



Auditor General

Independent Auditor's Opinion

2021

Department of Mines, Industry Regulation and Safety

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 Mines, Industry Regulation and Safety (Department) which comprise:

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

In my opinion, the financial statements are:

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

Basis for opinion

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

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

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

Responsibilities of the Director General for the financial statements

The Director General is responsible for:

- ▶ keeping proper accounts
- ▶ preparation and fair presentation of the financial statements in accordance with Australian Accounting Standards, the *Financial Management Act 2006* and the Treasurer's Instructions
- ▶ such internal control as 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 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 Mines, Industry Regulation and Safety. The controls exercised by the Department are those policies and procedures established by the Director General to ensure that the receipt, expenditure and investment of money, the acquisition and disposal of property, and the incurring of liabilities have been in accordance with legislative provisions (the overall control objectives).

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

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

The Director General's responsibilities

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

Auditor General's responsibilities

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

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

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

Limitations of controls

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

Report on the audit of the key performance indicators

Opinion

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

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

The Director General's responsibilities for the key performance indicators

The Director General is responsible for the preparation and fair presentation of the key performance indicators in accordance with the *Financial Management Act 2006* and the Treasurer's Instructions and for such internal control as the Director General determines necessary to enable the preparation of key performance indicators that are free from material misstatement, whether due to fraud or error.

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

Auditor General's responsibilities

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

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

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

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

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

Other information

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

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

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

This auditor's report relates to the financial statements, controls and key performance indicators of the Department of Mines, Industry Regulation and Safety for the year ended 30 June 2021 included on the Department's website. The Department's management is responsible for the integrity of the Department's website. This audit does not provide assurance on the integrity of the Department's website. The auditor's report refers only to the financial statements, controls and key performance indicators described above. It does not provide an opinion on any other information which may have been hyperlinked to/from these financial statements, controls or key performance indicators. If users of the financial statements, controls and key performance indicators are concerned with the inherent risks arising from publication on a website, they are advised to contact the entity to confirm the information contained in the website version of the financial statements, controls and key performance indicators.

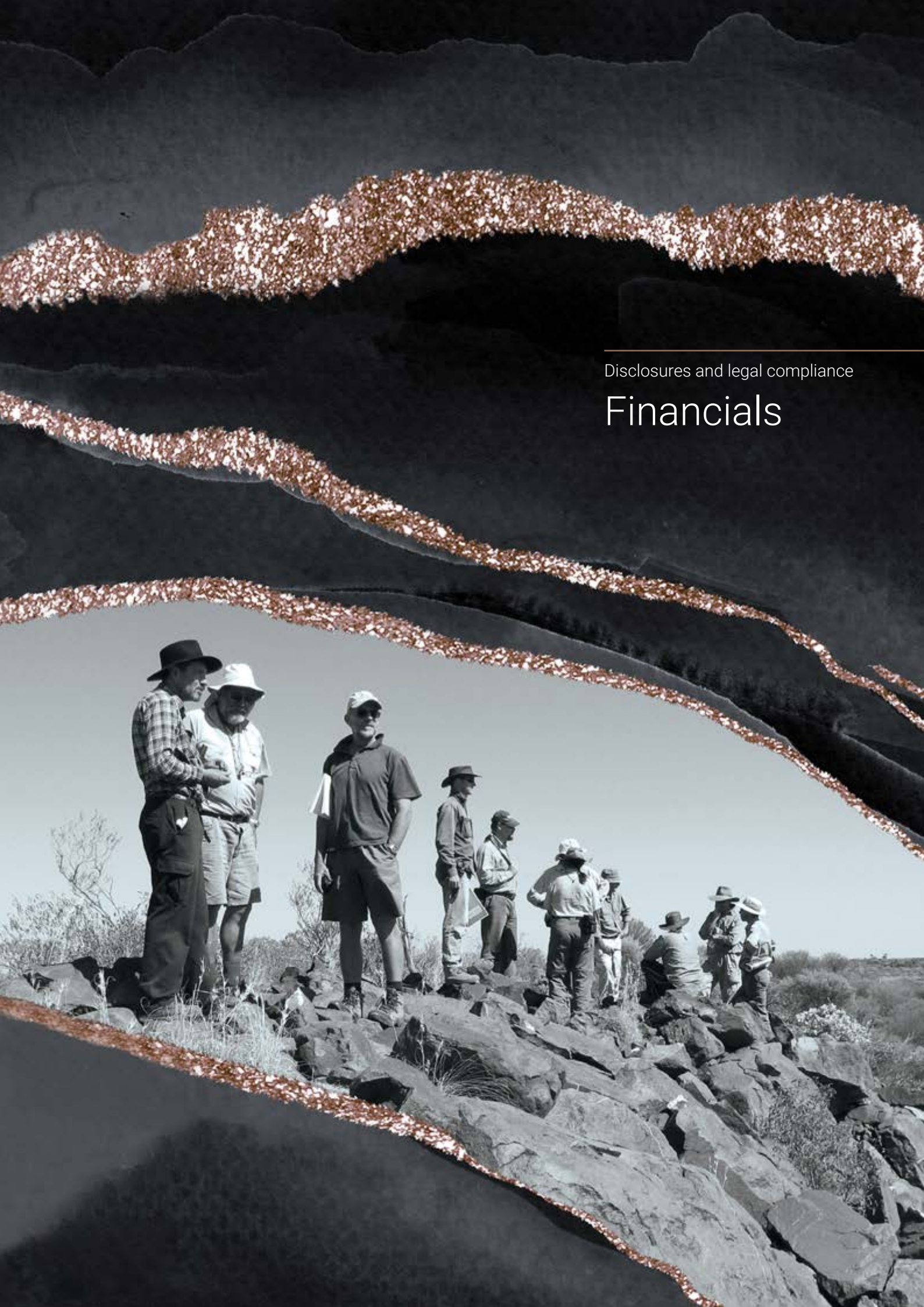


Caroline Spencer

Auditor General for Western Australia

Perth, Western Australia

1 September 2021

A black and white photograph of a group of about ten people standing on a rocky ridge in a sparse, arid landscape. The people are dressed in outdoor or work attire, including hats and jackets. The image is framed by a decorative border consisting of a dark, wavy background with a shimmering, golden-brown, textured pattern that resembles crushed ore or mineral deposits. The overall composition suggests a focus on mining or resource extraction.

Disclosures and legal compliance

Financials

Financial Statements

Certification of Financial Statements

For the reporting period ended 30 June 2021

Department of Mines, Industry Regulation and Safety

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

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



Richard Sellers
Director General
30 August 2021



Ralph De Giorgio
Chief Finance Officer
30 August 2021





Statement of comprehensive income

For the year ended 30 June 2021

	Notes	2021 \$000	2020 \$000
COST OF SERVICES			
Expenses			
Employee benefits expense	2.1(a)	189,405	187,744
Supplies and services	2.3	60,619	57,005
Depreciation and amortisation expenses	4.1.1, 4.2, 4.3.1	4,619	5,225
Finance costs	6.3	105	91
Accommodation expenses	2.3	16,217	17,320
Grants and subsidies	2.2	18,001	14,864
Loss on disposal of non-current assets	3.6	–	316
Other expenses	2.3	5,658	3,840
Total cost of services		294,624	286,405
Income			
User charges and fees	3.2	154,522	164,232
Sales	3.2	43	69
Interest revenue	3.3	1,150	3,075
Commonwealth grants and contributions	3.4	–	83
Other revenue	3.5	4,404	5,346
Total Income		160,119	172,805
Gains			
Gain on disposal of non-current assets	3.6	3	–
Total Gains		3	
Total income other than income from State Government		160,122	172,805
NET COST OF SERVICES		134,502	113,600
Income from State Government			
Service appropriation	3.1	160,719	136,410
Services received free of charge	3.1	3,665	5,541
State grants and subsidies	3.1	100	100
Royalties for Regions Fund	3.1	505	209
Total income from State Government		164,989	142,260
SURPLUS FOR THE PERIOD		30,487	28,660
OTHER COMPREHENSIVE INCOME			
Items not reclassified subsequently to profit or loss			
Changes in asset revaluation surplus	8.9	944	(569)
Total other comprehensive income		944	(569)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		31,431	28,091

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



Statement of Financial Position

As at 30 June 2021

	Notes	2021 \$000	2020 \$000
ASSETS			
Current Assets			
Cash and cash equivalents	6.4	4,852	1,876
Restricted cash and cash equivalents	6.4	424,212	390,132
Receivables	5.1	15,066	17,473
Amounts receivable for services	5.2	914	914
Other current assets	5.3	3,319	2,402
Total Current Assets		448,363	412,797
Non-Current Assets			
Restricted cash and cash equivalents	6.4	2,970	2,228
Amounts receivable for services	5.2	37,306	36,022
Property, plant and equipment	4.1	124,330	122,610
Right-of-use assets	4.2	3,206	3,236
Intangible assets	4.3	1,957	3,054
Total Non-Current Assets		169,769	167,150
TOTAL ASSETS		618,132	579,947
LIABILITIES			
Current Liabilities			
Payables	5.4	7,760	9,638
Amounts due to the Treasurer	5.5	2,000	2,000
Revenue received in advance	5.6	22,446	22,069
Provisions	2.1.b	41,617	37,447
Lease liabilities	6.1	1,326	1,213
Other current liabilities	5.7	1,248	1,512
Total Current Liabilities		76,397	73,879
Non-Current Liabilities			
Payables	5.4	601	538
Provisions	2.1.b	8,475	7,820
Lease liabilities	6.1	2,052	2,172
Other non-current liabilities	5.7	5,452	5,344
Total Non Current Liabilities		16,580	15,874
TOTAL LIABILITIES		92,977	89,753
NET ASSETS		525,155	490,194
EQUITY			
Contributed equity	8.9	239,166	235,636
Reserves		104,963	104,019
Accumulated surplus/(deficit)		181,026	150,539
TOTAL EQUITY		525,155	490,194

