



**Water and Rivers  
Commission**

# **WATER AND RIVERS COMMISSION ANNUAL REPORT 2005-2006**

SEPTEMBER 2006

## **Water and Rivers Commission Annual Report 2005-2006**

From 1 July 2005 to 31 December 2005, the Water and Rivers Commission operated under the auspices of the Department of Environment.

On 1 January 2006, the Department of Water began operations, taking over many of the functions of the Water and Rivers Commission under delegation.

Some of the content of this 2005-2006 Annual Report - particularly relating to corporate services and other departmental support functions - is common to both the Water and Rivers Commission and the Department of Environment.

Our achievements are annotated to indicate where they meet Better Planning, Better Services goals, ie, BPBS G1-G5 (Appendix B).

## **Acknowledgments**

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## **Letter to the Minister**

**Hon John Kobelke MLA**

**MINISTER FOR WATER RESOURCES**

On behalf of the Water and Rivers Commission Board and in accordance with Section 65A of the *Financial Administration and Audit Act 1985*, I have pleasure in submitting for presentation to Parliament the Annual Report of the Water and Rivers Commission for the period 1 July 2005 to 30 June 2006.

This report has been prepared in accordance with provisions of the *Financial Administration and Audit Act 1985*.

A handwritten signature in black ink, appearing to read "Verity Allan". The signature is written in a cursive, flowing style.

Verity Allan

**Chairman of the Board**

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# 1 About the Water and Rivers Commission

**Table 1: State government goal, desired outcome and Water and Rivers Commission services**

Government Strategic Goal	Desired Outcome	Services
A valued and protected environment	Water resources maintained to assessed sustainable yields, and water quality complies with established criteria in public drinking water source areas	1. Investigation and assessment of water resources to determine sustainable yields
		2. Water resource management plans, and regulation of water use
		3. Plans and guidelines to protect the quality of water resources
		4. Planning and grants assistance for water supplies in dryland agricultural areas
	Waterways and catchments meet established resource condition targets	5. Implementation of catchment, waterways and wetlands management plans
		6. Evaluation and implementation in designated catchments of salinity management measures
		7. Policies and strategies for drainage and floodplain management

## **Service 1: Investigation and assessment of water resources to determine sustainable yields**

Investigation and assessment of groundwater and surface water resources using drilling, testing, stream gauging, water quality sampling, computer modeling and other analytical techniques to determine sustainable yields for resources under varying climatic conditions.

## **Service 2: Water resource management plans and regulation of water use**

Preparation of plans which set out the availability of water resources in designated areas and how these will be allocated including provisions to the environment, and licensing and regulation to ensure water use does not exceed sustainable yields.

## **Service 3: Plans and guidelines to protect the quality of water resources**

Preparation of plans and guidelines which set out compatible land use zonings and allowable developments in designated surface water catchments and groundwater areas used, or planned to be used, for public drinking water supplies, to ensure water quality is protected to established criteria.

## **Service 4: Planning and grants assistance for water supplies in dryland agricultural areas**

Preparation of plans and allocation of grants for works to improve reliability of water supplies in dryland agricultural areas.

## **Service 5: Implementation of catchment, waterways and wetlands management plans**

Preparation and implementation, in partnership with local communities, of management plans for catchments, waterways, riparian systems, estuaries and wetlands to support healthy ecosystem functioning on a sustainable basis, taking into account environmental, social and economic factors. Management of floodplains and regulation of arterial drainage and native vegetation clearing.



**Service 6: Evaluation and Implementation in Designated Catchments of Salinity Management Measures**

Preparation and implementation, in partnership with local communities, of salinity abatement plans, including application of land use and engineering measures, to recover and maintain water catchments from salinity.

**Service 7: Policies and Strategies for Drainage and Floodplain Management**

Planning and advice on drainage and flood management.

**1.1 Governing legislation**

The Water and Rivers Commission was established under the *Water and Rivers Commission Act 1995*. The Commission administers the *Water and Rivers Commission Act 1995*, the *Waterways Conservation Act 1976*, the *Rights in Water and Irrigation Act 1914* and the *Metropolitan Water Authority Act 1982*.

Other legislation impacting on Commission activities is listed in Section 14 – Statements of Compliance.

## **2 Investigation and assessment of water resources to determine sustainable yields**

Investigation and assessment of groundwater and surface water resources using drilling, testing, stream gauging, water quality sampling, computer modeling and other analytical techniques to determine sustainable yields for resources under varying climatic conditions.

### **2.1 State Groundwater Investigation Program (2005-06)**

Groundwater investigation underpins the sustainable management of groundwater resources across the State. The acquisition and interpretation of information for planning and management relies on investigations and ongoing monitoring for a scientific understanding of the sustainability of groundwater systems.

The State Groundwater Investigation Program (SGIP) received initial funding in 2005-06 to implement and undertake groundwater investigations across the State. The program will then focus on the metropolitan area and horticultural districts throughout the Perth Basin, moving to strategic state-wide groundwater investigations in 2008-09. Funding has recently been committed for the first four years of the program, rising from \$1.25m in 2005-06 to \$3.04m in 2008-09.

The Minister for Water Resources, John Kobelke, launched the SGIP and investigations at Cowaramup with local media on 24 February 2006. Substantial progress has been made on the implementation and operation of the program in 2005-06 with three groundwater investigations completed at Cowaramup, Gingin and Scott Coastal Plain.

Drilling investigations commenced at Cowaramup near Margaret River in January 2006, and the completed program comprises seven sites and 14 new monitoring bores. Ten monitoring bore sites were completed in the Gingin-Cowalla area to better monitor impacts from local groundwater abstraction. During April, investigations were also completed within the Scott Coastal Plain involving the installation of 13 new monitoring bores at five different sites. Field data from the three investigations will now be interpreted and assessed before communicating results through to stakeholders.

In 2006-07, groundwater investigations will focus on two prime areas - Casuarina and Gingin Brook. The Yarragadee Aquifer at Casuarina (50km east of Geraldton) will be investigated and assessed for potential water supplies for the expanding horticulture and mining industries. Investigations will commence along the Gingin Brook to better understand groundwater contribution to baseflow and assess potential impacts from abstraction. Further planning will also be undertaken for the Gngangara North project (south west of Gingin) and the North Yarragadee project (west of Badgingarra) to facilitate the commencement of investigations in 2007-08.

**BPBS Goals 3,4**

### **2.2 Groundwater Resources Assessment**

The groundwater resources assessment program updates knowledge of aquifer systems and the impacts of water use throughout the State. The Perth Basin was the primary focus of activities in 2005-06, with a concentration of effort in the Perth region and the South West Yarragadee area.

The Perth Regional Aquifer Modelling System (PRAMS) continued to be developed and applied to planning, licensing, and environmental management. Allocation limits were assessed using PRAMS for existing and modified groundwater areas. Development of the Gngangara local area model was initiated for licensing, trading, and managed aquifer recharge assessments. The Yanchep Caves water augmentation modelling provided valuable information for the caves management plan. Studies continued on groundwater hydrograph analysis and appraisal of aquifer hydrochemistry. Close liaison was maintained with the Water Corporation and the CSIRO through the Healthy Country Program.

The South West Yarragadee Aquifer Modelling System (SWAMS) continued to be developed and applied for planning and licensing. The Scott Coastal Plain local area model was developed using an advanced modelling package (MODHMS) to obtain a more accurate assessment of the impacts of groundwater pumping on groundwater dependent ecosystems.

In the north of the State, a flowing artesian bore decommissioning and redrill program was undertaken with State, Federal Natural Heritage Trust (NHT) and community funding. An assessment was made of the Fitzroy

River alluvium as part of an independent review considering options for bringing water from the Kimberley to Perth. The Pilbara Coast Water Study was initiated in collaboration with the Department of Industry and Resources to identify planning requirements for the rapidly developing mining and energy sectors.

Review of major industry project proposals, particularly in the Pilbara region, was undertaken to provide advice to Government on sustainable groundwater management. The program continued to provide advice on licensing issues throughout the State.

**BPBS Goals 3,4**

### **2.2.1 Implementation of the Gngangara Metering project**

The Gngangara Mound is Perth's main public drinking water resource and supports a multi-million dollar horticultural industry. It has significant economic value to the State, and the water resource must be managed sensibly to maximise that benefit.

We recorded a significant milestone in groundwater management in May 2006 with the installation of the 150<sup>th</sup> water flow meter in Carabooda that will allow water use from the Gngangara Mound to be better measured and managed. Reaching the 150<sup>th</sup> flow meter was a great achievement that will translate into long-term environmental and economic benefits through improved resource management.

The installation was part of a \$6 million State Government metering project in the north metropolitan area. Water users in the suburbs of Carabooda and Nowergup, north of Wanneroo, were the first to benefit with meters installed on licensed bores with water entitlements of over 5,000 kilolitres per annum. Work will soon begin in Mariginiup.

These meters will allow us to determine the exact amount of water being taken from the Mound by irrigators, and plan to manage this important water resource in an effective and sustainable way in future years. This accurate information on water use will help review resource monitoring on the Gngangara Mound.

Over the past few years, groundwater levels in this area have dropped by as much as two metres.

Information gathered from these meters will be used to help better protect sensitive environments dependent on groundwater and the city's major drinking water source.

The meters, designed to gather accurate data on groundwater abstraction by irrigators, were a recommendation of a 2003 report into the long-term sustainability of the State's water resources. It is expected that about 1,000 meters will be fitted over three years from February 2005.

**BPBS Goals 3**

### **2.3 Surface Water Assessment of the Cape to Cape Region in South West WA**

The Cape to Cape region of Western Australia covers the area from Capel to Augusta in the South West of the State, incorporating the Local Government Authorities of Augusta-Margaret River, Busselton, Capel and Nannup. The accelerated growth in the region's water resources development reflects population growth, tourism and agricultural development. The Whicher Water Resource Management Committee (WRMC) was established in 2002 to assist and advise the Commission on water resource management issues in this region. In 2005, the Whicher WRMC highlighted 11 high priority catchments, based on economic and environmental criteria, which required hydrologic assessment to determine resource availability.

Since 1975, the South West has experienced reduced annual rainfall when compared with the long-term mean annual rainfall, resulting in a corresponding reduction in streamflow. Historically, assessments were based on long-term data sets. A comparison of how the hydrology in the region has changed in recent times, following the observed reduction in rainfall, has shown that the change is not uniform across the region. For example, the mean annual flow has decreased by between eight per cent and 36 per cent, with an average of around 20 per cent across the region. A new tool (REG75) has been developed to assist in the determination of mean annual flows over the period 1975-2003. This will enable licensing and water allocation limits that reflect prevailing hydrologic conditions in the South West.

The hydrologic assessment has also shown that the annual flow period has fewer flow days per year for some catchments, suggesting a possible disconnection from groundwater contributions. However, other streams have either shown no change or an increase in the number of flow days per year, despite declining rainfall. Additional investigations are currently being undertaken to further examine local hydrologic issues in the Cape to Cape region. **BPBS Goals 3,4**

## **2.4 Indian Ocean Climate Initiative workshop**

The climate of the State's South West is changing. There has already been a consistent increase in temperature and a less consistent, although more concerning, decrease in rainfall and runoff, particularly since the mid 1970s. Rainfall has decreased more in some seasons (especially May to July) than others, and in some areas more than others. Average annual rainfall has decreased by up to 30 per cent in some localities, and the 15 per cent reduction in western areas has reduced dam inflows by more than half. These warming and drying trends are projected to continue.

Recent climate changes have already affected some government and private decisions. The reduction in rainfall has had major implications for security of water supply with resultant impacts on water supply investment and management. The implications for other sectors are less clear, but appear to be potentially significant. The depth and maturity of understanding and consideration of trends, impacts and responses to climate variability and change, varies between sectors.

A workshop held on 17 August 2005 drew on the science and knowledge shared at the preceding two-day Indian Ocean Climate Initiative (IOCI) seminar *Living With Our Changing Climate*. The workshop brought together invited representatives from key sectors affected by climate change and climate scientists, and aimed to identify:

- key impacts of the South West's variable and changing climate on the represented sectors;
- responses already made by those sectors;
- key future responses likely to be required;
- linkages between sectors or other groups to facilitate effective responses; and
- climate and sectoral research priorities.

While the focus of the workshop was on living with the South West's changing climate, some of the issues had Statewide relevance. The published report from the workshop presented the views of workshop participants.

Information from the workshop will continue to be used in the design of further stages of the IOCI research program and in the Australian Greenhouse Office sponsored project to address Action 5.5 of the WA Greenhouse Strategy, which explores the vulnerability of the South West to climate change.

**BPBS Goals 1,3,4**

## 3 Water resource management plans and regulation of water use

Preparation of plans which set out the availability of water resources in designated areas and how these will be allocated including provisions to the environment, and licensing and regulation to ensure water use does not exceed sustainable yields.

### 3.1 **Assessment of the potential to trade water to supplement the Integrated Water Supply Scheme**

Approximately 17.1 GL is expected to become available from water savings resulting from piping the Harvey Irrigation District. Harvey Water is proposing to trade the additional water to the Water Corporation for the Integrated Water Supply Scheme. It is proposed to source the water from Stirling Dam (5.8 GL per year), Samson Dam (6 GL per year) and Logue Brook Dam (5.3 GL per year). The proposal is being assessed in three stages:

- Stage One has been approved;
- Stages Two and Three are still being assessed.

Stage Three involves the potential for a change in the Logue Brook Dam from 'irrigation and recreation' to 'irrigation and drinking water'. Community members have been engaged through the South West (Waroona to Harvey) Water Catchment Management process. The process has involved stakeholder consultation, including a random survey of 7,000 people. A Dialogue Forum was planned in Harvey in July 2006 to develop a better understanding of the community's views on water catchment management, and to allow the community to provide input into how to deal with the proposal to change the value of Logue Brook Dam.

Independent analyses of the survey results and the Dialogue Forum will be undertaken to ensure the views of participants are represented in recommendations to the State Government.

**BPBS: Goals 1, 3,4**

### 3.2 **Groundwater management plans**

We completed groundwater management plans for several priority areas in Western Australia, including Esperance, Kemerton, Murray, Cockburn and Rockingham, during 2005-06. Some have either been released for public comment or are scheduled for internal review:

The *Esperance Groundwater Area Water Management Plan* was developed in response to hydrogeological studies completed in the area. It aimed to provide a basis for groundwater management and licensing decisions and to manage the impacts of pumping on groundwater dependant ecosystems. The plan has been completed, released for public submissions and amended on the basis of these submissions. It is currently being finalised before it is submitted to the Water Resource Advisory Committee (WRAC) for endorsement and final approval from the Board.

