition, the Council derives income from appropriations which are recognised under AASB 1058. AASB 1058 is applied to not-for-profit entities for recognising income that is not revenue from contracts with customers. Timing of income recognition under AASB 1058 depends on whether such a transaction gives rise to a liability or other performance obligation (a promise to transfer a good or service), or a contribution by owners, related to an asset (such as cash or another asset) recognised by the Council.

After a review of the revenue received by the Council it was considered that there were no impacts on the adoption of AASB 15 and AASB 1058 as at 1 July 2019.

7.3 Key management personnel

The Heritage Council has determined key management personnel to include responsible cabinet ministers and members of the Council. The Council 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 members of the Heritage Council for the reporting period are presented within the following bands:

Compensation Band (\$)	2020	2019
1 - 10,000	1	-
10,001 - 20,000	8	8
20,001 - 30,000	1	1
	\$	\$
Total compensation of members	167,543	120,075

Total compensation includes the superannuation expense incurred by the Heritage Council in respect of members.

7.4 Related party transactions

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

Related parties of the Heritage Council include:

- all cabinet ministers and their close family members, and their controlled or jointly controlled entities;
- all members 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);
- the Department of Planning Lands and Heritage (see note 2.1)
- associates and joint ventures of a wholly-owned public sector entity; and
- the Government Employees Superannuation Board (GESB).

Material transactions with other related parties

Outside of normal citizen type transactions with the Heritage Council, 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.

7.5 Related bodies

The Heritage Council had no related bodies during the financial year 2019-20 and 2018-19.

7.6 Affiliated bodies

The Heritage Council had no affiliated bodies during the financial year 2019-20 and 2018-19.

7.7 Remuneration of auditors

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

Auditing the accounts, financial statements, controls and key performance indicators

	2020	2019
	\$	\$
	<u>7,897</u>	<u>7,897</u>

7.8 Supplementary financial information

(a) Write-offs

During the financial year nil (2019: nil) was written off from the Heritage Council's receivables register.

(b) Losses through theft, defaults and other causes

There was no loss of public money and public and other property through theft, default and other causes during the financial year 2019-20 and 2018-19.

(c) Gifts of public property

There were no gifts of public property provided by the Heritage Council during the financial year 2019-20 and 2018-19.

7.9 Contingent assets and liabilities

The Heritage Council has no significant contingent liabilities or contingent assets as at 30 June 2020 and 30 June 2019.

7.10 Explanatory statement

All variances between estimates (original budget) and actual results for 2020, and between the actual results for 2020 and 2019 are shown below. Narratives are provided for selected major variances, which are generally greater than:

- 10% and \$1 million for the Statements of Comprehensive Income, Statement of Cash Flows and Statement of Financial Position.

7.10.1 Statement of Comprehensive Income Variances

	Variance	Estimate	Actual	Actual	Variance between estimate and actual	Variance between actual results for 2020 and 2019
Note		2020	2020	2019		
		\$	\$	\$	\$	\$
Expenses						
Supplies and services	1	1,685,000	168,590	131,952	(1,516,410)	36,638
Grants and subsidies		1,221,000	1,221,000	1,221,398	-	(398)
Other expenses		18,000	18,174	38,180	174	(20,006)
Cost of goods sold	A	-	-	1,005,986	-	(1,005,986)
Employee benefits		46,000	-	-	(46,000)	-
Total cost of services		2,970,000	1,407,764	2,397,516	(1,562,236)	(989,752)
Income						
<i>Revenue</i>						
Sales	A	-	-	2,811,007	-	(2,811,007)
Grants and Subsidies	2	4,080,000	-	-	(4,080,000)	-
Other revenue		-	163,194	149,490	163,194	13,704
Total Revenue		4,080,000	163,194	2,960,497	(3,916,806)	(2,797,303)
Total income other than income from State Government (NET INCOME FROM SERVICES)/NET COST OF SERVICES		4,080,000	163,194	2,960,497	(3,916,806)	(2,797,303)
		(1,110,000)	1,244,570	(562,981)	2,354,570	(1,807,551)
Income from State Government						
Service appropriation		1,390,000	1,390,000	1,390,000	-	-
Total income from State Government		1,390,000	1,390,000	1,390,000	-	-
SURPLUS/(DEFICIT) FOR THE PERIOD		2,500,000	145,430	1,952,981	(2,354,570)	1,807,551
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		2,500,000	145,430	1,952,981	(2,354,570)	1,807,551