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



Statement of Changes In Equity

For the year ended 30 June 2021

	Notes	Contributed equity \$000	Reserves \$000	Accumulated surplus/ (deficit) \$000	Total equity \$000
Balance at 1 July 2019	8.9	234,145	104,588	121,879	460,612
Surplus/(deficit)		–	–	28,660	28,660
Other comprehensive income		–	(569)	–	(569)
Total comprehensive income for the period		–	(569)	28,660	28,091
Transactions with owners in their capacity as owners:					
Capital appropriations		1,491	–	–	1,491
Total		1,491	–	–	1,491
Balance at 30 June 2020		235,636	104,019	150,539	490,194
Balance at 1 July 2020	8.9	235,636	104,019	150,539	490,194
Surplus/(deficit)		–	–	30,487	30,487
Other comprehensive income		–	944	–	944
Total comprehensive income for the period		–	944	30,487	31,431
Transactions with owners in their capacity as owners:					
Capital appropriations		3,530	–	–	3,530
Other contributions by owners		–	–	–	–
Distributions to owners		–	–	–	–
Total		3,530	–	–	3,530
Balance at 30 June 2021		239,166	104,963	181,026	525,155

The Statement of Changes in Equity should be read in conjunction with the accompanying notes.



Statement of Cash Flows

For the year ended 30 June 2021

Notes	2021 \$000	2020 \$000
Cash flows from State Government		
Service appropriation	158,521	132,016
Capital appropriations	3,530	1,491
Holding account drawdown	914	3,577
Royalties for Regions Fund	505	209
Net cash provided by State Government	163,470	137,293
Utilised as follows:		
Cash flows from operating activities		
Payments		
Employee benefits	(186,149)	(170,067)
Supplies and services	(56,018)	(47,569)
Accommodation	(17,912)	(18,974)
Grants and subsidies	(18,001)	(14,792)
Other payments	(6,209)	(10,893)
GST payments on purchases	(13,119)	(12,552)
Receipts		
Sale of goods and services	67	99
User charges and fees	152,059	160,277
Grants and contributions	100	184
GST receipts on user charges and fees	5,150	5,539
GST receipts from taxation authority	7,969	7,064
Other receipts	10,664	10,619
Net cash (used in) operating activities	(121,399)	(91,065)
Cash flows from investing activities		
Payments		
Purchase of non-current physical assets	(2,835)	(2,450)
Receipts		
Proceeds from sale of non-current assets	–	2
Net cash (used in) investing activities	(2,835)	(2,448)
Cash flows from financing activities		
Payments		
Right of use lease liability payment	(1,438)	–
Repayment of borrowings	–	(8,000)
Net cash provided by/(used in) financing activities	(1,438)	(8,000)
Net increase in cash and cash equivalents	37,798	35,780
Cash and cash equivalents at the beginning of the period	394,236	358,456
CASH AND CASH EQUIVALENTS AT THE END THE PERIOD	432,034	394,236

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



Summary of consolidated account appropriations

For the year ended 30 June 2021

	2021 Budget \$000	2021 Supplementary Funding \$000	2021 Revised Budget \$000	2021 Actual \$000	2021 Variance \$000
Delivery of Services					
Item 86 Net amount appropriated to deliver services	127,058	16,257	143,315	143,315	–
Service appropriation - Service to industry component	15,910	–	15,910	15,910	–
Amount authorised by Other Statutes - <i>Salaries and Allowances Act 1975</i>	1,494	–	1,494	1,494	–
Total appropriations provided to deliver services	144,462	16,257	160,719	160,719	–
Capital					
Capital appropriations	1,930	1,600	3,530	3,530	–
Administered Transactions					
Item 87 Administered grants, subsidies and other transfer payments	112,672	21,820	134,492	134,458	(34)
Amount authorised by other statutes - <i>Petroleum (Submerged Lands) Act 1982</i>	351	(194)	157	351	194
Total administered transactions	113,023	21,626	134,649	134,809	160
GRAND TOTAL	259,415	39,483	298,898	299,058	160



Notes to the Financial Statements

1. Basis of Preparation

The department is a WA Government entity and is controlled by the State of Western Australia, 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 'Overview' 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 30 August 2021.

Statement of Compliance

These general purpose financial statements have been prepared in accordance with:

- 1) The *Financial Management Act 2006* (**FMA**)
- 2) The Treasurer's Instructions (**TI's**)
- 3) Australian Accounting Standards (**AASs**) - Reduced Disclosure Requirements
- 4) Where appropriate, those **AAS** 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 TI's to vary application, disclosure format and wording. Where modification is required and has had a material or significant 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 thousand dollars (\$'000).

Judgement 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.



2. Use of our funding

Expenses incurred in the delivery of services

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

	Notes	2021 \$000	2020 \$000
Employee benefits expenses	2.1(a)	189,405	187,744
Employee benefits provisions	2.1(b)	50,092	45,267
Grants and subsidies	2.2	18,001	14,864
Other expenditure	2.3	82,494	78,165

2.1 (a) Employee benefits expenses

Employee benefits	173,237	171,480
Termination benefits	52	902
Superannuation - defined contribution plans ^(a)	16,116	15,362
Total employee benefits expenses	189,405	187,744
Add: AASB 16 Non-monetary benefits	1,567	1,683
Less: Employee Contributions	(414)	(451)
Net employee benefits	190,558	188,976

(a) Defined contribution plans include West State Superannuation Scheme (WSS), Gold State Superannuation Scheme (GSS), Government Employees Superannuation Board Schemes (GESBs) and other eligible funds.

Employee benefits: Include wages, salaries and social contributions, accrued and paid leave entitlements and paid sick leave, profit-sharing and bonuses; and non-monetary benefits (such as medical care, housing, cars and free or subsidised goods or services) for employees.

Termination benefits: Payable when employment is terminated before normal retirement date, or when an employee accepts an offer of benefits in exchange for the termination of employment. Termination benefits are recognised when the department is demonstrably committed to terminating the employment of current employees according to a detailed formal plan without possibility of withdrawal or providing termination benefits as a result of an offer made to encourage voluntary redundancy. Benefits falling due more than 12 months after the end of the reporting period are discounted to present value.

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. The employer contribution paid to the Government Employees Superannuation Board (GESB) in respect of the GSS is paid back into the Consolidated Account by the GESB.

AASB 16 Non-monetary benefits: Non-monetary employee benefits, that are employee benefits expenses, predominately relate to the provision of vehicle and housing benefits are measured at the cost incurred by the department.

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

Provision is made for benefits accruing to employees in respect of wages and salaries, 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.

	2021 \$000	2020 \$000
Current		
Employee benefits provisions		
Annual leave ^(a)	19,729	17,026
Long service leave ^(b)	21,123	19,758
Deferred salary scheme ^(c)	226	236
Purchased leave ^(d)	228	197
	41,306	37,217
Other provisions		
Employment on-costs ^(e)	311	230
Total current employee benefits provisions	41,617	37,447
Non-current		
Employee benefits provisions		
Long service leave ^(b)	8,412	7,772
Other provisions		
Employment on-costs ^(e)	63	48
Total non-current employee benefits provisions	8,475	7,820
Total employee benefits provisions	50,092	45,267

(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. Assessments indicate that actual settlement of the liabilities is expected to occur as follows:

	2021 \$000	2020 \$000
Within 12 months of the end of the reporting period	12,876	11,745
More than 12 months after the end of the reporting period	6,853	5,281
	19,729	17,026

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.

Assessments indicate that actual settlement of the liabilities is expected to occur as follows:

	2021 \$000	2020 \$000
Within 12 months of the end of the reporting period	7,554	7,151
More than 12 months after the end of the reporting period	21,981	20,379
	29,535	27,530



The provision for the 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, 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.

	2021 \$000	2020 \$000
More than 12 months after the end of the reporting period	226	236
	226	236

- (d) **Purchased leave liabilities** are classified as current where there is no unconditional right to defer settlement for at least 12 months after the end of the reporting period. Actual settlement of the liabilities is expected to occur as follows:

	2021 \$000	2020 \$000
Within 12 months of the end of the reporting period	228	197
	228	197

- (e) **Employment on-costs:** The settlement of annual and long service leave liabilities gives rise to the payment of employment on-costs including workers' compensation insurance. The provision is the present value of expected future payments.

Employment on-costs, including workers' compensation insurance, are not employee benefits and are recognised separately as liabilities and expenses when the employment to which they relate has occurred. Employment on-costs are included as part of Other expenses, [Note 2.3](#) (*apart from the unwinding of the discount (finance cost)*) and are not included as part of the departments 'employee benefits expense'. The related liability is included in 'Employment on-costs provision'.