The *Local Area Management Plan for the Groundwater Resources of the Kemerton Subareas* was developed to provide a basis for groundwater management in the Kemerton Industrial Park; the State Government's preferred industrial site for the South West region. The plan aims to identify the inter-relationships between groundwater and environmental issues, ensuring that the development of the area will not significantly impact upon the key ecological values. The plan was released for public comment in December 2005 and received supportive feedback from stakeholders. A review taking feedback into consideration has been completed and is awaiting final approval.

The *Murray Groundwater Area Management Plan* will assist officers in the Kwinana Peel region to sustainably manage the area's groundwater resources. The plan has been completed and endorsed by WRAC for public review.

The *Cockburn Groundwater Area Management Plan* is addressing the issues of high demand and over-allocation of the groundwater resource. The plan will assist the Kwinana-Peel regional officers to deal with new applications and licence assessments in the Cockburn Groundwater Area. A draft plan has been completed and requires endorsement from WRAC before being released for public comment.

The *Rockingham Groundwater Area Management Plan* is aiming to address the area's high demand on groundwater resources and to provide a basis for water allocation and development for current and future users. This plan is currently being edited prior to WRAC endorsement for public review.

**BPBS: Goals 3,4**

### **3.3 State of the Mound**

The State of the Gnangara Mound report was released in August 2005, after being ordered by the State Government in response to concerns by the Environmental Protection Authority (EPA). The Gnangara Mound covers 220,000ha from Fremantle to Gingin, and is used for horticulture, half of Perth's drinking water and private garden bore supplies. The Authority was concerned about the environmental impact of falling groundwater levels and difficulty meeting required management conditions.

Western Australia's drying climate has been a key factor in causing groundwater levels in Gnangara Mound to fall up to six metres in the past 25 years. The report shows that greatly reduced rainfall levels in the South West are the single most significant factor influencing water level changes on the mound, and provides evidence of the impact of the drying climate on water supplies. Other pressures include dense vegetation (native and pine plantations) limiting recharge and abstraction for irrigation and public water supply.

Consequently, there is a need to protect supplies with climate-independent sources like the Kwinana desalination plant. Vegetation on the Mound is very resilient and has adapted to the falling water levels. However, the drop in groundwater levels has impacted a number of different groundwater dependent ecosystems on the Gnangara Mound. Decreasing groundwater levels also have the potential to expose acid sulfate soils, which can significantly reduce water quality.

A management plan is being formulated in conjunction with the CSIRO, and other State Government agencies, such as the Department for Planning and Infrastructure and Local Government. The plan aims to address the various issues that impact on the sustainable development of the Gnangara Mound. Assessments of the impact on the ecology under possible future climates and the water needs of groundwater dependent ecosystems have been completed.

**BPBS: Goals 3,4**

### **3.4 The State Water Plan and Kimberley Water Source Project**

The Department of Premier and Cabinet (DPC) managed the State Water Plan and the regional plans until 30 June 2006. We contributed to these plans and will assume responsibility for ongoing management of the plans and the Kimberley Water Source Project later in 2006. The State Water Plan will remain with the DPC until it is finished.

**BPBS: Goals 3,4**

### **3.5 Great Southern Regional Water Services Plan**

The need to undertake high level strategic planning for the water industry has been recognised in a number of State Government reviews. As a result, a program aimed at developing regional water supply planning to satisfy demand was initiated. The Great Southern Region (according to the Great Southern Development Commission boundary) was identified as the first region where a water supply services framework for the provision of water services into the future could be developed. Additionally, it would allow the development of a planning process we could implement in other Western Australian regions.

Information about the economic value of the allocation of water for different uses will be used in conjunction with a supply capacity assessment to identify options for meeting the future water supply service needs for the region. The key objectives of the project are to:

- identify areas where water supply services may be inadequate based on demand projections and current (and planned) water supply capacities;
- develop strategies to manage identified inefficient or unsustainable (high volume water use, low value) commercial uses of water;
- identify and assess opportunities for water recycling and water transfers (primarily intra-regional transfers); and
- identify and assess options and suitable institutional arrangements for increasing supply capacity.

A coordination group, consisting of Local and State Government agencies, was established to guide the development of a framework for the provision of water supply services in the Great Southern Region to ensure that:

- all relevant information generated by government agencies and other stakeholders is considered;
- consultation is carried out in a manner that ensures local issues and aspirations are taken into account; and
- the analysis of water supply service requirements is comprehensive and technically sound.

The Great Southern Regional Water Services Plan is in draft form. Once finalised, it will be integrated with the State Water Plan, which is due to be released for public comment later in 2006.

**BPBS: Goals 3,4**

### **3.6 Water Legislation Amendment (Competition Policy) Act 2005**

This Act passed through the Spring 2005 session of Parliament. It contained a number of amendments to water legislation to remove anti-competitive elements from water services legislation, in accordance with National Competition Policy Legislation Reviews. These reviews were conducted by the Office of Water Regulation in consultation with the Water Corporation, other water service providers and the Department of Treasury and Finance.

The Act removed impediments to competition in the water industry from the *Metropolitan Water Supply, Sewerage and Drainage Act 1909*, the *Water Agencies (Powers) Act 1984*, the *Country Areas Water Supply Act 1947*, the *Country Towns Sewerage Act 1948*, the *Rights in Water and Irrigation Act 1914* and the *Water Services Licensing Act 1995*.

It made a significant change to compulsory land acquisition by the Water Corporation by removing the power of the Water Corporation to compulsorily acquire land without Ministerial consent. The Act extended the powers of the Water Corporation to other water providers and brought those powers under the close supervision of the Minister.

**BPBS: Goals 2,5**

### **3.7 Development of Indigenous Water Services Policy**

We provided assistance to the Office of Water Strategy, Department of Indigenous Affairs and Department of Premier and Cabinet in the development of an Indigenous Water Services Policy.

In response to a request from the Ministerial Sub-committee on Water, we worked with the Office of Water Strategy to produce a report on water services in Indigenous communities. The report examined current arrangements and the framework for funding, planning and provision of water services to Aboriginal town-based communities, as well as large and small remote communities. A range of recommendations made will progress the improvement of services to these communities.

The Department of Housing and Works (DHW) is responsible for providing essential services to Indigenous communities under the Remote Areas Essential Services Program. DHW worked with us and service provider Parsons Brinckerhoff to update its database of water sources for remote Indigenous communities. This database had not been updated for several years, so there are now systems in place to ensure the information contained remains current and available to communities and service providers.

We participated on the Indigenous Environmental Needs Coordinating Committee as a committee member in cross-agency projects to improve essential services to Indigenous communities. One of the committee's outcomes this year was the production of an updated Code of Practice for Housing and Infrastructure Development in Western Australian Indigenous Communities. The Code of Practice is applied within Indigenous communities throughout the State to improve coordination and cooperation in the planning and delivery of environmental health-related infrastructure development projects.

**BPBS: Goals 1,3,4,5**

### **3.8 Economic Analyses**

#### **3.8.1 Economic approach to water resource management**

Water is now more highly valued than ever before due to a combination of:

- a drying climate in the most populated areas of the State, resulting in diminished supplies from traditional sources; and
- strong population growth resulting in greater retail and commercial demand.

The higher value of water now requires greater emphasis on the economics of water to manage supply and demand. Economics is also an important part of the triple bottom line approach to developing sustainable resource management practices. The changing climate has contributed to greater uncertainty and there is a need for a more structured approach to risk management in water resource planning. The application of sound economic principles is an important part of water resource planning and risk management strategies at State and regional levels.

The economic significance of water is an emerging issue worldwide, and there is evolving development of economic indicators and performance measures. We have set out to apply best practice economic analysis and principles to water resource management. Economic advice not only includes the financial feasibility of projects and issues management, but sets out to account for direct and indirect economic impacts throughout the State on all stakeholders. This means that the economic methodology aims to account for socio-economic and welfare issues such as social equity, environmental issues involving resource management, and the impact on the economy, both in terms of least cost efficiency and broader resource allocation.

**BPBS: Goals 2,3,4,5**

### **3.8.2 National Water Initiative**

Western Australia signed the National Water Initiative (NWI) on 6 April 2006, and became eligible for Commonwealth funding for projects such as those being undertaken by the State through the Water Reform Program under the Irrigation Review Committee – for example, Harvey Water pipeline project. The NWI is a Commonwealth/State Governments initiative to improve water resource management, and is supported by the Australian Water Fund, with the Commonwealth Government committing \$2 billion to the Fund over five years. The National Water Commission is a Commonwealth government agency with statutory responsibility to help implement the NWI and invest under the Australian Water Fund.

Reform areas include:

- improvements in water use efficiency/water savings;
- water trading;
- water resource management and planning; and
- improved knowledge about water resources.

The NWI has a number of emerging and complex economic issues. We are currently working towards meeting WA's commitments under the NWI, including developing a State implementation plan to be accredited by the National Water Commission by early 2007, determining and justifying –in a cost-benefit sense – Western Australian projects that could be funded under the NWI, and increasing its involvement in National Working Groups currently setting the agenda for implementing NWI principles.

**BPBS: Goals 2,3,4,5**

### **3.8.3 Economic Regulation Authority (ERA) Draft report on Rural Water Pricing**

We provided a submission to the Economic Regulation Authority (ERA) on Draft Rural Water Pricing Paper.

**BPBS: Goals 2,4**

### **3.8.4 Desalination and pipeline proposal - Esperance/Kalgoorlie region**

As a result of the ERA Study into the United Utilities proposal to construct a desalination plant and pipeline from Esperance to Kalgoorlie/Goldfields, we provided advice to the Government and the Working Group established to examine the proposal.

**BPBS: Goals 2,4**

## **3.9 Water Industry Service Licensing**

We prepared a policy paper for the Minister for Water Resources on water industry service licensing. The paper examined the role of licensing in the overall economic regulatory arrangements in the Western



Australian water industry. It also considered the legislative and administrative inhibitors to the more effective economic regulation of the provision of water services through the State.

**BPBS: Goals 2**

### **3.10 Competition and the Water Industry**

We prepared a Ministerial report examining the possibility of competition in the water industry and private sector participation in infrastructure development. Among other issues, this paper examined the legislative, regulatory and administrative barriers to entry.

**BPBS: Goals 2,5**

### **3.11 Water Use Efficiency – Irrigation Review Committee**

We provided input to the Water Use Efficiency Paper being prepared by the Irrigation Review Committee. In particular, as a response to a request by the Committee, the paper was broadened to consider the economic and technical aspects of water use efficiency. The advice included a discussion on the use of market mechanisms to assist in the efficient allocation of scarce water resources across the economy. We assisted with the compilation of a draft Blueprint for Water Reform in Western Australia, with workshops to be held between July and September 2006.

**BPBS: Goals 2,3**

### **3.12 Submission to the Productivity Commission**

As part of the National Water Initiative, the Australian Productivity Commission is undertaking a study into Rural Water Use Efficiency. We provided the Commission with extensive written and verbal feedback on the preliminary scoping paper.

**BPBS: Goals 2,4**

### **3.13 Water service customer complaints and resolutions**

#### **3.13.1 Incoming complaints**

There were 65 complaints received between 1 July 2005 and 1 June 2006. The issues raised during were as follows:

Consumption Dispute	27
Service Charge	1
Water Restrictions	6
Leakage Dispute	8
Service Quality	2
Property Damage	1
Access to Service	3
Pensioner rebate	2
Development charges	1
Meter Replacement	3
Billing Policy	10
Interruption to supply	1
TOTAL	65

The following are the components received since the inception of the Office of Water Policy (these complaints are taken in calendar years as opposed to financial years):

Year	2005	2004	2003	2002	2001	2000	1999	1998	1997	1996	Total
Complaints	102	165	133	212	232	226	216	161	76	5	1426

Over the period 1 July 2005 to 1 June 2006, there were 63 complaints for the Water Corporation and two complaints for Aqwest-Bunbury Water Board. This compares to 102 complaints received for the 2005 calendar year.

Of these 65 complaints, approximately 50 per cent came back to us requesting further information to try to resolve the complaint, as the complainant was not happy with the outcome of the investigation. The number of complaints this year for water restrictions dramatically reduced with six complaints received, compared with 40 complaints in 2004 and 36 complaints in 2005. It was felt that the cooler summer (2006) had an impact on these figures.

### 3.13.2 Dispute Resolution Performance

The following table details the performance for the past 12 month period.

Outcome	1 July 2005 to 1 June 2006
In favour of the service provider	53.23%
In favour of the customer	12.90%
Information provided	14.52%
Partly in favour of customer	19.35%
TOTAL	100%

Throughout the 12 month period, 62 complaints were resolved at an average of 18.27 days. For the 12 month period:

- 85.48 per cent of customers received an initial response to their complaint within two days, and 100 per cent within five days;
- 93.55 per cent of customers had their disputes resolved within 40 working days; and
- \$9,817.18 was returned to customers throughout the financial year.

This brings the total funds returned to customers since 1996 to \$280,071.27.

### 3.13.3 Outstanding disputes for the 12 month period

There are three disputes still outstanding:

- One is in the final stages, and currently with the Water Corporation's legal section after an independent consultant was undertaken to conduct an independent review;
- The other two complaints were received in June and are still within the 21 day turnaround time and were sent off recently.

## 3.14 Water Resources Legislation Amendment Bill 2006

The *Water Resources Legislation Amendment Bill 2006* was introduced into Parliament on 18 May 2006.

The purpose of the Bill is to establish the Minister as the water resource manager. The Bill abolishes the Water and Rivers Commission by repealing the *Water and Rivers Commission Act 1995* and makes consequential amendments to the various water Acts that currently bestow functions and powers on the Water and Rivers Commission.

The Water and Rivers Commission will cease to exist and the majority of the Commission's functions will be transferred to the Minister, who will perform these with assistance from the Department of Water. Until then, the Water and Rivers Commission's Board of Management remains responsible for fulfilling the Commission's statutory functions under the various water Acts.

The Bill also provides for:

- the establishment of a Water Resources Council to advise the Minister on water policy and planning. The Council will comprise Ministerially appointed members with a diverse range of skills and experience relevant to water resources management;
- the establishment of a Water Resources Ministerial Body - a body corporate that can be utilised by the Minister to exercise statutory functions more conveniently performed by a body corporate (such as dealings in land and other assets). The main purpose of these provisions is to allow for continuity of the Water and Rivers Commission's powers to deal in land;
- new Ministerial powers, including a power to direct licensed water service providers to provide information to the Minister that is relevant to water resource management; and
- the continuation of licences to take water on the death of the licence holder.