Major Estimate and Actual (2020) Variance Narratives

1, 2 Given the success of Phase 1 of the Heritage Works Program, which included the completion of the Fremantle Warders Cottages and Coogee Hotel projects, an additional \$1.58 million in expenditure was committed and \$4.08 million in revenue forecasted in the 2019-20 financial year for Phase 2 of the Heritage Works Program. Feasibility assessments were undertaken on several heritage places, however due to various obstacles, the projects could not progress. As a result, the expenditure and revenue forecasts for 2019-20 have not been realised.

Major Actual (2020) and Comparative (2019) Variance Narratives

A The variance is due to the completion of the sale of the Warders' Cottages in 2019.

7.10.2 Statement of Financial Position Variances

	Variance	Estimate	Actual	Actual	Variance	Variance
	Note	2020	2020	2019	between estimate and actual	between actual results for and
		\$	\$	\$	\$	\$
ASSETS						
Current Assets						
Cash and cash equivalents		463,000	950,962	791,064	487,962	159,898
Restricted cash and cash equivalents		9,146,000	6,801,774	7,569,738	(2,344,226)	(767,964)
Receivables		31,000	973	21,009	(30,027)	(20,036)
Total Current Assets		9,640,000	7,753,709	8,381,811	(1,886,291)	(628,102)
TOTAL ASSETS		9,640,000	7,753,709	8,381,811	(1,886,291)	(628,102)
LIABILITIES						
Current Liabilities						
Payables		102,000	-	5,568	(102,000)	(5,568)
Grants payable		1,277,000	249,100	1,017,064	(1,027,900)	(767,964)
Total Current Liabilities		1,379,000	249,100	1,022,632	(1,129,900)	(773,532)
TOTAL LIABILITIES		1,379,000	249,100	1,022,632	(1,129,900)	(773,532)
NET ASSETS		8,261,000	7,504,609	7,359,179	(756,391)	145,430
EQUITY						
Contributed equity		(5,284,000)	-	-	5,284,000	-
Accumulated surplus		13,545,000	7,504,609	7,359,179	(6,040,391)	145,430
TOTAL EQUITY		8,261,000	7,504,609	7,359,179	(756,391)	145,430

7.10.3 Statement of Cash Flows Variances

	Variance	Estimate	Actual	Actual	Variance between estimate and actual	Variance between actual results for and
	Note	2020	2020	2019		
		\$	\$	\$	\$	\$
CASH FLOWS FROM STATE GOVERNMENT						
Service appropriation		1,390,000	1,390,000	1,390,000	-	-
Net cash provided by State Government		1,390,000	1,390,000	1,390,000	-	-
CASH FLOWS FROM OPERATING ACTIVITIES						
Payments						
Employee benefits		(46,000)	-	-	46,000	-
Supplies and services	3	(1,685,000)	(174,352)	(149,754)	1,510,648	(24,598)
Grants and subsidies		(1,221,000)	(1,825,769)	(1,432,106)	(604,769)	(393,663)
GST payments on purchases		-	(173,984)	(109,990)	(173,984)	(63,994)
GST payments to taxation authority		-	-	(4,100)	-	4,100
Other payments		(18,000)	(18,283)	(38,180)	(283)	19,897
Receipts						
Grants and subsidies	4	4,080,000	-	-	(4,080,000)	-
Proceeds on sale of Warders' Cottages	B	-	-	2,711,004	-	(2,711,004)
GST receipts on sales		-	-	-	-	-
GST receipts from taxation authority		-	194,322	144,938	194,322	49,384
Other receipts		-	-	-	-	-
Net cash provided by / (used in) operating activities		1,110,000	(1,998,066)	1,121,812	(3,108,066)	(3,119,878)
Net increase/(decrease) in cash and cash equivalents		2,500,000	(608,066)	2,511,812	(3,108,066)	(3,119,878)
Cash and cash equivalents at the beginning of the period		7,109,000	8,360,802	5,848,990	1,251,802	2,511,812
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD		9,609,000	7,752,736	8,360,802	(1,856,264)	(608,066)

Major Estimate and Actual (2020) Variance Narratives

3, 4 Given the success of Phase 1 of the Heritage Works Program, which included the completion of the Fremantle Warders Cottages and Coogee Hotel projects, an additional \$1.51 million in expenditure was committed and \$4.08 million in revenue forecasted in the 2019-20 financial year for Phase 2 of the Heritage Works Program. Feasibility assessments were undertaken on several heritage places, however due to various obstacles, the projects could not progress. As a result, the expenditure and revenue forecasts for 2019-20 have not been realised.