	2021 \$000	2020 \$000
Employment on-costs provision		
Carrying amount at the start of period	278	174
Additional provisions recognised	200	294
Payments /other sacrifices of economic benefits	(104)	(190)
Carrying amount at end of period	374	278

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; and
- ▶ 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

	2021 \$000	2020 \$000
Recurrent		
Co-Funded Drilling Scheme (Exploration Incentive Scheme)	4,900	4,654
Mineral Research Institute of WA (MRIWA)	905	655
Farmsafe WA	70	70
Asbestos Diseases Society	50	100
Employment Law Centre Western Australia	330	330
Property Industry Grants	7,735	6,887
Australian Building Codes Board	649	649
Other Miscellaneous Grants - contributions to Commonwealth and others	3,362	1,519
Total grants and subsidies	18,001	14,864

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

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

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



2.3 Other expenditure

	2021 \$000	2020 \$000
Supplies and services		
Consultants and contractors	42,543	38,660
Advertising and promotion	870	725
Travel	1,207	1,475
Communication	1,026	952
Consumables	2,368	1,974
Maintenance	812	849
Insurance	1,299	704
Lease rent and hire costs	1,093	2,302
Utilities	1,158	1,260
Other	8,243	8,104
Total supplies and services expenses	60,619	57,005
Accommodation expenses		
Rental ^(a)	12,744	14,149
Repairs and maintenance	2,415	2,221
Cleaning	1,058	950
Total accommodation expenses	16,217	17,320
Other expenses		
Audit Fees	526	414
Doubtful debts expense	2	847
Employment On Costs	96	103
Industry fidelity claims	506	1,325
Minor Plant and Equipment	2,220	1,442
Refunds of prior years revenues	1,970	52
Other expenses	338	(343)
Total other expenses	5,658	3,840
Total other expenditure	82,494	78,165

Supplies and services expenses 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:

(a) **Rental Expenses** include:

- i) Short-term leases with a lease term of 12 months or less;
- ii) Low-value leases with an underlying value of \$5,000 or less; and
- iii) Variable lease payments, recognised in the periods in which the event or condition that triggers those payments occurs.

Repairs, maintenance and cleaning costs are recognised as expenses as incurred.

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

Audit Fees: an expense is recognised for external audit services received during the 2020–21 reporting period.

Doubtful debts expense was recognised as the movement in the allowance for doubtful debts. From 2019–20, expected credit losses expense is recognised as the movement in the allowance for expected credit losses. 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. Refer to note 5.1 Movement in the allowance for impairment of receivables.



Employee 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(a) Employee benefit provision*. Superannuation contributions accrued as part of the provision for leave are employee benefits and are not included in employment on-costs.

Industry Fidelity Claims are paid as a reimbursement to people who suffer pecuniary or property loss through defalcation by a licensee or employee of a real estate agent or settlement agent.

Minor Plant and Equipment: items identified as portable and attractable that do not meet the criteria of an asset are expensed in the year the item is acquired.

Other Expenses: this includes items recorded as prior period expenses and various other minor other miscellaneous expense items.

3. Our funding sources

How we obtain our funding

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

	Notes	2021 \$000	2020 \$000
Income from State Government	3.1	164,989	142,260
User charges and fees and sales	3.2	154,565	164,301
Interest revenue	3.3	1,150	3,075
Commonwealth grants and contributions	3.4	–	83
Other revenue	3.5	4,404	5,346
Gains/(Losses)	3.6	3	(316)

3.1 Income from State Government

	2021 \$000	2020 \$000
Appropriation received during the period:		
Service appropriation ^(a)	160,719	136,410
Total appropriation received	160,719	136,410
Resources received free of charge from other public sector entities during the period:		
State Solicitors Office		
- legal services	2,498	2,770
Department of Treasury and Finance		
- procurement and accommodation services	605	640
Landgate		
- land dealings, land information, valuation services and products	519	2,104
Department of Primary Industries and Regional Development		
- to support the Accountable Authority of the Commission to fulfil its statutory obligations	35	27
Department of Water and Environmental Regulation		
- provision of spatial and water information data	8	–
Total resources received	3,665	5,541
State grants and subsidies - Specific Purpose	100	100
Total grants and subsidies	100	100
Royalties for Regions Fund:		
District allowance	205	209
Royalties for Regions funding agreement ^(b)	300	–
Total Royalties for Regions Fund	505	209
Total Income from State Government	164,989	142,260



- (a) **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 (as set out in note 3.1). Appropriation revenue comprises the following:

- ▶ Cash component; and
- ▶ A receivable (asset).

- (b) **The Regional Infrastructure and Headworks Account, funding agreement and, Regional Community Services Accounts** are sub-funds within the over-arching 'Royalties for Regions Fund'. The recurrent funds are committed to projects and programs in WA regional areas and are recognised as revenue when the department gains control on receipt of the funds.

3.2 User fees and charges and sales

	2021 \$000	2020 \$000
User fees and charges		
Petroleum annual licenses	5,084	4,237
Mining, prospecting and exploration licenses	10,149	9,098
Explosives and dangerous goods licenses and fees	5,616	7,431
Mining Safety Levy	39,664	44,631
Petroleum Safety	4,258	4,299
Mining Rehabilitation Fund	34,669	33,371
WorkSafe	4,537	5,530
EnergySafety	11,615	14,375
Motor Vehicle Dealers and Repairers	2,534	2,238
Consumer Protection	2,690	8,560
Building Commission	26,296	24,192
Rental Accommodation Account	6,465	5,427
Other fees	945	843
Total user fees and charges	154,522	164,232
Sales		
General Sales	43	69
Total sales	43	69
Total user fees and charges and sales	154,565	164,301

User fees and charges

Revenue is recognised at the transaction price when the department transfers control of the services to customers. Revenue is recognised for the major activities as follows:

Revenue is recognised at a point in time for user fees and charges. The performance obligations for these user fees and charges are satisfied when services have been provided to the customer.

Revenue is recognised by reference to the stage of completion of the transaction for relevant services.

Sales

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



3.3 Interest revenue

	2021 \$000	2020 \$000
Mining Rehabilitation Fund Interest	694	1,644
Other Interest Revenue	456	1,431
Total interest revenue	1,150	3,075

3.4 Commonwealth grants and contributions

	2021 \$000	2020 \$000
Other funding contributions	–	83

Until June 30 2019

Income from Commonwealth grants is recognised at fair value when the grant is receivable.

From July 1 2019

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

3.5 Other income

	2021 \$000	2020 \$000
Miscellaneous revenue	2,907	3,141
Other Revenue - Recoups	1,497	2,205
Total other income	4,404	5,346

3.6 Gains/(Losses) on Disposal

	2021 \$000	2020 \$000
Net proceeds from disposal of non-current assets	3	(316)

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

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

4. Key Assets

Assets the Department utilises for economic benefit or service potential

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

	Notes
Property, plant and equipment	4.1
Right-of-use assets	4.2
Intangible assets	4.3
Total key assets	



4.1 Property, plant and equipment

Year ended 30 June 2021	Land \$000	Buildings \$000	Leasehold Improvements \$000	Furniture, plant, equipment and vehicles \$000	Computer hardware and software \$000	Scientific equipment \$000	Works in Progress \$000	Total \$000
1 July 2020								
Gross Carrying Amount	71,060	46,358	1,068	12,542	10,371	579	–	141,978
Accumulated Depreciation	–	(635)	(444)	(7,681)	(10,295)	(313)	–	(19,368)
Carrying amount at start of period	71,060	45,723	624	4,861	76	266	–	122,610
Additions	–	–	–	47	9	562	1,956	2,574
Revaluation increments/ (decrements) ^(a)	872	74	–	–	–	–	–	946
Transfers from work in progress	–	–	–	–	–	–	–	–
Other Disposals	–	–	–	–	–	–	–	–
Depreciation	–	(1,018)	(107)	(544)	(55)	(76)	–	(1,800)
Carrying amount at 30 June 2021	71,932	44,779	517	4,364	30	752	1,956	124,330
Gross carrying amount	71,932	46,010	1,068	12,537	9,566	1,141	1,958	144,212
Accumulated depreciation	–	(1,231)	(551)	(8,173)	(9,537)	(390)	–	(19,882)
Accumulated impairment loss	–	–	–	–	–	–	–	–

(a) Recognised in the Statement of Comprehensive Income. Where an asset measured at cost is written-down to recoverable amount, an impairment loss is recognised in profit or loss. Where a previously revalued asset is written down to recoverable amount, the loss is recognised as a revaluation decrement in other comprehensive income.

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

Initial recognition

Items of 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 property, plant and equipment costing less than \$5,000 are immediately expensed direct 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; and
- ▶ buildings.

Land is carried at fair value.



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

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

Land and buildings are independently valued annually by the Western Australian Land Information Authority (Landgate) and recognised annually to ensure that the carrying amount does not differ materially from the asset's fair value at the end of the reporting period.

Land and buildings were revalued as at 1 July 2020 by the Western Australian Land Information Authority (Landgate). The valuations were performed during the year ended 30 June 2021 and recognised at 30 June 2021. In undertaking the revaluation, fair value was determined by reference to market values for land: \$36,540,000 (2020: \$36,208,000) and buildings: \$27,793,000 (2020: \$27,785,000). For the remaining balance, fair value of buildings was determined on the basis of current replacement cost and fair value of land was determined on the basis of comparison with market evidence for land with low level utility (high restricted use land).