**BPBS: Goals 5**

### **3.15 Licence Exemptions granted under the Water Services Licensing Act 1995**

In 2005-06, we received three licence exemption requests. Two exemptions were granted by the Governor under Section 19 of the *Water Services Licensing Act 1995* - namely the Shire of Manjimup for the non-potable water supply at the settlement of Windy Harbour, and Wesfarmers CSBP for a non-potable water supply to Tiwest in Kwinana. The exemptions mean that these two service providers are not required to comply with the usual reporting and monitoring requirements required under the legislation.

We are currently investigating the third exemption request from the Shire of Northampton for a non-potable water supply at the townsite of Port Gregory.

**BPBS: Goals 2,3,4**

## 4 Plans and guidelines to protect the quality of water resources

Preparation of plans and guidelines which set out compatible land use zonings and allowable developments in designated surface water catchments and groundwater areas used, or planned to be used, for public drinking water supplies, to ensure water quality is protected to established criteria.

### 4.1 Water source protection plans and amendments

Drinking Water Source Protection Assessments (DWSPAs) provide readily available information on Public Drinking Water Source Areas (PDWSA) to help State and Local Government decision makers understand and protect our limited drinking water sources. The DWSPAs include maps and an assessment of risks to water quality. These documents are available to assist in the development of Drinking Water Source Protection Plans (DWSPPs).

In 2005-06, DWSPAs were completed, in conjunction with the Water Corporation, for Menzies Water Reserve, Mount Peron and Leeming Water Reserve, and Denham's Water Reserves.

Drinking Water Source Protection Plans establish the level of protection required within Public Drinking Water Source Areas. The plans:

- identify development pressures;
- identify the vulnerability of a water source to contamination;
- establish priority classification areas; and
- set out programs to protect the resource.

These plans are important to ensure we continue to receive safe, good quality drinking water to protect public health, now and into the future.

We also work with planning agencies and local government to incorporate water protection in the land planning process. Decisions on land use zoning and subdivision applications have a significant impact on the protection of drinking water sources. We support the amendment of Town Planning Schemes and related planning strategies that reflect land use compatible with Water Source Protection Plans. This approach is supported by the Western Australian Planning Commission's Statement of Planning Policy for Public Drinking Water Sources (June 2003).

The plans provide a basis for establishing compatible land uses within the applicable Public Drinking Water Source Area, and are a mechanism for practical implementation of our protection strategies. Local government decision makers, State planning authorities and operational staff need to use these documents as a basis for ensuring the protection of their drinking water supplies. The following plans were completed in 2005-06, and many more are being developed:

- Victoria and Bickley Catchment Areas. These are priority DWSPPs for Hills reservoirs for the Integrated Water Supply System (IWSS);
- Preston Beach, Camballin, and Kalbarri Water Reserves.

There are other priority DWSPPs for Hills reservoirs for IWSS planned for completion next year, including Serpentine, Canning, Mundaring, Wungong and Churchmans Brook. In addition, consultation for Sovereign Hill and Seaview Park has been completed and the reports are expected in 2006.

**BPBS: Goals 3,4,5**

#### 4.1.1 Kununurra DWSP drilling program

We completed a comprehensive investigative drilling program in Kununurra, which confirmed the requirement to maintain the full Water Reserve designated in the Kununurra Water Reserve DWSP.

**BPBS: Goals 3,4**

## **4.2 Aboriginal Communities**

During 2005-06, we have been taking an increasingly active role in providing input and advice into the protection of drinking water supplies for Aboriginal communities, particularly those in the Dampier Peninsular. We have been working with the State agencies involved in providing drinking water and community planning through the in the Remote Area Essential Services Program.

**BPBS: Goals 1,4**

## **4.3 Geographic Data Atlas**

Our online Geographic Data Atlas was launched this year. The atlas is an interactive web mapping tool that allows the community to view the location of drinking water catchments throughout Western Australia and readily identify if their area of interest is within a Public Drinking Water Source Area.

The user friendly help function and search engine allow for easy site navigation. The Atlas can be accessed through the Department of Water website <http://www.water.wa.gov.au> under Tools, Systems and Data. The Department's Water Quality Protection Note *Gazetted Public Drinking Water Source Areas*, also available online, complements the information contained in the Atlas.

**BPBS: Goals 1,3,4**

## **4.4 Guidelines and Codes of Practice**

We provide information on recommended practice to protect the value of water resources through a program of environmental guidelines, water quality protection notes and water quality brochures. These are aligned with State water source protection statutes and the Council of Australian Government's National Water Quality Management Strategy series. After appropriate consultation, the documents are published on the Department of Water's website <http://www.water.wa.gov.au/> under 'Drinking Water'.

In 2005-06, we started preparation of 'Environmental Guidelines for Extractive Industries' with the support of Government agencies and the industry association. We also contributed to the 'Code of Practice for Timber Plantations' in Western Australia, published by the Forest Industries Federation.

The following new Water Quality Protection Notes were published:

- Agriculture – dryland crops;
- Vegetation buffers to sensitive water resources;
- Public drinking water source protection – an overview;
- Rural restaurants, cafes and taverns;
- Stockyards; and
- Land use planning in Public Drinking Water Source Areas.

Approximately 23 published notes were reformatted and published as Department of Water documents, with brochures prepared and published on:

- Minimising disease risk in drinking water catchments;
- Water Quality Protection Notes;
- Living and working in drinking water catchments;
- Construction depots; and
- Sensitive water resources.

**BPBS: Goals 2,3,4**

## 5 Planning and grants assistance for water supplies in dryland agricultural areas

Preparation of plans and allocation of grants for works to improve reliability of water supplies in dryland agricultural areas.

### 5.1 Rural Water Planning Program

Promoting the adoption of an organised and strategic approach to water supply development more likely to lead to sustainable long term improvements is a key thrust of the Rural Water Planning Program. This year we developed and received Ministerial approval of the new Farm Water Supply Planning Program. This program will be launched in 2006-07 and will offer subsidies to broadacre farmers to encourage participation in a comprehensive farm water supply planning process for their farms. These plans will provide a framework for the ongoing improvement of on-farm water supplies.

Several important developments were achieved in 2005-06 regarding the improvement of on-property and community water supplies in dryland areas of the State. The key objectives of the Rural Water Planning Program are to:

- encourage self-sufficiency in on-property (farm) water supply;
- improve the reliability, continuity and quality of on-property water supply; and
- provide rural communities with reliable emergency water supply arrangements.

These objectives were advanced further during the year following achievements under these key program initiatives:

- Farm Water Grants Scheme;
- Pastoral Water Grants Scheme;
- Community Water Supply Program;
- Water Deficiency Arrangements; and
- Agricultural Area Dams.

In 2005-06, 140 farm water grants totalling \$1.4 million were awarded to broadacre farmers across the dryland agricultural region to help with the improvement of on-farm water supplies to overcome serious water deficiencies.

An additional six pastoral water grants totalling \$90,000 were awarded to pastoral stations to improve homestead and livestock water supplies, and to encourage landholders to address overgrazing and land degradation problems.

The establishment of a reliable and accessible network of strategic emergency farmland water sources throughout the dryland agricultural region moved a step closer this year, with the completion of a review of current emergency water sources in 14 eastern Wheatbelt and South Coast Shires. This was largely due to the continued cooperation and support from local government and rural communities. Restoration and improvement work at many of these sites will commence in early 2006-07 to ensure they are maintained as sources of reliable emergency water supplies for local farmers.

An allocation of capital funding totalling \$322,000 under the Community Water Supply Program was made for two new large storage dams at Mt Short and Munglinup in the Ravensthorpe Shire, and infrastructure upgrades in the Kondinin and Morawa Shires.

Emergency farmland response plans were completed for eight shires in the south eastern Wheatbelt and South Coastal regions. These emergency response plans were compiled with assistance from the Department of Agriculture and Food, Water Corporation, local shires and communities. The plans will help ensure an orderly and measured response to critical on-farm water deficiencies, as well as effectively planning to help minimise the economic and social impact of water shortages on farming businesses.

The continued advice, support and encouragement from the Rural Water Advisory Committee ensured stakeholder views and priorities were fully represented in the development and implementation of strategic

water supply projects. The Committee has been instrumental in providing valuable direct contact with rural communities and providing advice to us and the Minister for Water Resources, making a significant contribution to the water supply and planning improvements achieved this year.

**BPBS: Goals 1,2,3,4**

## 6 Implementation of catchment, waterways and wetlands management plans

Preparation and implementation, in partnership with local communities, of management plans for catchments, waterways, riparian systems, estuaries and wetlands to support healthy ecosystem functioning on a sustainable basis, taking into account environmental, social and economic factors. Management of floodplains and regulation of arterial drainage and native vegetation clearing.

### 6.1 *Waterways WA Strategy*

The State Waterways Strategy provides a strategic approach to waterways management that will revitalise our current management approaches. The strategy does not duplicate existing policy, but fills in the gaps that will allow a consolidated and Statewide approach.

The Strategy complements other high-level documents that guide water management in WA. It brings together, at a State level, broad goals and actions to guide us in waterways management for the next five years. After this period, the strategy will be reviewed and new actions incorporated. There are a number of initiatives that address waterways management in WA and this document does not seek to replicate them.

The State-wide Waterways Strategy:

- outlines the importance of and requirements for waterways management;
- provides strategic actions for waterways management that will revitalise and improve our management approaches;
- includes an adaptive management approach where the strategy fills the strategic gaps between past, current and future needs and activities for waterways management; and
- establishes the management of the State's waterways.

The strategy is nearing the final stage, and is expected to be circulated for comment in 2006-07.

Work continued this year on the internal guiding document, the Draft Kimberley Waterways Policy and Management Requirements. This is due for completion in September 2006, while the Draft Pilbara Foreshore Assessment Methodology is expected to be completed in 2006-07.

**BPBS: Goals 1,3,4,5**

### 6.2 *National Resource Management Ministerial Committee Monitoring and Reporting Working Group for Advancing Reconciliation*

We provide the Secretariat for this national Working Group, and the group reports to Ministerial Councils on progress towards implementing the National Action Plan for Advancing Reconciliation. In 2005-06, the Secretariat led the nation in developing a new reporting framework that will identify a few key activities that are making a difference to the Advancing Reconciliation agenda and identifying two key issues that need further consideration. The first Annual Report covering 2004-05 and 2005-06 is due to be submitted to the Ministerial Councils by November 2006.

**BPBS: Goals 1,3,5**

### 6.3 *Wetlands Restoration and Management Manual*

A Guide to Managing and Restoring Wetlands in Western Australia is being prepared. This manual aims to consolidate best practice wetland restoration and management techniques into a comprehensive, accessible and practical format for use by a wide audience. The manual is an important tool that will encourage and enable best practice restoration and management of wetlands in WA. It is being coordinated by the Department of Environment in partnership with the Department of Conservation and Land Management, with the guidance of a Steering Committee comprised of government and non-government organisations.

**BPBS: Goals 3,4**



## **6.4 Statewide Algal Strategy**

Since our inception, we have played a coordinating role in algal management issues throughout the State in both fresh and estuarine waters, as well as in water storages. Algal blooms, particularly of noxious species, are common in disturbed catchments and are mainly due to excess nutrients in runoff. These are especially prevalent in areas of artificial drainage in the South West, the Swan, Peel Harvey, Vasse Wonnerup, and Torbay catchments, and are exclusive to those areas. In the Peel Harvey, persistent algal growth led to whole of ecosystem collapse and the construction of the Dawesville Channel. Management and action plans have been developed in the past decade for these areas focusing on reduction of nutrient imports from the catchment.

The draft Statewide Algal Management Strategy arose out of an increased understanding of cause and effects, actions required to mitigate symptoms, and lessons learnt from already existing whole-of-catchment programs. The strategy will provide focus, coordination and technical expertise to the development and implementation of catchment specific Action Plans for waterways at risk from algal blooms. The Statewide Algal Management Strategy will continue to be developed and consists of seven key areas of activity:

- *Algal Watch* - active surveillance of “at risk” water bodies and reporting to the community.
- *Algal Triggers* - developing an understanding of algal bloom causes and triggers.
- *Source to Sea* - reducing nutrient inputs from all catchment sources.
- *Restoring Ecosystems* - restoring natural processes in river systems to increase their capacity to assimilate nutrients (e.g. restoring native vegetation and water flows).
- *Bloom Response* - coordination of response to algal bloom and fish kill incidents and provisions of guidelines and protocols.
- *Community Partnerships* - facilitating community understanding of algal blooms and involving the community in addressing the causes.
- *Reforming Management Arrangements* - investigating and implementing solutions on key barriers to effective management of rivers and nutrients, for example, drainage, stormwater, statutory town planning, and so on.

**BPBS: Goals 3,4**

## **6.5 Framework for Mapping, Classification and Evaluation of Wetlands**

The draft *Framework for Mapping, Classification and Evaluation of Wetlands in Western Australia* is being prepared, which will outline a statewide process for this in WA. It will provide guidance to Natural Resource Management (NRM) groups, Local and State Government agencies, non-government organisations and consultants. Wetland mapping, classification and evaluation work undertaken in accordance with the framework will benefit from a coordinated, consistent approach, use of valid methodologies and improved project planning.

**BPBS: Goals 3,4**

## **6.6 Determination of Wetland Buffer Requirements**

The Western Australian Planning Commission has published the *Guideline for the Determination of Wetland Buffer Requirements* (December 2005) for public comment. We provided input into this document and are liaising with the Department for Planning and Infrastructure to enable completion of this document and to establish a whole of government approach to wetland buffers.

**BPBS: Goals 3,5**

## **6.7 Evaluation Methodology for Swan Coastal Plain Wetlands**

The wetland evaluation methodologies of the Swan Coastal Plain are being reviewed on behalf of the Environmental Protection Authority. The aim of the review is to consolidate the existing endorsed wetland evaluation methods into a single method. The revised evaluation method will provide stakeholders with a clear process to assign wetland management categories.

**BPBS: Goals 3,5**

## **6.8 Supporting Regional NRM groups**

In 2005-06, as a member of the Regional NRM groups, we provided strategic input and review into the development of investment plans. This was done through participation in processes to allocate the funding, identifying key/priority issues to be addressed and scoping the range of activities required to address those issues.