Major Actual (2020) and Comparative (2019) Variance Narratives

B The variance is due to the completion of the sale of the Warders' Cottages in 2019.



HERITAGE
COUNCIL

KEY PERFORMANCE INDICATORS

Certification of key performance indicators

We hereby certify that the key performance indicators are based on proper records, are relevant and appropriate for assisting users to assess the Heritage Council of Western Australia's performance, and fairly represent the performance of the Heritage Council of Western Australia for the financial year ended 30 June 2020.

Hon. John Cowdell AM
Chair
Heritage Council of Western Australia
17 September 2020

Richard Offen
Member
Heritage Council of Western Australia
17 September 2020



THE HERITAGE COUNCIL'S DESIRED OUTCOME AND KEY PERFORMANCE INDICATORS

For the year ended 30 June 2020

Relationship to Government Goals

The Heritage Council of Western Australia provides strategic cultural heritage services for the conservation of cultural heritage places in Western Australia for the benefit of present and future generations.

Government Goal	Desired Outcomes	Services
Better Places A quality environment with liveable and affordable communities and vibrant regions	Conservation of cultural heritage places in Western Australia, for the benefit of present and future generations	1. Cultural Heritage Conservation Services

The Heritage Council works to deliver the Government Goal of:

Better Places: A quality environment with liveable and affordable communities and vibrant regions

To achieve this goal, the Department of Planning, Lands and Heritage (the Department) provides cultural heritage conservation services on behalf of and under the direction of the Heritage Council such as:

- establishing and maintaining a comprehensive heritage register
- providing conservation advice on development referrals and other relevant matters
- developing the role of public authorities in conserving and managing heritage places
- providing financial assistance and other conservation incentives
- providing publications, seminars and other promotional activities.



Outcome and Key Effectiveness Indicators

Heritage Council Desired Outcome:

Conservation of cultural heritage places in Western Australia, for the benefit of present and future generations

Key Effectiveness Indicators	2015-16 Actual	2016-17 Actual	2017-18 Actual	2018-19 Actual	2019-20 Target	2019-20 Actual	Variance
Extent to which heritage places identified as having potential State significance have been assessed	76.3%	77.0%	77.5%	78.0%	76.0%	77.9%	1.9%
Extent to which development approvals issued for registered places are consistent with the Heritage Council of Western Australia's advice to decision-making authorities	99.6%	100%	100%	99.5%	100%	98.7%	(1.3%)
Extent to which grant aid leverages additional investment in conservation projects	2:1	2.3:1	2.5:1	2.7:1	2:1	1.5:1	(0.5):1 ^(a)

Explanation for significant variance

(a) On 11 June 2019, the Minister for Heritage approved a recommendation to request that the Heritage Council of Western Australia (Heritage Council) awards all funds from the 2019-20 Heritage Grants Program (HGP) to the Department for conservation works at Fremantle Prison. At the Heritage Council meeting on 12 July 2019, the Council approved the award of the \$1.221 million HGP to the Department for the project. The Department of Treasury approved the Department's submission for a capital budget of \$2.99 million for the project, which is partly funded by the 2019-20 HGP. As at 30 June 2020, Fremantle Prison has spent \$1.8 million on the project.

Service 1: Cultural Heritage Conservation Services

Key Efficiency Indicator	2015-16 Actual	2016-17 Actual	2017-18 Actual	2018-19 Actual	2019-20 Target	2019-20 Actual	Variance
Incidence of preliminary reviews proceeding to full assessment but resulting in decisions not to recommend interim registration	6.5%	6.7%	7.2%	7.4%	6.5%	7.3%	0.8%

This indicator illustrates a central component of wastage in a key Heritage Council process and drives behaviour, leading to accurate preliminary assessments and keeping wastage at a minimum.