Revaluation model:

1) Fair Value where market-based evidence is available:

The fair value of land and buildings is determined on the basis of current market values determined by reference to recent market transactions. When buildings are revalued by reference to recent market transactions, the accumulated depreciation is eliminated against the gross carrying amount of the asset and the net amount restated to the revalued amount.

2) Fair value in the absence of market-based evidence:

Buildings are specialised or where land is restricted: Fair value of land and buildings is determined on the basis of existing use.

Existing use buildings: Fair value is determined by reference to the cost of replacing the remaining future economic benefits embodied in the asset, i.e. the current replacement cost. Where the fair value of buildings is determined on the current replacement cost basis, the gross carrying amount and the accumulated depreciation are restated proportionately with the change in the carrying amount of the asset.

Restricted use land: Fair value is determined by comparison with market evidence for land with similar approximate utility (high restricted use land) or market value of comparable unrestricted land (low restricted use land).

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 to assets and in determining estimated economic life. 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

	Notes	2021 \$000	2020 \$000
Depreciation			
Buildings	4.1	1,018	1,021
Leasehold Improvements	4.1	107	107
Furniture, plant, equipment and vehicles	4.1	544	632
Computer hardware and software	4.1	55	291
Scientific equipment	4.1	76	55
Total depreciation for the period		1,800	2,106

As at 30 June 2021 there were no indications of impairment to property, plant and equipment.

All surplus assets at 30 June 2021 have either been classified as assets held for sale or have been written-off.



Finite useful lives

All 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, and land.

Depreciation is generally 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	33 to 50 years
Lease Improvements	10 years
Furniture	5 to 10 years
Office Equipment	3 to 5 years
Computer Servers	3 years
Software ^(a)	3 to 5 years
Scientific Equipment	7 years
Motor Vehicles	3 to 5 years
Plant and Equipment	5 to 25 years

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

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

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

Land, which is considered to have an indefinite life, is 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 property, plant and equipment and intangibles 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 measured at cost is written down to its recoverable amount, an impairment loss is recognised through profit or 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 entity, the recoverable amount of regularly revalued specialised assets is anticipated to be materially the same as fair value.

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

The risk of impairment is generally limited to circumstances where an asset's depreciation is materially understated, where the replacement cost is falling or where there is a significant change in useful life. Each relevant class of assets is reviewed annually to verify that the accumulated depreciation/amortisation reflects the level of consumption or expiration of the asset's future economic benefits and to evaluate any impairment risk from declining replacement costs.



4.2 Right-of-use assets

	2021 \$000	2020 \$000
Vehicles	2,888	2,946
Government Regional Officers Housing	318	290
Net carrying amount	3,206	3,236

Additions to right-of-use assets during the 2021 financial year were \$1,145,459 (2020 \$877,221).

Initial recognition

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

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

This includes all leased assets other than investment property ROU assets, which are measured in accordance with AASB 140 'Investment Property'.

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

Subsequent measurement

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

	2021 \$000	2020 \$000
Vehicles	1,193	1,324
Government Regional Officers Housing	269	267
Total right-of-use asset depreciation	1,462	1,592
Lease interest expense	105	91

The total cash outflow for leases in 2021 was \$1,608,048 (2020 was \$1,591,111).

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

The department has also entered into a Memorandum of Understanding Agreements (MOU) with the Department of Finance for the leasing of office accommodation which is considered out of scope under AASB 16. As such this is accounted for as an expense as incurred.

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

The corresponding lease liabilities in relation to these right-of-use assets have been disclosed in [note 6.1](#).



4.3 Intangible assets

	Computer Software \$000	Total \$000
Year ended 30 June 2021		
1 July 2020		
Gross carrying amount	25,917	25,917
Accumulated amortisation	(22,863)	(22,863)
Accumulated impairment losses	–	–
Carrying amount at start of period	3,054	3,054
Balance transferred in	–	–
Additions	–	–
Transfer completed software	260	260
Reclassification	–	–
Impairment losses	–	–
Asset write down	–	–
Amortisation expense	(1,357)	(1,357)
Carrying amount at 30 June 2021	1,957	1,957

Initial recognition

Intangible assets are initially recognised at cost. For assets acquired at no cost or for nominal cost, the cost is their fair value at the date of acquisition.

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

- (a) The technical feasibility of completing the intangible asset so that it will be available for use or sale;
- (b) An intention to complete the intangible asset and use or sell it;
- (c) The ability to use or sell the intangible asset;
- (d) The intangible asset will generate probable future economic benefit;
- (e) The availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
- (f) The ability to measure reliably the expenditure attributable to the intangible asset during its development.

Acquisition of intangible assets costing \$5,000 or more and internally generated intangible assets costing \$200,000 or more that comply with the recognition criteria as per AASB 138.57 (as noted below), 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

Charge for the period

	2021 \$000	2020 \$000
Computer Software	1,357	1,527
Total amortisation for the period	1,357	1,527

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

The department held no goodwill or intangible assets with an indefinite useful life during the reporting period. At the end of the reporting period there were no intangible assets not yet available for use.

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

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

Asset	Useful Life: years
Computer Software ^(a)	3 years
Licences	3 years

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

Impairment of intangible assets

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

The policy in connection with testing for impairment is outlined in [note 4.1.1](#).

Licences

Licences have a finite useful life and are carried at cost less accumulated amortisation and accumulated impairment losses.

Development Costs

Research costs are expensed as incurred. Development costs incurred for an individual project are carried forward when the future economic benefits can be reasonably regarded as assured and the total project costs are likely to exceed \$200,000. Other development costs are expensed as incurred.

Computer Software

Software that is an integral part of the related hardware is recognised as part of the tangible asset. Software that is not an integral part of the related hardware is recognised as an intangible asset. Software costing less than \$5,000 is expensed in the year of acquisition.



5. Other assets and liabilities

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

	Notes
Receivables	5.1
Amounts receivable for service	5.2
Other assets	5.3
Payables	5.4
Amounts due to the Treasurer	5.5
Revenue received in advance	5.6
Other liabilities	5.7

5.1 Receivables

	2021 \$000	2020 \$000
Current		
Trade receivables	13,348	15,878
Allowance for impairment of trade receivables	(1,249)	(1,470)
Accrued interest revenue	291	434
GST receivable	812	934
Accrued Revenue	1,864	1,697
Total current	15,066	17,473

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

5.2 Amounts receivable for services (Holding Account)

	2021 \$000	2020 \$000
Current	914	914
Non-current	37,306	36,022
Balance at end of period	38,220	36,936

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

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

5.3 Other assets

	2021 \$000	2020 \$000
Current		
Prepayments	3,319	2,402
Total current	3,319	2,402
Balance at end of period	3,319	2,402

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



5.4 Payables

	2021 \$000	2020 \$000
Current		
Trade payables	1,764	4,224
Other payables	3,078	3,341
Accrued salaries	2,873	2,073
Accrued expenses	45	–
Total current	7,760	9,638
Non-current		
Trust accounts		
Consumer Credit Act (WA)	75	9
Real Estate and Business Agents Supervisory Board	526	529
Total non-current	601	538
Balance at end of period	8,361	10,176

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 20 days.

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 Amounts due to the Treasurer

	2021 \$000	2020 \$000
Current		
Petroleum and Geothermal Safety Levy	2,000	2,000
Balance at end of period	2,000	2,000

The **amount due to the Treasurer** is in respect of a Treasurer's Advance. This amount is payable within 12 months after the reporting period. Although no interest is charged on the outstanding amount, the carrying amount is equivalent to fair value.

5.6 Revenue received in advance

	2021 \$000	2020 \$000
Current		
Licences and fees ^(a)	22,446	22,069
Total Current	22,446	22,069
Balance at end of period	22,446	22,069

(a) Revenue received in advance - Licence and fees are revenues received for multiple year licences. This balance represents the unearned revenue of the multiple year licence, that will be recognised incrementally over the remaining term of the licence.



5.7 Other liabilities

	2021 \$000	2020 \$000
Current		
Unclaimed monies	1,248	1,512
Total Current	1,248	1,512
Non Current		
Government Office Accommodation ^(a)	5,452	5,344
Total Non Current	5,452	5,344
Balance at end of period	6,700	6,856

(a) Balance arising from the straight lining of rental expense on government office accommodation (GOA) arrangements being out of scope for AASB 16.

6. Financing

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

	Notes
Lease liabilities	6.1
Assets pledged as security	6.2
Finance costs	6.3
Cash and cash equivalents	6.4

6.1 Lease liabilities

	2021 \$000	2020 \$000
Current	1,326	1,213
Non-current	2,052	2,172
Balance at end of period	3,378	3,385

The department measures a lease liability, at the commencement date, at the present value of the lease payments that are not paid at that date. The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, the department uses the incremental borrowing rate provided by 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 rate 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 realised);
- ▶ Payments for penalties for terminating a lease, where the lease term reflects the agency exercising an option to terminate the lease.

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.



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).

This section should be read in conjunction with note 4.2.

Subsequent Measurement

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

6.2 Assets pledged as security

	2021 \$000	2020 \$000
Assets pledged as security		
The carrying amounts of non-current assets pledged as security are:		
Right-of-use asset - vehicles	2,888	2,946
Balance at end of period	2,888	2,946

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

6.3 Finance Costs

	2021 \$000	2020 \$000
Finance Costs		
Lease interest expense	105	91
Finance costs expensed	105	91

'Finance cost' includes the interest component of lease liability repayments.