Technical support was provided to the regional groups to assist in the development of the Second Investment Plans for each region. This ranged from identifying priorities in water management at the broadest scale, such as priority rivers and water supply, through to technical advice on specific projects such as monitoring projects for assessing river health.

**BPBS: Goals 2,3,4**

## 7 Evaluation and implementation in designated catchments of salinity management measures

Preparation and implementation, in partnership with local communities, of salinity abatement plans, including application of land use and engineering measures, to recover and maintain water catchments from salinity.

### 7.1 Water Resource Recovery Catchments

Under our Water Resource Recovery Program, we work with the community, industry, local governments, research institutions, landholders and other government agencies in reducing salinity levels in the Helena, Collie, Warren, Denmark and Kent Rivers.

#### 7.1.1 Denmark

The Denmark Recovery Catchment highlights the positive innovations that are being developed as part of the Water Resource Recovery Catchment Program. Internationally significant findings were presented in the Denmark Salinity Situation Statement, which was the collaboration of several years of research. The reversal of salinity in the Denmark River is considered an Australian first – it is the first time that salinity reversal has been shown in a major river containing water that had become too salty to drink.

The research found that saline levels in the Denmark River had been reduced through the establishment of commercial bluegum plantations and other works by farmers, such as biodiversity plantings and surface water drainage. Management options to reduce this level further are being evaluated.

The success of the research was attributed to a tremendous working partnership between local community groups, government departments and researchers. All stakeholders worked together to achieve economically feasible and social and environmentally acceptable results.

The project received the 2005 Premier's Award for Excellence (Environment Category) for this work.

#### 7.1.2 Collie

We are undertaking some significant work in water resource management in the Collie catchment. The focus of this work is the Wellington Reservoir, the Collie Coal Basin and the East Collie River.

Issues we have managed include:

- the largest impounded surface water resource in the South West region of Western Australia being too salty for use as drinking water or for irrigation;
- the over extraction of groundwater from the Collie Coal basin;
- use and close out of mine voids associated with former coal mine operations;
- water quality protection and recreation on Wellington Reservoir; and
- use of water by the Collie irrigation district.

Salinity began to increase in the Wellington Reservoir around 1960. To halt the increase in salinity, the State legislated to control the further release of Crown Land (1961) for agriculture, which was followed by clearing control legislation in 1976. The State Government also acquired 6,740 hectares of land and undertook a re-forestation program, with the cost of purchasing land and revegetation valued at around \$70m in 2001 dollars. Studies show that if this work not been undertaken, salinity levels might have reached 1700 mg/L in the Wellington Reservoir, as compared to the current average for the Wellington Reservoir of 945 mg/L.

A plan to recover the salinity levels to drinking status — the Collie River Salinity Recovery Plan — was initiated with the construction of a small weir, installation of 3km of pipe and two large pumps to pump river water to a disused mining void. The diversion has an operating procedure that maximises the amount of salt diverted, while allowing sufficient environmental flows to continue down the Collie East River. When the river flows reduce to a certain point, the pumps are switched off. The pumps were shut down on 13 October 2005. By that time 1.013 GL of brackish water had been pumped into the Chicken Creek coal mine void, along with 2,987 tonnes of salt. Calculations showed a 32 mg/L drop in salinity while the diversion was in operation.

Plans for a larger permanent diversion are underway, with some effort being put into desalinating and using the diverted water.

Freshening the Wellington Reservoir will allow more effective management of water resources in the Collie Catchment. The Water Corporation is working with us on a new approach — Collie Smart Water.

The Collie Smart Water Project is a package of potential water resource initiatives that could result in sustainable irrigation, regional industrial water supply and 50 GL available for Perth. The scope of this project will be delivered over the period 2007 to 2011. Preparation has commenced on a submission for part funding of this approach under the National Water Initiative.

### **7.1.3 Warren**

The Warren River Salinity Situation Statement was completed this year and will be released early in 2006-07. A critical part of the work undertaken in recovery catchments is working out the overall salinity risk and the scale of appropriate management options needed to alleviate salinity. We have completed risk assessments of the Tone River and the Perup River sub-catchments, which together produce approximately 65 per cent of the salt load of the Warren River. With a potential yield of 245 GL, this river may be important to future generations if salinity can be brought under control.

### **7.1.4 Kent**

Similar to Warren, a critical part of our work is defining salinity risk and the appropriate management options to reduce salinity. In the Upper Kent catchment, three sub-catchments produce approximately 40 per cent of the salt load. We have completed a Salinity Situation Statement which is expected to be released in early 2006-07. In the meantime, more implementation work and management option trialling is occurring. An indicator of the progress is that more than 90 per cent of landholders have developed plans for their properties — an increase of 40 per cent on last year in this recovery catchment.

### **7.1.5 Helena**

The Mundaring Weir receives water from the Helena catchment. The current salinity at the dam wall is less than 500 mg/L, which means the reservoir water is still fresh but needs to be monitored. Management of the Helena catchment for salinity commenced in 1908. We are preparing a Salinity Situation Statement for the Helena catchment, which will allow it to learn from the previous management history of the catchment and confirm its salinity status. The report is expected to be completed in early 2006-07. So far, the work suggests that inflows to the Helena reservoir from the western and south western catchment tributaries are largely fresh, and most of the salt inflow to the reservoir is from the upper (north-east) portion of the Helena River. Only a handful of properties remain in this part of the catchment. The report will make recommendations about what should be done to the catchment to ensure that the Mundaring Weir remains fresh. Works proposed in the cleared areas may also protect 'The Boulders' — a site of Aboriginal significance — from the effects of salinity.

### **7.1.6 On-ground implementation**

We are working well with the community in the Warren and Kent catchments to trial salinity management options. Implementation of on-ground salinity management options in the Denmark, Kent, Warren and Collie River Recovery Catchments has continued, with achievements in the last five years including: 536km of fencing; 1,403 ha of revegetation, 588 ha of sawlog plantations, and 1,830 ha of perennial pastures such as lucerne.

**BPBS: Goals 2,3,4**

## **7.2 Engineering Evaluation Initiative**

Farmers and catchment groups are increasingly considering engineering works as a viable option to manage salinity, and have constructed more than 20,000km of drains and banks in the Wheatbelt Region.

Deep drainage and associated engineering options designed to lower water tables provide immediate relief where a high water table or salinity is present. There are many examples throughout the State where valuable agricultural land has been reclaimed, or prevented from becoming saline, as a result of engineering solutions. However, there are also examples of where drainage hasn't worked or has resulted in downstream concerns.

In 2000, the Western Australian Government committed \$4m to evaluate engineering options for salinity management, known as the Engineering Evaluation Initiative (EEI). The project was nominated as a Category A Priority Project within the Bilateral Framework of the National Action Plan for Salinity and Water Quality (NAP). The major work areas of the EEI are evaluating specific engineering options (deep drainage, groundwater pumping and surface water management), evaluating safe disposal options, and regional drainage evaluation.

A Steering Committee of State, Commonwealth and Local government officers, farmers, contractors and researchers was established, aiming to increase community and farmer confidence in both where and how engineering can be best used to manage salinity.

Work on the eight on-ground EEI projects is nearing completion, and monitoring and evaluation is ongoing. Project sites range from Morawa in the north of the Wheatbelt to Blackboy Creek, 100 km east of Esperance. The projects will evaluate drainage, groundwater pumping, evaporation basins, raised seedbeds, potential downstream impacts and soil chemistry.

During 2005-06, the EEI has:

- continued monitoring the 18 km of deep leveed drain at Pithara;
- completed construction of 7 km of deep leveed drain, an evaporation basin, a contingency basin and installed monitoring and pumping facilities at Morawa;
- constructed 22 km of deep leveed drain and an evaporation basin at Beacon, and installed pumping and monitoring facilities;
- completed the installation of groundwater pumps, and commenced monitoring of groundwater pumping projects at Tammin and Bodallin;
- located a deep paleochannel at Dumbleyung and installed a groundwater pumping bore;
- continued monitoring at a raised bed surface water management trial at Blackboy Creek;
- progressed studies with other research organisations into acidic groundwater, downstream impacts, and better ways to manage and treat soils after drainage;
- progressed a Regional Drainage Evaluation for the Avon River basin as a joint EEI and CSIRO Healthy Country project and commenced a similar project for the Blackwood River basin;
- regularly conducted Farmer Forums and attended field days at various Wheatbelt centres to present the current understanding of salinity engineering options and present early information from EEI studies; and
- published EEI newsletters and progress reports.

An interim data review for EEI projects is in progress and results will be presented to stakeholders in the second half of 2006. Outcomes and monitoring data for all EEI projects up to the end of 2006 will be reviewed and analysed in early 2007, with final reports planned for publication in mid-2007.

### **7.3 Wheatbelt Drainage Evaluation**

To promote larger scale or regional drainage, an additional \$2.8million program to the EEI was established in 2005 as part of the National Action Plan for Salinity and Water Quality – *Wheatbelt Drainage Evaluation (WDE) – A Framework for Implementation*, which is due for completion in June 2008.

In 2005-06, the WDE:

- commenced water and salinity management evaluations for the Yenyening and Yarra Yarra catchments;
- completed a Benefit Cost Analysis for two drainage projects in the Yarra Yarra catchment; and
- commenced a review of Wheatbelt drainage governance and management, which included conducting a Drainage Management Workshop in March 2006.

The main recommendations from the workshop were:

- establish a peak body to develop policy and principles for government and community in Wheatbelt drainage;

- the peak body to work with all relevant agencies to establish case-by-case preferred approaches in securing land access, cost sharing among beneficiaries, robust governance structures and risk management arrangements;
- the peak body to encourage leadership in drainage from Local Government and where drains cross their boundaries establish regional local governments for NRM and drainage;
- that the Department of Water leads regional and arterial drainage plans with local plans by Local Government employing contracted experts; and
- costs involving drainage design, approvals, construction and management are to be shared between Federal, State and Local governments and landholders.

**BPBS Goals 2,3,4**

## **7.4 Salinity Investment Framework – Phase II report**

The Salinity Investment Framework is an important first step in guiding public investment to projects that have the best potential to protect assets of high public value under the threat of salinity. The current amount of farmland affected by salinity is around 820,000 hectares, and is increasing at about 14,000 hectares per year.

The total land at risk from salinity is 5.4 million hectares. However, this land is potentially 50 to 100 years away from the full effects of salinity, and the reduced rainfall experienced in last 25 years may reduce the final area affected by salinity and possibly the rate per year.

Given the time available, it is important to identify and protect high value natural resource assets by developing new industries and better engineering approaches. A new process has been devised to help ensure that public money being spent on countering salinity is effectively spent by directing it to projects with the best chance of protecting important high-value public assets. The Salinity Investment Framework (SIF) Phase II report will be released in 2006-07.

## **7.5 Salinity Investigations**

A *Stream Salinity Status and Trends of South West Western Australia* report was released this year. The report considered data from the last 20 years on the South Coast, South West, Swan-Avon and Northern Agricultural areas of the South West Drainage Division.

Data from river gauging stations was analysed to calculate means and trends for salinity, salt load and flow, as well as salt output to input ratios.

An assessment of salinity levels of streams in the State's South West has shown salinity increases in many rivers, partly due to low rainfall. Where salinity management efforts have been targeted, some reductions in salinity were found.

Results indicate that salinity levels were possibly leveling off in some catchments, while in other areas, the trend showed a strong increase in salinity levels continuing. The study found that on average, about 4,700 GL of water flows out of the rivers of the South West into the ocean annually, along with 7.5 million tonnes of salt, equating to nearly four tonnes for every person in Western Australia.

Of the State's rivers, 10 per cent are marginal, 21 per cent brackish, 25 per cent moderately to highly saline, while only 44 per cent remain fresh. At many of the sites, stream salinity was still rising. The rivers with the most annual salt loads were the Avon River (1.5 million tonnes), the Blackwood River (1,000,000 tonnes) Moore and Murray Rivers (about 600,000 tonnes each).

Based on a 10 year average, the saltiest (gauged) river in the South West is the Lockhart River in the Avon with an average annual salinity of 33,900 mg/L, which is slightly lower than seawater. The Lort River on the South Coast follows with a salinity of about 27,000 mg/L.

Further research should be undertaken to investigate the interactions between decadal climate variability and land-use changes, and to assess their relative impacts on salinity trends.

**BPBS Goals 1,2,3,4**

## **8 Policies and strategies for drainage and floodplain management**

Planning and advice on drainage and flood management.

### **8.1 Overview**

The development of policy for inland drainage continued and it is expected a formal Government statement will be issued in 2006-07. Operational policy continued to be developed and documented in the Stormwater Management Manual. Funding has been dedicated to commence strategic planning in 2006-07.

### **8.2 Drainage governance**

At its formation, the Department of Water assumed responsibility for drainage reform. In particular the main priorities Government placed with the Department were:

- To commence state-wide drainage planning and further develop a governance model;
- To more closely align land and water planning; and
- To investigate funding models.

### **8.3 Stormwater Management Manual**

The Stormwater Management Manual for Western Australia provides guidance on current best management practice for stormwater management. Central to this is the aim of managing the quality of stormwater as well as the traditional focus of stormwater quantity and also to treat stormwater as a valuable resource as opposed to the traditional focus of removing it from where it falls as quickly as possible.

The sixth chapter of the manual, entitled 'Retrofitting', was published in March 2006. This is the fifth chapter to be published of the 12 chapters comprising this Manual. Previously published chapters are Chapter 1 - Introduction, Chapter 2 - Understanding the Context, Chapter 7 - Non-Structural Controls and Chapter 8 - Education and Awareness for Stormwater Management, as well as the guidance document "Decision Process for Stormwater Management in WA".

During the year significant progress was made on the preparation of Chapter 5 - Stormwater Management Plans, Chapter 9 - Structural Controls, and Chapter 10 - Performance Monitoring and Evaluation.

**BPBS Goals 1,3**

### **8.4 Western Australian floodplain management**

The average annual flood damage bill for Western Australia is \$20million. Fortunately, severe floods such as Moora (1999) and Carnarvon (2000) do not frequently occur, so the extent of flooding and its consequences are usually soon forgotten. Studies indicate that for every dollar spent on mitigation, between \$2 to \$3 are saved in the response and recovery phases. The most effective strategy for reducing the long-term impact of natural hazards, such as flooding, is to promote mitigation activities.