6.4 Cash and cash equivalents

	2021 \$000	2020 \$000
Cash and cash equivalents	4,852	1,876
Restricted cash and cash equivalents		
- Current Special Purpose Funds	424,212	390,132
- Accrued salaries suspense account ^(a)	2,970	2,228
Balance at end of period	432,034	394,236

(a) Funds held in the 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.



Restricted cash and cash equivalents

Current	2021	2020
Special purpose accounts	\$000	\$000
Building Services Account	6,275	7,575
Consumer Credit Act	5	6
Co-operatives Companies Liquidation Account	–	–
EnergySafety Account	14,012	14,967
Mines Safety Levy ^(a)	43,472	27,916
Mining Rehabilitation Fund ^(b)	219,493	185,237
Motor Vehicle Repair (MVR) Industry Compensation Account	144	144
Motor Vehicle Repair (MVR) Industry Education and Research Account	157	152
Petroleum and Geothermal Energy Safety Levy ^(a)	4,617	4,207
Real Estate - Education and General Purpose Account	8,612	16,083
Real Estate - Fidelity Guarantee Account	45,988	46,276
Real Estate - Home Buyers Assistance Account	2,836	8,706
Real Estate and Business Agents Supervisory Board Trust Account	526	529
Settlement Agents - Education and General Purpose Account	28,924	29,097
Settlement Agents - Fidelity Guarantee Account	48,381	48,169
State Trading Concerns	665	969
Royalties for Regions	105	99
Total Current restricted cash and cash equivalents	424,212	390,132
Non current		
Accrued salaries suspense account	2,970	2,228
Total non current restricted cash and cash equivalents	2,970	2,228
Balance at end of period	427,182	392,360

(a) The recoup of the costs of administering the Safety reforms cannot be invoiced until after the end of the financial year. See [Note 8.7](#) for further information.

(b) These funds are applied for regulatory services under the *Mining Rehabilitation Fund Act 2012*. See Note 8.7 for further information.

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.

The accrued salaries suspense account 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.



7. Financial instruments and contingencies

	Notes
Financial instruments	7.1
Contingent assets and liabilities	7.2
Contingent Litigation Assets and Liabilities	7.2.1
Contingent Fidelity Claims	7.2.2

7.1 Financial instruments

The carrying amounts of each of the following categories of financial assets and financial liabilities at the end of the reporting period are:

	2021 \$000	2020 \$000
Financial assets		
Cash and cash equivalents	4,852	1,876
Restricted cash and cash equivalents	427,182	392,360
Financial assets at amortised cost ^(a)	52,474	53,475
Total financial assets	484,508	447,711
Financial liabilities		
Financial liabilities measured at amortised cost ^(b)	11,609	13,688
Total financial liability	11,609	13,688

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

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

7.2 Contingent assets and liabilities

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

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

7.2.1 Contingent Litigation Assets and Liabilities

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

Litigation in progress

The department's legal matters reported as having a contingent liability or benefit at the corresponding time in the previous financial year have been reviewed, and where appropriate, updated or removed from consideration. All legal matters commenced on or after July 1, 2020 have been reviewed, and where appropriate, have been included in the report. A materiality factor of **\$65,000** has been adopted.

The department currently has six legal matters in progress, three recognising a potential benefit, two recognising a potential liability and one that could recognise a potential benefit or liability. The contingent liability of the department amounts to \$360,000, with the contingent benefit amount being \$3,491,009.



7.2.2 Contingent Fidelity Guarantee Account (FGA) Claims

A total of 17 claims against the Fidelity Guarantee Accounts with a total value of \$1,458,813 consisting of:

- (a) 16 claims against the Real Estate Agents FGA yet to be decided and with a total value of \$1,098,813.
- (b) 1 claim against the Settlement Agents FGA yet to be decided and with a total value of \$360,000.

These figures do not include legal costs or any interest claims. Reasonable legal costs are claimable. Claims for interest are not allowable, as per proceedings in the Supreme Court after the State Administrative Tribunal decided that interest wasn't allowable.

Contaminated sites

Under the *Contaminated Sites Act 2003*, the department is required to report known and suspected contaminated sites to the Department of Water and Environmental Regulation (DWER). In accordance with the Act, DWER classifies these sites on the basis of the risk to human health, the environment and environmental values. Where sites are classified as contaminated – remediation required or possibly contaminated – investigation required, the department may have a liability in respect of investigation or remediation expenses.

Three sites are still identified as known or “suspected of being contaminated”. These three sites are still yet to be classified by the Department of Water and Environmental Regulation. The department is unable to assess the likely outcome of the classification process, and accordingly, it is not practicable to estimate the potential financial effect or to identify the uncertainties relating to the amount or timing of any outflows.

Whilst there is no possibility of reimbursement of any future expenses that may be incurred in the remediation of these sites, the department may apply for funding from the Contaminated Sites Management Account (2015) to undertake further investigative work or to meet remediation costs that may be required.

8. Other disclosures

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

	Notes
Events occurring after the end of the reporting period	8.1
Key management personnel	8.2
Related party transactions	8.3
Related bodies	8.4
Affiliated bodies	8.5
Special purpose accounts	8.6
Remuneration of auditors	8.7
Act of Grace (and ex-gratia) payments	8.8
Equity	8.9
Supplementary financial information	8.10
Explanatory statement	8.11

8.1 Events occurring after the end of the reporting period

The department has not recognised any significant events that have occurred after the end of the reporting period.



8.2 Key management personnel

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

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

	2021	2020
30,001 to 40,000	1	–
60,001 to 70,000	1	–
100,001 to 110,000	–	1
140,001 to 150,000	1	2
150,001 to 160,000	–	1
160,001 to 170,000	–	1
170,001 to 180,000	3	1
180,001 to 190,000	5	4
190,001 to 200,000	8	5
210,001 to 220,000	1	–
220,001 to 230,000	–	1
240,001 to 250,000	–	2
250,001 to 260,000	3	3
260,001 to 270,000	1	–
270,001 to 280,000	1	1
340,001 to 350,000	–	1
400,001 to 410,000	1	1
	2021	2020
	\$000	\$000
Short-term employee benefits	5,016	4,648
Other long-term benefits	140	273
Termination benefits	–	202
Total compensation of senior officers	5,156	5,123

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



8.3 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 agencies 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; and
- ▶ the Government Employees Superannuation Board (GESB).

Significant transactions with Government-related entities

In conducting its activities, the department is required to transact with the State and entities related to the State. These transactions are generally based on the standard terms and conditions that apply to all agencies. Such transactions include:

- ▶ Income from State Government ([Note 3.1](#));
- ▶ Services received free of charge (Note 3.1);
- ▶ Equity contributions ([Note 8.9](#));
- ▶ Royalties for Regions Fund (Note 3.1);
- ▶ Superannuation payments to GESB ([Note 2.1\(a\)](#));
- ▶ Lease rental payments to the Department of Finance (Government Office Accommodation and State Fleet) and the Housing Authority (Government Regional Officer Housing) ([Note 2.3](#)) and related outstanding balances;
- ▶ Amounts due to the Treasurer ([Note 5.5](#));
- ▶ Insurance payments to the Insurance Commission and Riskcover fund (Note 2.3);
- ▶ Remuneration for services provided by the Auditor General ([Note 8.7](#)).

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.

8.4 Related bodies

The department had no related bodies as defined in the '*Financial Management Act 2006*' and Treasurer's Instruction 951.

8.5 Affiliated bodies

The department has no affiliated bodies.



8.6 Special Purpose Accounts

Controlled	2021	2020
Special Purpose Accounts S.16 of <i>Financial Management Act 2006</i>	\$000	\$000
Building Services Account	6,275	7,575
Consumer Credit Act (WA)	5	6
EnergySafety Account	14,012	14,967
Mines Safety Levy	43,472	27,916
Mining Rehabilitation Fund Levy	219,493	185,237
Motor Vehicle Repair (MVR) Industry Compensation Account	144	144
Motor Vehicle Repair (MVR) Industry Education and Research Account	157	152
Petroleum and Geothermal Energy Safety Levy	4,617	4,207
Real Estate - Education and General Purpose Account	8,612	16,083
Real Estate - Fidelity Guarantee Account	45,988	46,276
Real Estate - Home Buyers Assistance Account	2,836	8,706
Real Estate and Business Agents Supervisory Board Trust Account	526	529
Settlement Agents - Education and General Purpose Account	28,924	29,097
Settlement Agents - Fidelity Guarantee Account	48,381	48,169
Royalties for Regions	105	99
State Trading Concerns	665	969
Total controlled special purpose accounts	424,212	390,132

Administered	2021	2020
	\$000	\$000
Environmental Called-In Performance Bond Money Fund	5,116	5,061
Special Projects Fund	979	3,848
Total administered special purpose accounts	6,095	8,909

Building Services Account

Holds funds used for the provision of functions and services in accordance with building services acts.

	2021	2020
	\$000	\$000
Balance at start of period	7,575	12,253
Add Receipts	28,012	23,319
Less Payments	(29,312)	(27,997)
Balance at end of period	6,275	7,575

Consumer Credit Act (WA)

Holds funds pending distribution in accordance with the *Consumer Credit (WA) Act 1996* or court direction.