In carrying out our role in floodplain management, we provide advice and recommend guidelines for development on floodplains with the object of minimising flood risk and damage. A draft Western Australian Floodplain Management Strategy has been developed, setting out statewide policy guidelines and clearly identifying roles and responsibilities of key stakeholders with a regional focus. Key programs of the draft Strategy are:

- development of a Western Australian Floodplain Management Manual;
- progress of the State's floodplain mapping program and the provision of advice to approving authorities to ensure acceptable floodplain development;
- improvement to the State's flood forecasting and warning service that will provide a single source of flood information and warnings to the WA community; and
- promotion of community awareness of major flooding.

Implementation of the WA Floodplain Management Strategy will reduce the risk to life, health or safety of people working and living on floodplains, both in Perth and the regions, and assist in mitigating risk of damage to goods, property infrastructure and the environment caused by major flooding.

***BPBS Goals 1,2,3,4***



## **9 Managing our business**

The Department invests significant resources in corporate support infrastructure and internal services to support the business operations. During 2005-06 essential financial, human resource and information management services were provided. 2005-06 was a year of change. The separation of the water functions from the Department of Environment consumed considerable resources. The re-design of two new organisational structures (one for Environment and one for Water) resulted in significant change to all business systems.

### **9.1 Information Services**

Significant effort was devoted to the relocation of 450 staff from the Hyatt Business Centre to The Atrium, and 250 staff from Westralia Square to The Atrium this year. Relocation of the central computing network infrastructure and servers, including communication links to the 21 remote sites for business operations, was achieved successfully with little or no impact on staff and stakeholders.

As a “greenfield” site, The Atrium required the establishment of a controlled environment server room and the tendering and implementation of a Voice Over Internet Protocol (VoIP) telephone system. The VoIP installation was based on a tender valued at almost \$1million, and involved more than a year’s effort to define the tender, evaluate and test the proposed solutions, implement and train users. The change has been well received as it provides improvements in ease of use and ease of maintenance, and flexibility for integration with business systems.

In October 2005, the creation of the Department of Water (DoW) was announced. This required separation of assets, infrastructure, information and systems, and changes to systems and practices to meet the business needs of the new Department. Work to this end has continued through the rest of the year. A Strategic Information Plan will be developed for the Department of Water in early 2006-07 to set direction for future information initiatives.

Work continues at the planning level to improve information management practices. A draft recordkeeping plan has been submitted to the State Records Office and accepted subject to progress towards certain standards by the end of 2006.

Planning has been completed for an upgrade of all personal computers to the Windows XP operating system and Office 2003. The change commenced in June 2006 and will continue until October to upgrade all city and regional computers. The need to upgrade has become critical as some related environments are no longer supported for use by old versions of Windows.

A number of information systems have been developed or upgraded to support the business needs, including: a Recycling Directory; the Contaminated Sites Management System; the Statutory Referrals System; the Incidents and Complaints Management System; Farm Water Grants; Correspondence Tracking System; and a Clearing Permit System. Analysis has started on the requirements for a Water Information Network (WIN) Biological Module and a redevelopment of the Pollution Prevention System.

### **9.2 Human Resources**

The Department of Water provides a full range of human resource services through a bureau arrangement to the Water and Rivers Commission, Department of Environment, Swan River Trust and the Keep Australia Beautiful Council.

A range of boards and committees are also serviced, including the Swan River Trust, the Water and Rivers Commission Board and the Environmental Protection Authority.

Staff are mainly employed under the provisions of the Public Service Award 1992 and the Public Service General Agreement 2004. A limited number of staff are covered by the Australia Workers Union (Western Australian Public Sector) Award 2002, and a specific Australia Workers Union (Western Australian Public Sector) Water and Rivers Certified Agreement 2005.

The latter part of this year saw a focus on organisational restructuring of what was the Department of Environment to the separate entities of the Department of Water and Department of Environment and Conservation. The transition of people and systems has been, and continues, to be a priority for the Commission.

Core human resource services delivered include:

### **Recruitment and Selection**

Recruitment and selection is central to the operational services provided.

We use a number of recruitment and selection strategies to fill vacancies. One such strategy is the use of recruitment pools, which allows us to fill multiple similar vacancies through one recruitment and selection process, increasing cost and time efficiencies in appointing staff.

The internal e-recruitment system has also been highly successful for processing short-term placement situations, which offers staff opportunities to broaden and develop their skills and experience.

### **Induction**

All new staff appointed complete a formal induction process, which includes a series of corporate information modules, together with supporting local and job specific workplace information.

With the assistance of their Manager, employees access the self help online induction program for base information while the Manager conducts the more comprehensive induction process both corporately and at a local level.

### **Performance Management**

The Performance Development Conversation (PDC) is a structured employee/management communication process, focussed on assessing and addressing job specific performance, training requirements, relationship building and career development. The PDC is a key element in our people development strategy, with staff participating in the PDC every six months (as a minimum).

### **Training and Development**

Extensive training and development activities occur across the organisation, including formal specialist training in regulatory response, licensing and investigation, along with the more generic directed training. Training is delivered across the multiple functional areas of our accountabilities.

The roll out of the Regulatory Officers Training Course has been coordinated out of the Environmental Enforcement Unit and has resulted in over 30 staff undertaking an intensive two week competency-based investigations training course at the Western Australian Police Academy.

The appointment of a permanent training coordinator has enhanced planning in the approach to managing training at all levels. Initiatives such as the Staff Training Calendar have assisted to maximise the effectiveness of training and development opportunities, facilitating a far more cohesive approach. This has been particularly beneficial to staff in regional areas.

Ongoing training in facilitation and community involvement is another key development area to support business obligations.

Access to on-the-job training continues to be available in all areas of the organisation. Personal and job competency needs are identified through PDCs and acted on, including access to relevant training.

### **Redeployment**

We continue to case manage several staff currently awaiting placement by way of consultancy support to both the employee and responsible manager in finding alternative meaningful employment for the affected staff member. This also includes assisting with competency development requirements on and off the job.

Our redeployment policy and process have been reviewed and enhanced to provide the capacity to better respond to the current and future changing environments impacting on our people.

## **9.3 Occupational Health and Safety (OS&H)**

We have continued with its commitment to build and implement a holistic OS&H Management System that meets statutory obligations and organisational needs for both employees and the business.

Key objectives achieved in the past 12 months have included the identification of 19 major areas of improvement arising from the 2005 statewide external audit, development of a Department OS&H Plan and the associated site plans that incorporate strategies and actions at both the corporate and operational levels, construction of system documentation and development and implementation of a 12 module training program as a part of the continuous improvement cycle.

Support for the various committees, operations training for local sites and various communication mechanisms (e.g. intranet website upgrades, safety alerts and monthly news articles) continue to be released.

#### **9.4 Corporate governance**

During 2005-06 several initiatives were undertaken to enhance corporate governance. Early initiatives focussed on defining and improving corporate reporting systems to support decision making. Corporate planning and reporting processes were also modified to incorporate risk management principles. Additionally resources were placed into reviewing processes used to guide decision making within the many committees and groups established by the department. Since the formal split of water functions from the environment in October 2005, governance initiatives have focussed on redefining roles and responsibilities and statutory delegations. As we move forward delegations will again be revised to ensure directors, senior managers and all staff are aware of their responsibilities and that they are appropriately administered.

## 10 Obligatory Reporting

### 10.1 Disability Services Plan Outcomes

The 2003-06 Disability Services Plan was implemented in June 2004. In this, the Plan's final year, a range of initiatives have been progressed to address the various listed strategies and targets.

- Access issues for people with disabilities have been addressed in the accommodation principles and protocols and were implemented by the Accommodation Committee in the design and fit out of the new premises at The Atrium. In the 2005 Occupational Safety and Health Audit, audits were conducted on the access of regional and other site buildings. Upgrades to buildings to meet the required standard are included in the capital works program.
- The web content team improved access to our internet and intranet websites as part of the continual upgrade program. Currently the text size can easily be enlarged without compromising the integrity of the site and both sites are style-sheet independent. Staff involved in web content design have undertaken training to understand the needs of and potential access barriers to, people with disabilities. This has resulted in accessibility issues being identified and the implementation of strategies to meet these requirements.
- We continually review public written information to eliminate any potential impediments for people with disabilities. This includes providing the ability for individuals to request information in alternative formats or request information where they have specific accessibility needs. Where requested, we provide information in other languages or in alternative formats.
- Advertising campaigns produced meeting the required standards in accordance with Government guidelines.

The Disability Services Plan ceased in June 2006. We have reviewed and will implement a Disability Services Plan for 2006-07 as an interim, while we develop our Disability Access and Inclusion Plan (DAIP). It is anticipated this will be available during 2006-07 and apply to a five year program.

### 10.2 Cultural Diversity and Language Services Outcomes

An Indigenous Affairs Unit was established this year and has seen a change in focus from the scientific to the impact of cultural, heritage and social issues. An Indigenous Affairs Advisory Committee meets bi-monthly.

The unit is focusing on developing its structure to assist service delivery of programs to regional locations by ensuring an Indigenous Natural Resource Management Officer is employed in every office. The unit is also aiming to develop policies and programs over the next year.

One of these new programs currently being delivered is the Aboriginal Cross Cultural Awareness Training that commenced in May with 20 people and it is proposed to conduct monthly workshops over the next year.

Another key initiative underway this year is the Ord Final Agreement. We are now looking at establishing joint management strategies and partnerships with the traditional landowners. Three pastoral leases are involved, but one final joint management plan will be developed. This process is set to establish a template for further land and natural resource management.

**BPBS Goals 1,3,4**

### 10.3 Youth Outcomes

The Commission remains committed to working with Western Australian youths. The Commission works actively with young people through initiative such as Ribbons of Blue which is a success program aimed at involving and educating school children in waterways and catchment management.

The Commission also actively works with many community groups which include youths in waterways initiatives all aimed at enhancing biodiversity and water quality values of our rivers, estuaries and wetlands.

## **10.4 Sustainability and Energy Smart Government Policy**

In 2005-06, our Perth and Kwinana offices recycled 7 510 kg of waste paper under the State Government's Waste Paper Recycling Program. This is an increase of 1 315 kg from the previous year (6 195 kg). We continued to recycle plastics, aluminium and steel cans, glass and milk cartons in all kitchen areas through the implementation of our Eco-office Program. Energy Smart Government Policy

Key environmental objectives have been set to achieve the outcomes of the Environmental Policy. The objectives are supported by specific guidelines in key category areas to enable employees to actively participate in the program.

### Objective 1: Ecological Footprint

Streamline the recording of consumption data across the department and provide an awareness of the importance in reducing our impact on the environment by promoting our ecological footprint to all staff. This is achieved through the setting of specific targets in high ecological footprint areas such as stationary energy consumption, the purchase of goods and services and road transport in an attempt to reduce our footprint over time.

### Objective 2: Paper Recycling

Increase staff activity in recycling waste paper across the department by promoting an awareness of our paper recycling program and the types of paper that can be recycled.

### Objective 3: Paper Use

Reduce the purchase of copy paper by actively promoting paper saving techniques to all staff such as double-sided photocopying and printing and the storage of electronic documents.

### Objective 4: Energy Use and Efficiency

Reduce the total stationary energy consumption, energy costs and associated greenhouse gas emissions generated in the department by fully implementing the energy smart government program.

### Objective 5: General Waste Generation and Disposal (incorporating recycling)

Support the use of the waste hierarchy to effectively manage all wastes generated and disposed of across the department.

### Objective 6: Purchasing and Disposal Policies

Support the purchase of environmentally friendly goods and services across the department by encouraging purchasing officers to make 'green purchases.' We have commenced development of guidelines and evaluation criteria for purchasing officers to use when procuring goods or services. The evaluation criteria will consider the relevance of the product or service to the eco-office program, whole of life cycle analysis (such as the energy used in purchasing, manufacturing, using, transporting, re-use or recycling potential and disposal), accessibility of the item and cost.

When disposing of unwanted office equipment, computers or furniture, the waste hierarchy will be used to determine best practice disposal options, consistent with eco-office program objectives.

### Objective 7: Vehicle Use (including adoption of the TravelSmart Workplace Program)

We continue to purchase LPG vehicles or hybrid electric cars and/or 4 cylinder vehicles where this meets department requirements to support environmentally, economically and socially sustainable transport systems. Additionally, we have explored alternative travel options through the development of a green transport plan for the department and support programs that reduce the department's reliance on fleet vehicles such as the TravelSmart workplace program.

Objective 8: Staff Awareness

We continue to promote environmental management initiatives outlined in the eco-office program by developing and delivering specific education programs to enable staff to achieve a good understanding of environmentally friendly practices.

Table 4: Summary Energy Consumption Data

<b>ENERGY USE SUMMARY</b>					
	<b>FY2001/2002</b>	<b>FY2002/2003</b>	<b>FY2003/2004</b>	<b>FY2004/2005</b>	<b>FY2005/2006</b>
<b>Office - Tenant Light and Power</b>					
Electricity (kWh)	1,668,625	1,698,230	1,813,307	1,853,884	2,001,678
Natural Gas (kWh)	16,967	8,805	13,994	10,255	6,453
Total GJ	6,068	6,145	6,578	6,711	7,229
Total Cost (\$)	251,983	263,043	273,699	279,742	305,540
Occupancy (People)	578	766	877	950	1,212
Area (m <sup>2</sup> )	15,778	14,502	14,766	15,913	18,203
Number of computers					1,123
ABGR hours per week					36,885
MJ/Occupancy (People)/annum	10,498	8,025	7,504	7,064	5,963
MJ/Area (m <sup>2</sup> )/annum	385	424	445	422	397
MJ/Number of computers/annum					6,437
MJ/ABGR hours per week/annum					196
m <sup>2</sup> /person	27.3	18.94	16.85	16.75	15.02
<b>Other Uses</b>					
Electricity (kWh)	329,486	479,844	463,330	534,721	651,946
Greenpower (kWh)				78,415	
Total GJ	1,186	1,727	1,668	2,207	2,347
Total Cost (\$)	52,020	58,953	54,694	74,785	74,814
<b>Entity Totals</b>					
Total GJ	7,254	7,873	8,246	8,918	9,576
Total Cost (\$)	304,003	321,996	328,392	354,527	380,354
<b>Cost Summary</b>					
Electricity (Cost/kWh)	15.15¢	14.75¢	14.38¢	14.42¢	14.31¢
Natural Gas (Cost/kWh)	7.49¢	7.58¢	7.13¢	7.13¢	7.79¢
Greenpower (Cost/kWh)				12.01¢	

The above information represents total energy consumption for the Department of Environment and the Water and Rivers Commission. Overall our total power usage increased over the previous years. This is consistent with the growth of both departments in the past 4 years in which they have doubled in size, funding and use of resources. However, energy consumption has not doubled and strategies to improve energy efficiency have involved: new accommodation at The Atrium for over 700 staff which incorporate energy efficient lighting, consolidation of computing and printing resources and education awareness programs encouraging staff to conserve power use.

### 10.5 Regional Development Policy

We are committed to implementing the State Government's Regional Development Policy Regional Western Australia – A Better Place to Live released in November 2003. The overall goal of this Policy is to ensure that regional Western Australia is strong and vibrant. During 2005-06, we continued to implement a number of key regional initiatives which contribute directly to the strategic outcomes of the Policy.

The significant growth of mining and related activities in the Pilbara has triggered improvements to water management across the region, supporting regional development priorities of growing a diversified economy and valuing and protecting the environment. Our licences are applied at mine sites to maximise water use

efficiencies and minimise discharge from below water table mining. Miners prepare a water balance to rationalise total water use and identify economies. Where there is excess water a hierarchy of options are considered before discharge of freshwater is licensed. A project to identify improvements in monitoring to better manage cumulative impacts of water regime change on riparian vegetation has been initiated.

At port facilities where scheme water is used for dust suppression to meet environmental requirements, non regulatory negotiations as well as EPA commitments have led to a range of innovations to improve water use efficiency. However, pressure on public water supply remains high in the water-scarce Pilbara, so we initiated a study into the potential of the coastal aquifers to provide additional or alternative water supplies. These policy and process improvements as well as the source assessment will be consolidated into a Pilbara Water Management Plan during 2006-07.

A Water Quality Improvement Plan for the Peel Harvey estuarine system is being prepared by the EPA in partnership with State and Commonwealth Governments, with the support of the Peel Harvey Catchment Council. The Draft Plan sets out measures to protect the estuarine waterways from the impacts arising from land-based activities. It takes the findings of seven supporting projects and recommends a combination of management actions at a sub-catchment level to reduce phosphorus discharges to estuarine waters. It also recommends a framework to enhance water quality through the land use planning processes. The Draft Plan will be released for public consultation later in 2006 for a three month period.

Community engagement in water resource management is an important element in developing strategic partnerships in the South West. The Whicher Water Resource Management Committee developed a strategic "Way Forward" to deal with the important water resource issues and we assisted Whicher in consulting with the community and commenced implementation of the plan.

The South West Catchments Council (SWCC) has implemented their first Investment Plan for Natural Resource Management (NRM) in the South West under the Natural Heritage Trust and National Action Plan for Salinity and Water Quality. We supported the SWCC and contributed to the water strategies in the Investment Plan. We have also directly supported GeoCatch and the Leschenault Catchment Council with resources to deliver their NRM programs.

The Lower Vasse Cleanup Program is an ongoing program developed by the Geographe Catchment Council, the Commission and the Shire of Busselton with strong support from the community. The program is an example of a successful partnership approach to addressing water quality problems and improving ecological and social values of the river.

We opened an office in Esperance during the year (1 February 2006) to better service regional stakeholders.

## **10.6 Evaluations**

There were no evaluations carried out on the Commission during 2005-06.

## **10.7 Information Statement (Freedom of Information Act 1992, 96-97)**

During the year, the combined Department of Environment and Water and Rivers Commission received 388 Freedom of Information Applications. (387 Non-Personal and one (1) Personal). This was a substantial increase in numbers of applications received by the department. Two applications were fully transferred to other agencies and 18 application requests were withdrawn.

The average time taken to process each one was 26.6 days. This is a significant improvement on previous years and reflects the increased resources that have been provided within the department to the FOI Administration section.

Five applications were made for an internal review of the Agency's decision and one of these applications went to external review. The most used exemption was for the 'deletion of personal information'. Other exemptions included the 'Cabinet and Executive Council', 'Commercial or Business', 'Legal Professional Privilege' and 'Law Enforcement' exemptions.

The major areas of interest were property enquiries, water and discharge licences and environmental management. Unlike previous years, there have only been two applications this past year from two community groups seeking access to departmental documents.

## 10.8 Recordkeeping Plans

A Recordkeeping Plan and Retention and Disposal Schedule were submitted to the State Records Office in May 2006.

State Records Commission Standard 2, Principle 6 obliges us to evaluate the efficiency and effectiveness of its recordkeeping system not less than once every five years. A review will be undertaken within the required period and will be reported on once it has occurred.

A training program including recordkeeping responsibilities has been developed and is being delivered to staff on a regular basis. The efficiency and effectiveness of this program will undergo review.

A recordkeeping practices module has been incorporated into our induction system and is available to all staff.

A comprehensive information package has been developed to assist staff in the use of the records management system and augment existing training programs.

## 10.9 Advertising and Sponsorship

In accordance with section 175ZE of the *Electoral Act 1907*, we incurred the following expenditure in advertising, market research, polling, direct mail and media advertising:

1. Total expenditure for 2005-06 was \$155,862.45.
2. Expenditure was incurred in the following areas:

**Table 5: Advertising expenditure**

<b>Class of expenditure</b>	<b>Total expenditure for class \$</b>	<b>Name of person/agency where total annual payments are greater than \$1,600</b>
Advertising agencies	0	
Market research organisations	0	
Polling organisations	0	
Direct mail organisations	0	
Media advertising	92,926.71	Marketforce Productions
	4340.87	Media Decisions
	58,594.87	Spherion (Verossity)*
<b>Total expenditure</b>	<b>\$155,862.45</b>	

\*Advertising and filling of vacant positions.

Publications produced during the year are available from the Department of Water's website at <http://www.water.wa.gov.au>.

## 10.10 Equal Employment Opportunity Outcomes

Many projects were completed this year in meeting our Equity and Diversity Plan objectives. The following is a summary of outcomes as identified in the Plan:

- The recruitment and selection policies and guidelines have been reviewed and accurately reflect our commitment to equity and diversity and ensuring all potential applicants have access to employment opportunities.
- A policy and guidelines for Employing People with Disabilities has been implemented, reinforcing our commitment to equity.
- Bullying awareness sessions have been conducted with staff of many work areas over the last year as a part of the ongoing program to raise awareness of the issues and promote our policy on bullying, harassment and general equity and diversity issues.
- An Indigenous Affairs Coordinator has been appointed to implement initiatives in the Council of Australian Governments' Reconciliation Action Plan.



- Aboriginal Cross Cultural Awareness training has commenced, which covers topics including, beliefs and values of Aboriginal people, communication and relating across cultures, Native title/Section 18 of the *Aboriginal Heritage Act 1972*, Aboriginal engagement in natural resource management and how to consult with Aboriginal people, Aboriginal employment and other issues affecting the Aboriginal community and Culture and traditional practices.
- New Grievance Contact Officers have been appointed which has significantly boosted the numbers around the State. These volunteers are trained to deal with equity issues in the organisation, including harassment and bullying. There has been a strong network established for the group and they continue to meet on a regular basis, which is used to share information, experiences and participate in extended training. The officers have completed training that covers equity and diversity, the Code of Conduct and the Public Sector Standards in Human Resource Management. A number of Officers also attended training on Equal Employment Opportunity law.

With respect to the demographics of the organisation, the following tables show the need for improvement in a number of areas, which has been identified as part of the current and future plans. The comparative analysis of our statistics is against the Government's performance objectives for 2005.

Diversity Group	Environment Group as at 30 June 2005			Performance Objective of the Govt of WA's Equity and Diversity Plan 2005
	Male	Female	Total	Representation of Diversity Groups
People with a (known) Disability	0.9%	0.9%	1.8%	3.6%
Indigenous Australians	0.2%	0.1%	0.3%	2.9%
People from Culturally Diverse Backgrounds	4.9%	3.1%	8%	6.7%
Youth < 25 years of age	4.1%	9.6%	13.7%	5.5%

	Environment Group as at 30 June 2005		Performance Objective of the Govt of WA's Equity and Diversity Plan 2005
	Male	Female	
Gender Ratio	51.3%	48.7%	To increase the representation of women in management
Women in SES*	100%	0%	30%
Women in Management Tier 1*	100%	0%	20%
Women in Management Tier 2*	100%	0%	41%
Women in Management Tier 3*	76%	24%	45%

With our Equity and Diversity Plan having ceased in June 2006, a new Equity and Diversity Plan has been developed for 2006-07. This short term plan will provide time to assess and adjust its position and direction.

The Government has introduced a new client focused initiative on Substantive Equality for the provision of services to the diverse multicultural communities of Western Australia.

The objective of the Policy Framework for Substantive Equality is to assist the public sector to move from formal equality, to achieving substantive equality for all Western Australians with a focus on meeting the needs of different Indigenous and ethnic groups. Requirements fall under the *Equal Opportunity Act 1984*. A number of items have already been identified through the 2006-07 Equity and Diversity Plan, including establishing a framework to incorporate the needs of minority groups in the community consultation process.

### **10.11 Corruption Prevention**

In accordance with government policy, we have begun to develop and implement procedures to mitigate the likelihood of corruption. Corruption prevention initiatives are not new to the department and were previously considered as part of its Code of Conduct, risk profile and incorporated into annual reviews and audits.

A reporting process has been established under the jurisdiction of the Director Corporate Services to ensure any complaint or potential corruption allegations are recorded and appropriately reviewed. There were no allegations reviewed by the department in 2005-06.

### **10.12 Public Interest Disclosures**

Like corruption prevention, formal processes for assessing public interest disclosures were established in 2005-06. A reporting process has been established under the jurisdiction of the Director Corporate Services to ensure any complaint or potential corruption allegations are recorded and appropriately reviewed. There were no disclosures reviewed by the department in 2005-06.

# 11 Statements of Compliance

## 11.1 *Responsible Minister*

The Water and Rivers Commission's primary responsibility from 1 July 2005 to 30 June 2006 was to the Minister for Water Resources, who exercised authority under the *Water and Rivers Commission Act 1995*.

## 11.2 *Statement of compliance with written law*

### 11.2.1 *Legislation administered*

Legislation administered by the Water and Rivers Commission as at 30 June 2006:

#### Acts

- *Country Areas Water Supply Act 1947*
- *Country Towns Sewerage Act 1948*
- *Land Drainage Act 1925*
- *Land Drainage (Validation) Act 1996*
- *Metropolitan Water Authority Act 1982*
- *Metropolitan Water Supply, Sewerage and Drainage Act 1909*
- *Metropolitan Water Supply, Sewerage and Drainage Board (Validation) Act 1977*
- *Millstream Station Acquisition Act 1982*
- *Rates and Charges (Rebates and Deferments) Act 1992*
- *Rights in Water and Irrigation Act 1914*
- *Water Agencies (Powers) Act 1984*
- *Water Agencies Restructure (Transitional and Consequential Provisions) Act 1995*
- *Water Boards Act 1904*
- *Water and Rivers Commission Act 1995*
- *Waterways Conservation Act 1976*
- *Water Services Licensing Act 1995*
- *Water Supply, Sewerage, and Drainage Act 1912*

#### Regulations

- *Rights in Water and Irrigation Regulations 2000*
- *Rights in Water and Irrigation Amendment Regulations (No.2) 2002*

#### Orders

- *Rights in Water and Irrigation Exemption and Repeal (Section 26C) Order 2001*

Copies of legislation relevant are available on the State Law Publishers' website at <http://www.slp.wa.gov.au/statutes/av.nsf/dow>.

### **11.3 Statement of compliance with environmental conditions**

As part of the conditions set by the Minister for the Environment, the Water and Rivers Commission is responsible for meeting water level criteria for wetlands and vegetation on the Gngangara and Jandakot Groundwater Mounds. Water level criteria are set with the objective of maintaining a low level of risk to the ecological values of these sites.

Over the 2005-06 financial year, non-compliances with the criteria until the end of June 2006 occurred at 11 of the almost 80 criteria sites; 14 less than during the 2004-05 financial year. Significantly, it is the first time some wetlands have been compliant with criteria water levels in many years; eg. Shirley Balla Swamp had been non-compliant for the previous eight years.

It should be noted that there were no significant impacts, such as wholesale vegetation collapse or widespread tree deaths, associated with any of the recorded non-compliances.

#### **11.3.1 Gngangara/East Gngangara**

There was non-compliance with 9 water level criteria on the Gngangara Mound in 2005-06, eight less than for the previous year.

Non-compliant wetland sites included: Wilgarup Lake, Lake Gngangara, Lake Nowergup Lake Mariginiup, Lake Joondalup, Loch McNess, Lake Yonderup, Edgecombe seep, and Lexia 94 and 186. Non-compliant vegetation monitoring bores included two in the Mirrabooka borefield area and one in the Wanneroo borefield area.

Vegetation surveys were also conducted as part of the environmental compliance conditions for the Mound. Although there appears to be a general decline in wetland vegetation condition over the last ten years, the monitoring of the overstorey health and understorey composition of the selected wetlands on the Gngangara Mound has not yielded conclusive findings. During 2005-06, there has been some regeneration of wetland trees and in contrast to previous years, wetlands have not shown a decline in condition of wetland trees and / or shrubs.

#### **11.3.2 Jandakot Mound**

There was non-compliance with a total of two water level criteria on the Jandakot Mound in 2005-06, six less than for the previous year.

Non-compliant wetland sites included Forrestdale Lake and Beenyup Road Swamp.

For 2005-06, all phreatophytic vegetation monitoring bores and rare flora monitoring bores were compliant.

A wetland vegetation survey indicated that for year 2005-06, tree health showed similar to improved condition than that measured in the previous year. However, the 2004 Triennial Terrestrial Vegetation Survey indicated a continuing trend of a general decline of most tree and understorey species at all sites since 1997.

Longer term trends indicate major weed invasions have occurred across the dry lakebeds of most wetlands and the general move towards surrounding vegetation more tolerant of drier conditions.

### **11.4 Compliance with Public Sector Standards and Ethical Codes**

#### **11.4.1 Compliance with Human Resources Management Standards**

New regulations for the Public Sector Management (Breaches of Public Sector Standards) Regulations 2005, covering the breach of standards process have been introduced. These regulations place emphasis on resolving these issues, initially through conciliation and, if this is not possible, through a review process.

As part of the new regulations, we have ensured that key staff and relevant stakeholders have been informed of the changes and that applicable policies and procedures have been updated and communicated to staff. This has been further enhanced by presentations from the Office of Public Sector Standards Commission to various key groups within the organisation, providing the mechanism for this awareness to be further extended throughout the organisation.