	2021	2020
	\$000	\$000
Balance at start of period	6	54
Add Receipts	–	–
Less Payments	(1)	(48)
Balance at end of period	5	6



Co-operatives Companies Liquidation Account

Holds unclaimed funds pending redistribution in accordance with the *Companies (Co-operative) Act 1943* section 290(1).

	2021 \$000	2020 \$000
Balance at start of period	–	11
Add Receipts	–	–
Less Payments	–	(11)
Balance at end of period	–	–

EnergySafety Account

Holds funds used for the provision of functions and services in accordance with the *Energy Safety Act 2006*.

	2021 \$000	2020 \$000
Balance at start of period	14,967	15,489
Add Receipts	14,391	14,734
Less Payments	(15,346)	(15,256)
Balance at end of period	14,012	14,967

Environmental Called-In Performance Bond Money Fund

The account is to hold called-in performance bond monies received in respect to section 126 of the *Mining Act (1978)*. Funds are to be used to provide for the rehabilitation of mining sites.

	2021 \$000	2020 \$000
Balance at start of period	5,061	5,061
Add Receipts	61	–
Less Payments	(6)	–
Balance at end of period	5,116	5,061

Mines Safety Levy

This fund is to hold all levies received from mining companies and is to be applied to the cost of administering the *Mines Safety and Inspection Act 1994*.

	2021 \$000	2020 \$000
Balance at start of period	27,916	16,520
Add Receipts	41,870	37,234
Less Payments	(26,314)	(25,838)
Balance at end of period	43,472	27,916

Mining Rehabilitation Fund Levy

This fund is to hold all levies which are applied to the cost of administering the Mining Rehabilitation Fund Levies for regulatory services under the *Mining Rehabilitation Fund Act 2012*.

	2021 \$000	2020 \$000
Balance at start of period	185,237	150,473
Add Receipts	36,313	35,546
Less Payments	(2,057)	(782)
Balance at end of period	219,493	185,237



Motor Vehicle Repair (MVR) Industry Compensation Account

Holds funds used for the Motor Vehicle Repairers Industry in accordance with the *Motor Vehicle Repairers Act 2003*.

	2021 \$000	2020 \$000
Balance at start of period	144	144
Add Receipts	–	–
Less Payments	–	–
Balance at end of period	144	144

Motor Vehicle Repair (MVR) Industry Education and Research Account

Holds funds used for the Motor Vehicle Repairers Industry in accordance with the *Motor Vehicle Repairers Act 2003*.

	2021 \$000	2020 \$000
Balance at start of period	152	157
Add Receipts	5	–
Less Payments	–	(5)
Balance at end of period	157	152

Petroleum and Geothermal Energy Safety Levy

This fund is to hold all levies which are applied to the cost of administering the Petroleum and Geothermal Energy Safety Levies for regulatory services under the *Petroleum and Geothermal Energy Resource Act 1967* (PGERA67) and the *Petroleum Pipelines Act 1969* (PPA69).

	2021 \$000	2020 \$000
Balance at start of period	4,207	3,327
Add Receipts	4,233	4,305
Less Payments	(3,823)	(3,425)
Balance at end of period	4,617	4,207

Real Estate - Education and General Purpose Account

Holds funds used for the operation of the Education and General Purpose Account in accordance with the *Real Estate and Business Agents Act 1978*.

	2021 \$000	2020 \$000
Balance at start of period	16,083	20,560
Add Receipts	2,111	4,813
Less Payments	(9,582)	(9,290)
Balance at end of period	8,612	16,083

Real Estate - Fidelity Guarantee Account

Holds funds used for the operation of the Fidelity Guarantee Account in accordance with the *Real Estate and Business Agents Act 1978*.

	2021 \$000	2020 \$000
Balance at start of period	46,276	46,743
Add Receipts	231	483
Less Payments	(519)	(950)
Balance at end of period	45,988	46,276



Real Estate - Home Buyers Assistance Account

Holds funds used for the operation of the Home Buyers Assistance Account in accordance with the *Real Estate and Business Agents Act 1978*.

	2021 \$000	2020 \$000
Balance at start of period	8,706	12,174
Add Receipts	164	2,059
Less Payments	(6,034)	(5,527)
Balance at end of period	2,836	8,706

Real Estate and Business Agents Supervisory Board Trust Account

Holds funds as a result of legal proceedings and liquidations of agencies in accordance with the Trust Statement.

	2021 \$000	2020 \$000
Balance at start of period	529	488
Add Receipts	–	42
Less Payments	(3)	(1)
Balance at end of period	526	529

Royalties for Regions

This is a sub-fund within the over-arching 'Royalties for Regions Fund'. The recurrent funds are committed to projects and programs in WA regional areas.

	2021 \$000	2020 \$000
Balance at start of period	99	–
Add Receipts	109	205
Less Payments	(103)	(106)
Balance at end of period	105	99

Settlement Agents - Education and General Purpose Account

Holds funds used for the operation of the Education and General Purpose Account in accordance with the *Settlement Agents Act 1981*.

	2021 \$000	2020 \$000
Balance at start of period	29,097	28,661
Add Receipts	285	875
Less Payments	(458)	(439)
Balance at end of period	28,924	29,097

Settlement Agents - Fidelity Guarantee Account

Holds funds used for the operation of the Fidelity Guarantee Account in accordance with the *Settlement Agents Act 1981*.

	2021 \$000	2020 \$000
Balance at start of period	48,169	47,314
Add Receipts	227	1,231
Less Payments	(15)	(376)
Balance at end of period	48,381	48,169



Special Projects Fund

The account was created to hold funds for the purpose of participating in significant projects with other countries, the Commonwealth and the private sector to the mutual benefit of the other participants and the State of Western Australia.

This account includes an agreement between the Commonwealth and the department to carry out inspection services at Christmas Island. With an opening balance of \$223,669, receipts of \$269,102 and payments of \$276,799, the closing balance is \$215,972.

	2021 \$000	2020 \$000
Balance at start of period	744	3,848
Add Receipts	829	4,407
Less Payments	(594)	(7,511)
Balance at end of period	979	744

State Trading Concerns

The fund was created under the *State Trading Concerns Act 1916* and controls income received in respect of the provisions of copyright materials and relevant trade mark advertising opportunities or similar arrangements.

	2021 \$000	2020 \$000
Balance at start of period	969	1,176
Add Receipts	3	32
Less Payments	(307)	(239)
Balance at end of period	665	969

8.7 Remuneration of auditors

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

	2021 \$000	2020 \$000
Auditing the accounts, financial statements controls, and key performance indicators	281	277

8.8 Act of grace

Act of Grace payments are those payments that are not payable in pursuance of the law or are not payable under a legal liability, approved by the relevant accountable authority.

	2021 \$000	2020 \$000
The Minister	25	–



8.9 Equity

	2021 \$000	2020 \$000
Contributed Equity		
Balance at start of period	235,636	234,145
Contributions by owners		
Capital appropriation	3,530	1,491
Total contributions by owners	3,530	1,491
Balance at end of period	239,166	235,636
	2021 \$000	2020 \$000
Asset revaluation surplus		
Balance at start of period	104,019	104,588
Net revaluation increments/(decrements)		
Land	872	(429)
Buildings	72	(140)
Balance at end of period	104,963	104,019
	2021 \$000	2020 \$000
Accumulated Surplus		
Balance at start of period	150,539	121,879
Result for the period	30,487	28,660
Balance at the end of period	181,026	150,539
Total equity at end of period	525,155	490,194

8.10 Supplementary financial information

(a) Write-offs

During the financial year, \$160,881 (2020: \$21,890) was written off the department's asset register under the authority of:

	2021 \$000	2020 \$000
The Director General	161	22
	161	22

8.11 Explanatory statement (Controlled Operations)

All variances between annual estimates (original budget) and actual results for 2021, and between the actual results for 2021 and 2020 are shown below. Narratives are provided for key major variances which are greater than 10% and 1% of Total Cost of Services for the Statements of Comprehensive Income and Statement of Cash Flows (i.e. 1% of \$294.62m), and are greater than 10% and 1% of Total Assets for the Statement of Financial Position (i.e. 1% of \$618.13m).



8.11.1 Statement of Comprehensive Income Variances

	Variance Note	Estimate 2021 \$000	Actual 2021 \$000	Actual 2020 \$000	Variance between estimate and actual \$000	Variance between actual results for 2021 and 2020 \$000
Expenses						
Employee benefits expenses		183,100	189,405	187,744	(6,305)	1,661
Supplies and services	1	46,322	60,619	57,005	(14,297)	3,614
Depreciation and amortisation expense		5,909	4,619	5,225	1,290	(606)
Finance costs		232	105	91	127	14
Accommodation expenses	2	19,270	16,217	17,320	3,053	(1,103)
Grants and subsidies	A	17,536	18,001	14,864	(465)	3,137
Other expenses	3	15,124	5,658	3,840	9,466	1,818
Loss on disposal of other assets		–	–	316	–	(316)
Total cost of services		287,493	294,624	286,405	(7,131)	8,219
Income						
<i>Revenue</i>						
User charges and fees		147,738	154,522	164,232	(6,784)	(9,710)
Sales		855	43	69	812	(26)
Commonwealth Grants received		479	–	83	479	(83)
Interest revenue	4	6 508	1,150	3,075	5,358	(1,925)
Other revenue	5	7,708	4,404	5,346	3,304	(942)
Total Income		163,288	160,119	172,805	3,169	(12,686)
Total Gains		–	3	–	(3)	3
Total income other than income from State Government		163,288	160,122	172,805	3,166	(12,683)
NET COST OF SERVICES		(124,205)	(134,502)	(113,600)	(10,297)	20,902
Income from State Government						
Service appropriation	6 B	144,462	160,719	136,410	(16,257)	24,309
Services received free of charge		2,846	3,665	5,541	(819)	(1,876)
State Grant and Subsidies		–	100	100	(100)	–
Royalties for Regions Fund		513	505	209	8	296
Total income from State Government		147,821	164,989	142,260	(17,168)	22,729
SURPLUS/(DEFICIT) FOR THE PERIOD		23,616	30,487	28,660	(6,871)	1,827
OTHER COMPREHENSIVE INCOME						
Items not reclassified subsequently to profit or loss						
Changes in asset revaluation surplus		–	944	(569)	(944)	1,513
Total other comprehensive income		–	944	(569)	(944)	1,513
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		23,616	31,431	28,091	(7,815)	3,340



Major estimate and actual (2021) variance narratives

- 1) Supplies and services are over the budget amount by \$14.3 million (24%) due to a classification difference between actuals and budgets. Budget items align to Other Expenses. Refer to point (3) below.
- 2) Accommodation expense is under budget by \$3.0m (19%) due to reduced costs associated with COVID-19 lockdowns, where employees were required to work from home, and saw a reduction in variable accommodation expenses, as well as a consolidation of the departments accommodation seeing a reduction of leased accommodation expense.
- 3) Other Expenses is under by \$9.5 million (70%) due to a classification difference between actuals and budgets. Budget amounts aligned to Supplies and Services. Refer to point (1) above.
- 4) Interest Revenue is under by \$5.4 million (83%) due to the record low interest rates set during the COVID-19 pandemic.
- 5) Other revenue is under by \$3.3 million (43%) due to the COVID-19 affected economy contracting.
- 6) Service Appropriations are over budget by \$16.3 million (11%) due to additional supplementary funding. This was for increases in the cost of Residential Rent Relief Grants Scheme administration; the Kalgoorlie Core Library Expansion project being ahead of time, unfunded projects that have been progressed and a revenue shortfall reflecting that the department revenue is volatile and affected by upturns and downturns in the economy.

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

- A) Grants and subsidies are higher than last year by \$3.1 million (21%) mainly due to increased Grants provided for the Exploration Incentive Scheme as a part of Government investment initiative.
- B) Service Appropriations are higher than last year \$24.3 million (18%) mainly due to the Government providing additional funding to cover the waiving of license fees for one year in response to the COVID-19 pandemic and additional supplementary funding. Refer to point (6) above.



8.11.2 Statement of Comprehensive Income Variances

	Variance Note	Estimate 2021 \$000	Actual 2021 \$000	Actual 2020 \$000	Variance between estimate and actual \$000	Variance between actual results for 2021 and 2020 \$000
ASSETS						
Current Assets						
Cash and cash equivalents		2,342	4,852	1,876	(2,510)	2,976
Restricted cash and cash equivalents		414,436	424,212	390,132	(9,776)	34,080
Receivables		16,332	15,066	17,473	1,266	(2,407)
Amount receivable for services		910	914	914	(4)	–
Other current assets		2,929	3,319	2,402	(390)	917
Total Current Assets		436,949	448,363	412,797	(11,414)	35,566
Non current Assets						
Restricted cash and cash equivalents		2,228	2,970	2,228	(742)	742
Right of use asset		–	3,206	3,236	(3,206)	(30)
Amounts receivable for services		37,310	37,306	36,022	4	1,284
Property, plant and equipment		124,723	124,330	122,610	393	1,720
Intangible assets		2,536	1,957	3,054	579	(1,097)
Total Non-Current Assets		166,797	169,769	167,150	(2,972)	2,619
TOTAL ASSETS		603,746	618,132	579,947	(14,386)	38,185
LIABILITIES						
Current Liabilities						
Payables		6,675	7,760	9,638	(1,085)	(1,878)
Other current liabilities	7	24,512	1,248	1,512	23,264	(264)
Revenue received in advance	8	–	22,446	22,069	(22,446)	377
Amount due to Treasurer		2,000	2,000	2,000	–	–
Employee provisions		40,086	41,617	37,447	(1,531)	4,170
Lease liabilities		1,230	1,326	1,213	(96)	113
Total Current Liabilities		74,503	76,397	73,879	(1,894)	2,518
Non-Current Liabilities						
Payables		–	601	538	(601)	63
Employee provisions		7,970	8,475	7,820	(505)	655
Lease liabilities		1,865	2,052	2,172	(187)	(120)
Other non-current liabilities		5,344	5,452	5,344	(108)	108
Total Non-Current Liabilities		15,179	16,580	15,874	(1,401)	706
TOTAL LIABILITIES		89,682	92,977	89,753	(3,295)	3,224
NET ASSETS		514,064	525,155	490,194	(11,091)	34,961
EQUITY						
Contributed equity		231,263	239,166	235,636	(7,903)	3,530
Reserves		112,992	104,963	104,019	8,029	944
Accumulated surplus/(deficit)	C	169,809	181,026	150,539	(11,217)	30,487
TOTAL EQUITY		514,064	525,155	490,194	(11,091)	34,961



Major estimate and actual (2021) variance narratives

- 7) Current Liabilities are under budget by \$23.3 million (95%) due to classification difference between Actuals and Budget of Revenue Received in Advance. Refer to point (8) below.
- 8) Revenue Received in Advance is over budget by \$22.5 million (100%) due to a classification difference between Actuals and Budget of Revenue Received in Advance. Refer to point (7) above.

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

- C) Accumulated surplus/(deficit) is higher in 2021 when compared to 2020 by \$30.5 million (21%) due to increases in the Mining Rehabilitation Fund and Mines Safety and Inspection Levy and Property Industry accounts.



8.11.3 Statement of Cash Flows Variance

	Variance Note	Estimate 2021 \$000	Actual 2021 \$000	Actual 2020 \$000	Variance between estimate and actual \$000	Variance between actual results for 2021 and 2020 \$000
CASH FLOWS FROM STATE GOVERNMENT						
Service appropriation	9 D	142,264	158,521	132,016	(16,257)	26,505
Capital appropriations		1,930	3,530	1,491	(1,600)	2,039
Holding account drawdown		914	914	3,577	–	(2,663)
Royalties for Regions Fund		513	505	209	8	296
Net cash provided by State Government		145,621	163,470	137,293	(17,849)	26,177
CASH FLOWS FROM OPERATING ACTIVITIES						
Payments						
Employee benefits	E	(183,348)	(186,149)	(170,067)	2,801	(16,082)
Supplies and services	10 E	(42,686)	(56,018)	(47,569)	13,332	(8,449)
Accommodation		(19,200)	(17,912)	(18,974)	(1,288)	1,062
Grants and subsidies	G	(17,536)	(18,001)	(14,792)	465	(3,209)
Other payments	11 H	(16,079)	(6,209)	(10,893)	(9,870)	4,684
GST payments on purchases	12	(7,507)	(13,119)	(12,552)	5,612	(567)
Finance costs		(232)	–	–	(232)	–
Sale of goods and services	13	3,929	67	99	3,862	(32)
User charges and fees		147,738	152,059	160,277	(4,321)	(8,218)
Grants and contributions		479	100	184	379	(84)
GST receipts on sales		7,507	5,150	5,539	2,357	(389)
GST receipts from ATO	14	–	7,969	7,064	(7,969)	905
Other receipts		10,630	10,664	10,619	(34)	45
Net cash provided by/(used in) operating activities		(116,305)	(121,399)	(91,065)	5,094	(30,334)
CASH FLOWS FROM INVESTING ACTIVITIES						
Payments						
Proceeds from sale of non-current assets		–	–	2	–	(2)
Receipts						
Purchase of non-current physical assets		(3,208)	(2,835)	(2,450)	(373)	(385)
Net cash provided by/(used in) investing activities		(3,208)	(2,835)	(2,448)	(373)	(387)



	Variance Note	Estimate 2021 \$000	Actual 2021 \$000	Actual 2020 \$000	Variance between estimate and actual \$000	Variance between actual results for 2021 and 2020 \$000
CASH FLOWS FROM FINANCING ACTIVITIES						
Payments						
Right of use lease liability payment		–	(1,438)	–	1,438	(1,438)
Repayment of borrowings	I	(1,530)	–	(8,000)	(1,530)	8,000
Net cash provided by/(used in) financing activities		(1,530)	(1,438)	(8,000)	(92)	6,562
Net increase/(decrease) in cash and cash equivalents	15	24,578	37,798	35,780	(13,220)	2,018
Cash balances transferred in		–	–	–	–	–
Cash balances transferred out		–	–	–	–	–
Cash and cash equivalents at the beginning of the period	J	394,248	394,236	358,456	12	35,780
Cash and cash equivalents at the end of the period		418,826	432,034	394,236	(13,208)	37,798

Major estimate and actual (2021) variance narratives

- 9) Service Appropriations are higher than the estimate by \$16.3 million (20%) due to additional supplementary funding. This was for increases in the cost of Residential Rent Relief Grants Scheme administration; the Kalgoorlie Core Library Expansion project being ahead of time, unfunded projects that have been progressed and a revenue shortfall reflecting that the department revenue is volatile and affected by upturns and downturns in the economy. Refer to point (6) above.
- 10) Supplies and services are over the budget amount by \$13.3 million (18%) due to a classification difference between actuals and budgets. Budget items align to Other Expenses. Refer to points (1) and (3) above.
- 11) Other payments is under budget by \$10.9 million (160%) as a result of reduced claims against the Real Estate and Settlement industry fidelity claims accounts, and reduced Refunds of Prior year. This is as a result of upswing in industry due to Government stimulus provided as a result of COVID-19, resulting in fewer claims against the Fidelity accounts, and fewer requests for refunds of prior years revenue.
- 12) GST payments on purchases are over the budget amount by \$5.6 million (43%) due to a classification difference between actuals and budgets. Budget items align to GST receipts from ATO. Refer to point (14) below.
- 13) Sale of goods and services is under budget by \$3.9 million (5,764%) due to reduced purchases of the Departments books and publications.
- 14) GST receipts from ATO are over the budget amount by \$7.9 million (100%) due to a classification difference between actuals and budgets. Budget items align to GST payments on purchases. Refer to point (12) above.
- 15) Overall cash held by the department has increased due to the accumulation of funds in special purpose accounts, like the Mining Rehabilitation Fund and Mines Safety and Inspection Levy, over a number of years.