#### **11.4.2 Compliance with Codes of Ethics and Codes of Conduct (Ethical Codes)**

We actively promote the Code of Conduct and Code of Ethics. Staff and management awareness of their respective responsibilities and accountabilities is raised progressively in the course of their employment. New staff are required, through the induction process, to become familiar with the Code of Conduct and information sessions are ongoing with the various groups across the organisation. Additionally, the Human Resources Branch continually monitors actions and behaviours in the workplace and supports management and staff in the handling and resolution of such matters.

Three potential non-compliance issues were raised during the reportable period. Two matters were successfully resolved without the need for implementing disciplinary processes. One matter continues to be managed.

## 12 Boards and Committees

### 12.1 Water and Rivers Commission Board

The Board of Management is the governing body of the Water and Rivers Commission, with legislative authority to perform the functions, determine the policies and control the affairs of the Commission. The Chief Executive is responsible for day-to-day operations.

The Board approves corporate goals, direction, performance targets, operating and capital budgets, and ensures proper risk management processes are in place. It monitors operating, financial, environmental and safety performance through monthly reports, and ensures legal compliance and ethical behaviour.

Board meetings are normally held once a month in the Commission's Boardroom in Perth.

#### 12.1.1 Board members

The backgrounds and experience of the Board's members are diverse. Its seven members are:

- Chairman
- Deputy Chairman
- Four members
- Chief Executive (appointed for the term of office).

The Chairman, Deputy Chairman and non-executive Board members are appointed by the Minister for Water Resources. They hold office for up to three years. Non-executive Board members are eligible for re-appointment and their duties are not full-time. There is no limit on the time a Board member may serve on the Board. The Minister may at any time remove a Board member from office.

#### 12.1.2 Changes to the Board

Two changes to the Board occurred in the period 1 July 2005 – 30 June 2006. Mr Derek Carew-Hopkins, Director General, Department of Environment was replaced by Mr Paul Frewer, Director General, Department of Water who was appointed to the position of Chief Executive Officer on 26 October 2005 and Ms Sue Metcalf resigned from the Board for personal reasons on 9 December 2005.

#### 12.1.3 Accountability and independence

The Board operates within the guidelines of the *Water and Rivers Commission Act 1995*, and in accordance with the *Public Sector Management Act 1995* and the Commission's Code of Conduct. The Board has a Code of Conduct for all Boards and Committees of the Commission.

#### 12.1.4 Performance monitoring and reporting

The Commission provides written monthly reports on its activities and financial statements to the Board. Additionally, performance is evaluated at 31 December and 30 June each year.

#### 12.1.5 Board member profiles

##### Verity Allan - Chairman

Ms Allan has a strong background in urban planning and community relations. She runs a consultancy which specialises in sustainable development and assessment. Ms Allan is a member of the Western Australian Planning Commission, Statutory Planning Committee, Liveable Neighbourhoods Steering Committee and the Advisory Council to the EPA. She is also a member of the Armadale Redevelopment Authority (ARA) and Chairman of the ARA Urban Water Management Steering Committee. Ms Allan has held senior positions with the Housing Industry Association (Western Australia/Asia Region), City of Fremantle, East Perth Redevelopment Project and Burswood Bridge and Road Committee. Ms Allan has also been a lecturer and unit controller with the School of Architecture and Planning, Curtin University.

### **Jos Chatfield - Deputy Chairman**

Mrs Chatfield runs a three million seedling capacity Australian plant nursery on her family farm at Tammin. She is the deputy chairman of the Water and Rivers Commission Board, Chairman of the State Water Reform Council and chair of the Tammin Land Conservation District Committee. She has held positions on Greening WA, CSIRO, the Advisory Council to the EPA (ACTEPA), Gordon Reid Foundation, State NHT Assessment Panel, and the National Soil Conservation Committee. Mrs Chatfield is involved in developing policy on conservation, bio-diversity and natural resource management, projects linking rural and urban communities, developing networks between scientists and farmers and has worked to encourage land managers to become involved in Landcare. Mrs Chatfield is a Commissioner of the Australian Heritage Commission, member of the Forests, and Natural Environment subcommittees and chairs the Commission's Finance and Audit Committee. She was awarded the Centenary Medal for service to natural resource management, Landcare and land conservation.

### **Rod Willox**

Colonel Willox was appointed to the Board in 1999. He holds degrees in Medical Science (Curtin) and Pathology (UWA) as well as a Diploma in Occupational Health & Safety Management. He is also a graduate (Colonel) of the Australian Joint Services Staff College. Col Willox has extensive experience in Local Government and served for several years as metropolitan member of the Local Government Advisory Board. He is a member of numerous community organisations including Mindarie Regional Council, WA Municipal Waste Advisory Council, and Boards of the Organic Waste Research Centre (Murdoch University) and Swan River Trust. Col Willox is also Chairman of the Australian Day Council of WA. He was made a Member of the Order of Australia (AM) for his services to local government, the environment and the community, and more recently was awarded the Centenary Medal for services to defence and the Australian Community.

### **Tony Allen**

Dr Allen is a career hydrogeologist, with 30 years experience with the Western Australian Geological Survey and eight years with the consultancy Rockwater Pty Ltd. Early in his career, Dr Allen helped locate the Allanooka water supply for Geraldton and reviewed the groundwater resources of the Kimberley Plateau. On completion of his PhD, Dr Allen conducted a major investigation of groundwater resources along the Gascoyne River, and began the assessment of groundwater resources in the Perth region. During his career with the Geological Survey, Dr Allen wrote about 40 papers on aspects of hydrogeology of Western Australia, and recently a history of hydrogeology in WA and on groundwater as a strategic resource in WA. Prior to his appointment to the Water and Rivers Commission Board, Dr Allen was appointed to tribunals dealing with appeals against the Commission's decision on groundwater allocation.

### **Sue Metcalf**

Ms Metcalf has wide ranging experience in Local Government, planning and catchment management. She is currently the Chair of the Swan Catchment Council and has been involved in development of the Swan Region Natural Resource Management Strategy. Ms Metcalf is Chair of the Chittering Valley Land Conservation District Committee and Deputy Chair of the Ellen Brook Integrated Management Committee. During her period as a Councillor and President of the Shire of Chittering (1990-99), Ms Metcalf chaired the Planning/Environment Committee, participated in the development of the Town Planning Scheme based on catchment management principles, and was the Council representative to the original Gnangara Land Use Management Strategy. She is a past President of the State and National Australian Local Government Women's Association and a member of the Australian Local Government Association. As a non-urban local government representative on the Western Australian Planning Commission, Ms Metcalf chaired the Avon Arc Strategy and was a panel member for hearings on water issues for the State Planning Strategy.

### **Peter Eggleston**

Mr Eggleston has a background in education including various roles from school-based to statewide advisory, organisation development and policy setting positions. He also has 15 years experience in the mining industry including senior positions with Rio Tinto Ltd and Hamersley Iron Pty Ltd. In these positions, Mr Eggleston designed successful strategies to enhance government and community relations and employee communications and negotiated the landmark Yandi Land Use Agreement with three Aboriginal language groups and the innovative Eastern Guruma Agreement. As Group Co-ordinator for Sustainable Development, Mr Eggleston successfully integrated sustainable development policy into Rio Tinto's managed businesses. He has been a

government-appointed member of the Aboriginal Economic Development Council, State Training Board and the Charitable Collections Advisory Committee. Mr Eggleston is currently the Corporate Affairs Director for GRD NL.

### **Derek Carew-Hopkins - Acting Chief Executive to 25 October 2005**

Mr Carew-Hopkins graduated from the University of Central Queensland in 1977 with a specialty in water resources. He has spent a large part of his career working for the water agencies in Western Australia and is recognised for his expertise in groundwater management and protection. During 1994 he worked with the Western Australian Parliament Select Committee on Metropolitan Development and Groundwater Supplies. In 1995 he was appointed to the position of the State's Independent Environmental Appeals Convenor investigating appeals against the recommendations and advice of the Environment Protection Authority and the Department of Environmental Protection. In that position Mr Carew-Hopkins was involved in some of the State's most controversial projects, including the Mauds Landing project on the Ningaloo Coast. Early in 2003, Mr Carew-Hopkins was asked to carry out a management and structure review of the Department of Environmental Protection and the Water and Rivers Commission. On conclusion of that review he was appointed acting Chief Executive of the amalgamating agencies.

### **Paul Frewer - Acting Chief Executive from 26 October 2005**

Mr Frewer is currently Acting Director General of the Department of Water and Chief Executive Officer of the Water and Rivers Commission in Western Australia. Previously, Mr Frewer was the deputy Director General in the Department for Planning and Infrastructure. He has over 25 years experience in Government and has worked in economic, regional and environmental policy and planning areas, and land development. His current role includes establishing the new Department of Water, and a new suite of policy functions in the Department. He has lead large multi-disciplinary groups across a wide range of planning and policy functions. Mr Frewer is currently a member of the Western Australian Planning Commission and other policy and regional committees for the Commission. He has Chaired the National Planning Officials Group and is a member of other external boards.

## **12.2 Conflict of interest**

The Commission has procedures for identifying, preventing or resolving conflicts of interest. These procedures are outlined in the Code of Conduct.

All Commission personnel with duties related to the negotiation of a contract must disclose current or prospective interests to their immediate supervisor. The interest of a member's immediate family must also be disclosed, if they are known. Where a person possesses such an interest, then either the basis of that interest should be discontinued, or the person should cease the duties involved or obtain management permission to continue. Board members are also required to declare conflicts of interest.

## **12.3 Ministerial directions**

There were no ministerial directions given during 2005-06.

## **12.4 Committees and other bodies**

The Board relies on a number of committees, councils and management authorities to advise on the development and implementation of protection policies for the State's water resources. In particular, the following councils and committees provide advice to the Board on various matters:

**Audit and Risk Management Committee** – established to review and approve the Commission's audit and risk management plans, reports and activities.

**Water Resource Allocation Committee (WRAC)** – established to advise on policy development, planning and management for surface and groundwater resources.

**Western Australian Floodplain Management Council** – established to coordinate floodplain management activities throughout the State.

**Water Resource Management Committees** (Whicher and Gingin/Dandaragan) – provides assistance and advice to the Commission in the areas of management, allocation and planning for water resource, setting water allocation objectives and principles, coordinating and undertaking community consultation for water



resources management planning, create local by-laws, dispute resolution and integration of community views on matters relating to water resources

**Geographe Catchment Council** – established in July 1997 as a community-based council to deliver integrated Natural Resource Management to the Geographe catchment and adjacent marine environment.

**Catchment Councils/Management Groups** (Peel, Wilson, Avon, Leschenault) – provide community advice on catchment and waterways management and coordinate local management planning.

**Cockburn Sound Management Council** (CSMC) – coordinates environmental management and planning for Cockburn Sound and its catchment.

**Potable Water Supply Recovery Catchment Teams** (Kent and Denmark) – provide advice to commission staff on recovery of the potable water supply, as well as promoting programs in local community. In addition, the Collie and Warren Potable Water Supply Recovery Catchment Teams fulfil the same role but are not established by legislation.

**Water Resources Advisory Committees** – advise the commission on water allocation issues in management areas. These are gradually being replaced by Water Resource Management Committees.

The following committees are currently under review as part of legislative changes:

**State Water Reform Council** – established to assist the Commission with the process of legislative change.

**Stakeholder Council** – established to advise on the Commission’s performance and key issues.

## 12.5 Relationship with the Swan River Trust

The Swan River Trust was established under the *Swan River Trust Act 1988* to manage the Swan-Canning River System. The philosophies and functions of the Commission and Trust are very similar and complementary, with the Commission having a very close relationship with the Trust. The Swan River Trust is a separate legal entity and requires separate accounting and reporting.

## 12.6 Board meetings

The number of meetings of the Board and committees and number of meetings attended by each member, during the 12 months ended 30 June 2006 are as follows:

**Table 6: Meeting attendance**

	Water and Rivers Commission Board Meetings	Water and Rivers Commission Board Special Meetings	Audit and Risk Management Committee	Water Resources Allocation Committee	Swan River Trust	Swan River Trust Sub-committees
Meetings Held	11	1	2	9	13	24
Member						
Ms Verity Allan	8	1		4		
Mrs J Chatfield	9	0				
Mr R M Willox	10	1	2		9	13
Mr Tony Allen	10	1		5		
Ms Sue Metcalfe	6	1				
Mr Peter Eggleston	9	1				
Mr D Carew-Hopkins, A/CEO (14 April 2003 to 25 October 2005)	1	1				
Mr R Hammond, A/CEO (for Mr D Carew-Hopkins)	1	0				
Mr Paul Frewer, A/CEO (26 October 2005 - present)	6	0				
Mr R Hammond, A/CEO (for Mr P Frewer)	1	0				



## AUDITOR GENERAL

### INDEPENDENT AUDIT OPINION

To the Parliament of Western Australia

#### WATER AND RIVERS COMMISSION FINANCIAL STATEMENTS AND PERFORMANCE INDICATORS FOR THE YEAR ENDED 30 JUNE 2006

#### Audit Opinion

In my opinion,

- (i) the financial statements are based on proper accounts and present fairly the financial position of the Water and Rivers Commission at 30 June 2006 and its financial performance and cash flows for the year ended on that date. They are in accordance with applicable Accounting Standards and other mandatory professional reporting requirements in Australia and the Treasurer's Instructions;
- (ii) the controls exercised by the Commission provide reasonable assurance that the receipt and expenditure of moneys, the acquisition and disposal of property, and the incurring of liabilities have been in accordance with legislative provisions; and
- (iii) the key effectiveness and efficiency performance indicators of the Commission are relevant and appropriate to help users assess the Commission's performance and fairly represent the indicated performance for the year ended 30 June 2006.

#### Scope

The Commission is responsible for keeping proper accounts and maintaining adequate systems of internal control, for preparing the financial statements and performance indicators, and complying with the Financial Administration and Audit Act 1985 (the Act) and other relevant written law.

The financial statements consist of the Income Statement, Balance Sheet, Statement of Changes in Equity, Cash Flow Statement, and the Notes to the Financial Statements.

The performance indicators consist of key indicators of effectiveness and efficiency.

#### Summary of my Role

As required by the Act, I have independently audited the accounts, financial statements and performance indicators to express an opinion on the financial statements, controls and performance indicators. This was done by testing selected samples of the evidence. Further information on my audit approach is provided in my audit practice statement. Refer "<http://www.audit.wa.gov.au/pubs/Audit-Practice-Statement.pdf>".