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

- D) Service appropriations have increased in 2021 by \$26.5 million (20%) in comparison to 2020 due to the Government providing additional funding to cover the wavering of license fees for one year in response to the COVID-19 pandemic and additional supplementary funding. Refer to points (6) (9) and (B) above.
- E) Employee benefits expenses are higher in 2021 in comparison to 2020 by \$16.0 million (10%) as a result of increases in the number of Worksafe inspectors and support staff, administration of the Residential Rent Relief Grants Scheme, the conversion of contracted staff to permanent employees, and their associated on-costs for the financial year.
- F) Supplies and services have increased in 2021 by \$8.4 million (18%) in comparison to 2020 mainly due to increased spending with regards to contractors and consultants. This increase is due to a premium having to be paid to acquire the relevant contractors or consultants with industry experience.
- G) Grants and subsidies are higher than last year by \$3.2 million (22%) mainly due to increased Grants provided for the Exploration Incentive Scheme as a part of Government investment initiative. Refer to point (A) above.
- H) Other payments has decreased in 2021 by \$4.7 million (43%) when compared to 2020 as a result of the number claims against the Real Estate and Settlement industry fidelity claims accounts, and reduced Refunds of Prior year in 2021 when compared to 2020. This is as a result of upswing in industry due to Government stimulus provided as a result of COVID-19, resulting in fewer claims against the Fidelity accounts, and fewer requests for refunds of prior years revenue. Refer to point (11) above.
- I) Repayment of borrowings has decreased by \$8.0 million (100%) in 2021 when compared to 2020 as a result of the repayment of the Treasurers Advance for the Mine Safety levy account in the 2020 financial year.
- J) Cash and cash equivalents at the beginning of the period for 2021 has increased by \$35.8 million (10%) when compared to 2020 as a result of higher balance of funds in special purpose accounts, like the Mining Rehabilitation Fund and Mines Safety and Inspection Levy, over a number of years. Refer to point (15) above.



9. Administered disclosures

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

	Notes
Administered income and expenses	9.1
Explanatory statement for administered items	9.2
Administered assets and liabilities	9.3
Supplementary financial Information	9.4

9.1 Administered income and expenses

	2021 \$000	2020 \$000
Income		
For transfer:		
Royalties and Rentals ^(a)	12,312,935	8,564,700
Regulatory fees and fines	160	175
Commonwealth Grants	261	4,374
Appropriations	134,809	87,613
Other revenue	31,077	28,108
Total administered income	12,479,242	8,684,970
Expenses		
Refunds of previous years' revenue	22,269	34,679
<i>Services and contracts</i>	27,880	34,487
Receipts paid into Consolidated Account ^(b)	10,752,882	8,721,261
Grants and subsidies	104,582	62,205
Total administered expenses	10,907,613	8,852,632

(b) Receipts paid into the Consolidated Account represent the transfer of non-retainable regulatory fees, fines and penalties and royalties to the Consolidated Account.

	2021 \$000	2020 \$000
^(a) Royalties		
Petroleum - State	2,670	6,648
Iron Ore	11,354,765	7,632,428
Alumina	90,850	104,659
Lithium	49,717	58,913
Copper	70,448	59,140
Nickel	85,748	77,624
Gold	406,909	388,487
Other	119,577	121,913
Lease rentals	132,251	114,888
Total	12,312,935	8,564,700



9.2 Explanatory statement for administered items

All variances between annual estimates and actual results for 2021, and between the actual results for 2021 and 2020 are shown below. Narratives are provided for key major variances which are greater than 10% and 1% of Total Administered Income (i.e. 1% of \$12.48 billion).

	Variance Note	Estimate 2021 \$000	Actual 2021 \$000	Actual 2020 \$000	Variance between estimate and actual \$000	Variance between actual results for 2021 and 2020 \$000
INCOME FROM ADMINISTERED ITEMS						
Income						
For transfer:						
Royalties and Rentals	1 A	8,402,405	12,312,935	8,564,700	(3,910,530)	3,748,235
Regulatory fees		254	160	175	94	(15)
Commonwealth Grants		4,032	261	4,374	3,771	(4,113)
Appropriations		113,023	134,809	87,613	(21,786)	47,196
Other revenue		27,938	31,077	28,108	(3,139)	2,969
Total administered income		8,547,652	12,479,242	8,684,970	(3,931,590)	3,794,272
Expenses						
<i>Petroleum (Submerged Lands) Act 1982</i>		351	–	–	351	–
Refunds of previous years' revenue		1,960	22,269	34,679	(20,309)	(12,410)
Services and contracts		31,392	27,880	34,487	3,512	(6,607)
Receipts paid into Consolidated Account	2 B	9,061,749	10,752,882	8,721,261	(1,691,133)	2,031,621
Grants and subsidies		109,899	104,582	62,205	5,317	42,377
Total administered expenses		9,205,351	10,907,613	8,852,632	(1,702,262)	2,054,981

Major estimate and actual (2021) variance narratives

- Royalties and Rentals were over the original budget by \$3.9 billion (47%) as a result of increased iron ore prices, a lower exchange rate and slightly higher iron ore volumes.
- Receipts paid into Consolidated Account were over the original budget by \$1.7 billion (19%) as a result of increased iron ore prices, a lower exchange rate and slightly higher iron ore volumes. Also refer to point (1) above.

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

- Royalties and Rentals has increased by \$3.7 billion (44%) in 2021 when compared to 2020 as a result of increased iron ore prices, a lower exchange rate and slightly higher iron ore volumes. Refer to point (1) above.
- B) Receipts paid into consolidated has increased in 2021 by \$2.0 billion (23%) when compared to 2020 as a result of higher royalties paid which is a result of higher iron or prices and slight iron ore volumes in the 2021 financial year. Refer to points (1), (2) and (A) above.



9.3 Administered assets and liabilities

	2021 \$000	2020 \$000
Current Assets		
Cash and cash equivalents	9,258	7,975
Restricted cash and cash equivalents	461,772	430,880
Receivables ^(a)	3,811,897	2,251,518
Finance Lease Receivable	779	735
Total Administered Current Assets	4,283,706	2,691,108
Non-Current Assets		
Finance Lease Receivables	5,361	3,406
Total Administered Non-Current Assets	5,361	3,406
TOTAL ADMINISTERED ASSETS	4,289,067	2,694,514
Current Liabilities		
Payables	4,296	3,933
Other liabilities	850	853
Other current liabilities	434,876	412,312
Total Current Liabilities	440,022	417,098
TOTAL ADMINISTERED LIABILITIES	440,022	417,098

(a) This mainly represents royalties not collected as at 30 June 2021 on production which occurred prior to balance date.

Other matters of uncertainty

Mining companies owing royalties of approximately \$865,000 (2020: \$5.4 million) are currently under administration and action is being taken to recover the funds that were due in the quarter that they went into administration. In the event that these funds are not collected, a bad debt may arise.

Home Indemnity Insurance

The contingent liability for Home Indemnity Insurance (HII) has been assessed to be the future claims liability (FCL) as at 30 June 2021. The FCL is an estimation of the future claims costs which will arise as a result of events which will occur in the future for currently in-force HII policies. In accordance with the PricewaterhouseCoopers actuarial report, the future claims liability has been assessed at an approximate value of \$28,100,000 (2020: \$18,700,000).

9.4 Supplementary financial information

(a) Write-offs

During the financial year, \$328,752 (2020: \$586,883) was written off the department's asset register under the authority of:

	2021 \$000	2020 \$000
Director General	329	165
The Minister	–	422
	329	587

63 individually recognised debts which were written-off during the period related to lease rentals and licences recognised under The Mining Act.



(b) Act of grace payments

During the financial year, 4 payments totalling \$106.8 million (2020 \$44.7 million from four payments) were paid out as act of grace payments for circumstances relating to and returned royalties under the authority of:

	2021 \$000	2020 \$000
The Minister	10	–
The Governor	106,787	44,737
	106,797	44,737

Approval from the Governor was granted for payment of a royalty rebate on Iron Ore royalty revenue relating to the Koolyanobbing Mine.