An audit does not guarantee that every amount and disclosure in the financial statements and performance indicators is error free. The term "reasonable assurance" recognises that an audit does not examine all evidence and every transaction. However, my audit procedures should identify errors or omissions significant enough to adversely affect the decisions of users of the financial statements and performance indicators.

A handwritten signature in black ink, appearing to read 'D D R Pearson'.

D D R PEARSON  
AUDITOR GENERAL  
27 September 2006

## 13 Financial Statements

### ***Certification of financial statements for the year ended 30 June 2006***

The accompanying financial statements of the Water and Rivers Commission have been prepared in compliance with the provisions of the *Financial Administration and Audit Act 1985* from proper accounts and records to present fairly the financial transactions for the year ending 30 June 2006 and the financial position as at 30 June 2006.

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.



Brendan O'Neil

**Principal Accounting Officer**

**14 August 2006**



Verity Allan

**Board Chairman**

**14 August 2006**



Rodney Willox

**Board Member**

**14 August 2006**

## 14 Performance Indicators

### Certification of Performance Indicators for the year ended 30 June 2006

#### *Financial Administration and Audit Act 1985*

We hereby certify that the performance indicators are based on proper records, are relevant and appropriate for assisting users to assess the Water and Rivers Commission's performance, and fairly represent the performance of the Water and Rivers Commission for the financial year ended 30 June 2006.



Verity Allan

**Board Chairman**

**14 August 2006**



Paul Frewer

**A/Chief Executive Officer**

**14 August 2006**

## Performance Framework

The performance framework below shows the relationships between government goals, agency level government desired outcomes and the agency's services.

The framework was adjusted during the 2005-06 financial year in line with the Government decision to provide a stronger focus on water resources management giving rise to the establishment of a separate Department of Water. Consequently, there has been a reduction in the number of services from seven to five. This necessitated recasting the 2004-05 comparatives.

**Government Goal:** To ensure that Western Australia has an environment in which resources are managed, developed and used sustainably, biological diversity is preserved and habitats protected.

The agency delivers two desired outcomes on behalf of government:

**1. Development of water resources to support state development** relates to a series of activities that together enable the Commission to provide the following services:

- Develop water resource plans and policies;
- Investigate and assess water resources to determine sustainable yields;
- Licence and regulate water resources.

The key relationships between our performance indicators and these functions are:

*Effectiveness*

- Number of water resources with licensed allocation within assessed sustainable yields;

*Efficiency*

- Average cost per allocation plan or policy developed;
- Average cost per water resource assessment;
- Average cost per gigalitre of water licensed;

**2. Protection of water resources within sustainable limits** relates to a series of activities that together enable the Commission to provide the following services:

- Develop water resource protection plans and guidelines;
- Develop policies and strategies for drainage, floodplain, salinity and catchment management.

The key relationships between our performance indicators and these functions are:

*Effectiveness*

- Number of contamination occurrences exceeding drinking water standards in public drinking water source areas;
- The number of catchments conforming with designated targets.

*Efficiency*

- Average cost per protection plan developed;
- Average cost per km<sup>2</sup> of designated catchments where management measures are implemented;
- Average cost per km of river managed in designated catchments

## Summary of key performance indicators

Desired Outcome: **Development of water resources to support state development**

### *Effectiveness Indicators*

		Unit	Actual 04-05	Actual 05-06	Target 05-06
	14.1				
Number of water resources with licensed allocation within assessed sustainable yields	<b>14.1.1</b>		615	627	625

### **Efficiency Indicators**

		Unit	Actual 04-05	Actual 05-06	Target 05-06
	14.2				
Average cost per allocation plan or policy developed	<b>B</b>	\$	1 004 333	286 623	1 629 500
Average cost per water resource assessment	<b>C</b>	\$	197 812	160 040	168 097
Average cost per gigalitre of water licensed	<b>D</b>	\$	5 716	9 979	6 164

Desired Outcome: **Protection of water resources within sustainable limits**

### *Effectiveness Indicators*

		Unit	Actual 04-05	Actual 05-06	Target 05-06
	14.3				
Number of contamination occurrences exceeding drinking water standards in public drinking water source areas	<b>E</b>		0	0	0
The number of catchments conforming with designated targets	<b>F</b>		12	13	12

*Efficiency Indicators*

		<b>Unit</b>	<b>Actual 04-05</b>	<b>Actual 05-06</b>	<b>Target 05-06</b>
	14.4				
Average cost per protection plan developed	<b>G</b>	\$	1 771 000	2 691 841	2 117 333
Average cost per km <sup>2</sup> of designated catchments where management measures are implemented	<b>H</b>	\$	1 808	575	2 427
Average cost per km of river managed in designated catchments.	<b>I</b>	\$	12	31	16

## **NOTES TO THE PERFORMANCE INDICATORS**

for the year ended 30 June 2006

### **A. Number of water resources with licensed allocation within assessed sustainable yields**

Desired Outcome: Development of water resources to support state development

#### ***Relevance to desired outcome***

The Commission is responsible for ensuring orderly, equitable and efficient use of water resources and to ensure that water resources are not used in a way that results in unacceptable environmental impacts. Having set sustainable limits for environmental, social and economic demand in plans, the Commission aims to license and regulate water usage, such that it does not exceed these limits.

The effectiveness of the management of the resource is reflected in whether the resource is being used in excess of management objectives, based on assessed available resources. Performance may be assessed by viewing increases in areas that over-use the source, indicating a need for improved resource management in those areas.

The indicator is relevant to the outcome because it shows how the Commission is managing water resources so as to ensure the long term availability of this scarce resource. The indicator has been derived by determining the number of groundwater resources (of which there are 700 sedimentary groundwater resources in the State) that have a licensed use greater than the management objectives.

#### ***Effectiveness measure***

There are currently 627 of 700 groundwater resources in the State that are licensed within the sustainable limit, representing 89.6% of the groundwater resources (sedimentary). Therefore, 10.4 % of the groundwater resources have exceeded their sustainable limits.

The improvement in performance is due to increased funding which has enabled a sharper focus on enforcement and compliance. Furthermore, additional resources have been applied to improving information management which supports licencing and compliance activities.

### **B. Average cost per allocation plan or policy developed**

Desired Outcome: Development of water resources to support state development

#### ***Relevance to desired outcome***

The Commission manages and regulates Western Australia's water resources and produces management plans to achieve sustainable water allocation and development for current and future users and the protection of groundwater dependent ecosystems.

The plans provide objectives, policies, principles and strategies that will be used to manage the resources to ensure their sustainable use for the benefit of the local community.

The plans are intended to improve certainty for existing and potential water users by aiming to protect the environment, while fostering a sound economy and social well-being for the people of the region.



*Efficiency measure*

	<b>Quantity</b>	<b>Expenditure</b>	<b>Unit Cost</b>
Average cost per allocation plan or policy developed	5	\$1 433 115	\$286 623

The unit cost is calculated by dividing the total cost of service for the Office of Water Policy (OWP) and the Office of Water Strategy (OWS) by the number of allocation plans or policies developed. During the year, some of the functions associated with the Office of Water Policy were transferred to the Commission impacting the cost allocation framework.

The significant variation between the actual and the target is largely due to the fact that the target contained costs relating to the Office of Water Strategy (\$6.8 million). However, the transfer was not affected until July 2006.

*Revised targets*

The targets published in the Budget Statements were revised due to the application of a more appropriate method of calculating the unit cost. The published targets included associated costs relating to the OWS. The associated costs will transfer to the Commission during the financial year 2006-07.

	<b>Unit</b>	<b>Actual 04-05</b>	<b>Actual 05-06</b>	<b>Target 05-06</b>
Average cost per allocation plan or policy developed	\$	0	286 623	488 942

**C. Average cost per water resource assessment**

Desired Outcome: Development of water resources to support state development

*Relevance to desired outcome*

Assessment of the State's water resources is a key component of the Commissions water resource management function. This is necessary so as to ensure that adequate water resources are available to meet the State development needs and to ensure that resources are not used in a way that results in unacceptable environmental impacts. This is done through a program of coordinating measurement and investigation activities, analysing information, carrying out modelling, and providing information in terms of maps and information products including Geographical Information Systems.

*Efficiency measure*

	<b>Quantity</b>	<b>Expenditure</b>	<b>Unit Cost</b>
Average cost per water resource assessment	108	\$17 284 336	\$160 040

The indicator is derived by dividing the total cost of service for investigation and assessment of water resources to determine sustainable water management regimes divided by the total number of water resource assessments completed. The cost per assessment reflects how comprehensive the assessments are. Significant resources applied during 2005-06 for Water Resources Management has resulted in an increase in the number of Water Resource Assessments made from 56 to 108 assessments. Efficiency improvements were also realised during 2005-06 resulting in a decrease in the average cost of processing Water Resource Assessments from \$197,812 to \$160,040.

#### D. Average cost per gigalitre of water licenced

Desired Outcome: Development of water resources to support state development

##### *Relevance to desired outcome*

The Commission's internal objective is to adequately manage the State's water resources at a minimum long-term cost. This indicator illustrates the cost of administering a water allocation licence – a key instrument in allocating water to users. As demand for water grows and the volume of licences increase, the Commission aims to maintain, or reduce, the average cost of administering a licence.

The licencing of water resources is a key component in ensuring that the State's water resources are sustainably managed. As part of the licencing activities the Commission undertakes assessment activities, compliance and enforcement activities aimed at ensuring licence conditions are being met. This indicator shows the efficiency with which the Commission administers water allocation licences.

##### *Efficiency measure*

	Quantity	Expenditure	Unit Cost
Average cost per gigalitre of water licenced	1 673	\$16 694 783	\$9 979

The indicator is derived by dividing the total cost of service for water resource management plans and the regulation of water use by the total volume of water licenced. The increase in actual costs is a result of additional funding that was invested into water licencing activities. This increase is reflected in the revised 2005/06 target and performance is commensurate with the target.

##### *Revised targets*

The targets published in the Budget Statements were revised due to the application of a more appropriate method of calculating the unit cost. A more comparable unit of measurement was applied instead of the method used in the Budget Statement.

	Unit	Actual 04-05	Actual 05-06	Target 05-06
Average cost per allocation plan or policy developed	\$	8 885	9 979	9 889

#### E. Number of contamination occurrences exceeding drinking water standards in public drinking water source areas

Desired Outcome: Protection of water resources within sustainable limits

##### *Relevance to desired outcome*

A key objective of the Commission is to prepare drinking water source protection plans for all public drinking water sources throughout Western Australia, in order to ensure safe, good quality water supplies that need minimal treatment to meet the Australian Drinking Water Guidelines and public health expectations.

The task of protecting water quality is met by a number of initiatives such as catchment and source protection plans, environmental guidance documents, and regulatory controls over land use and access to drinking water catchments. The measurement of water quality is assessed against Department of Health standards, which are based on the Australian Drinking Water Guidelines.

Western Australia relies heavily on groundwater for water supply and the generally sandy soils make the underlying groundwater highly vulnerable to groundwater contamination in this State. In addition, there is a high demand of access to our surface water reservoirs and their catchments and the resultant activities can place a high contamination risk on the water source.

### ***Effectiveness measure***

The indicator is derived by recording the number of contamination occurrences exceeding drinking water standards in public drinking water source areas. The aim of the indicator is to ensure that drinking water standards in public drinking water source areas are protected so as to minimise the risks to public health.

The continued achievement of this target reflects the Commission's strong commitment to protecting the State's drinking water sources.

## **F. The number of catchments conforming with designated targets**

*Desired Outcome: Protection of water resources within sustainable limits*

### *Relevance to desired outcome*

A key objective of the Commission is to provide adequate protection of the State's waterways and catchments, undertaking research, planning, and undertaking on the ground works such as salinity management measures. Additionally, the Commission develops policy so as to protect waterways and catchments.

The measurement of concentrations of total nitrogen and total phosphorous in tributaries of the Swan Canning Catchment against target levels ensures that our key waterways and catchments are effectively managed.

### *Effectiveness measure*

The management of water catchments is a complex science with a number of resource condition targets set so as to assist the Commission in assessing its effectiveness in adequately protecting the State's waterways and catchments. This indicator measures concentrations of total nitrogen and total phosphorous in 15 tributaries of the Swan Canning against target levels. Both short and long term targets have been developed so as to recognise the long timeframes required for catchment management initiatives to affect nutrient levels within the catchment tributaries.

During the reporting period of 2006, Yule Brook was assessed against the long term targets for total nitrogen and total phosphorus having achieved these targets for the first time in the previous year. This increase reflects the Commission's community based strategies aimed at improving land management activities within the catchment and reducing nutrient inflow into local water resources.

Over the course of the next few years resource condition targets will progressively be developed for regional waterways in line with the National Action Plan (NAP) and National Heritage Trust (NHT) guidance.

*Revised targets*

The targets published in the Budget Statements were revised due to the application of a more appropriate method of calculating the unit cost. The published targets were based on the number of resource condition targets.

		Actual 04-05	Actual 05-06	Target 05-06
	14.5			
The number of catchments conforming with designated targets	<b>F</b>	6	7	6

**G. Average cost per protection plan developed**

*Desired Outcome: Protection of water resources within sustainable limits*

*Relevance to desired outcome*

The development of protection plans is a key component of the Commission's strategy in managing the States water resources. The development of protection plans is necessary to ensure that drinking water source areas are offered maximum protection so as to ensure safe, good quality water supplies that will require minimal treatment in order to meet the Australian Drinking Water Guidelines and public health expectations.

The indicator is relevant to the desired outcome because it provides a measure of cost efficiency of the development of protection plans. The primary impact on the quality of our water resources result from the activities carried out in surface water catchments and on the land covering our groundwater resources. In some areas of the State these land uses are incompatible with protection objectives and the resource itself is at risk.

Dealing with these incompatible land uses and influencing State and Local Government planning processes are the primary means of achieving good outcomes for the State. Western Australia's heavy reliance on groundwater for water supply together with its generally sandy soils makes the underlying groundwater vulnerable to contamination. At 30 June 2006 there were 139 protection plans listed for completion within the State of which 61 were completed. These plans are an essential tool for guiding land use, and in turn adequate levels of protection of drinking water sources. New plans may be added to the list as required, and dependent on circumstances some plans may not be required or may be combined with other plans and prioritised for completion.

*Efficiency measure*

	Quantity	Expenditure	Unit Cost
Average cost per protection plan developed	5	\$13 459 207	\$2 691 841

The indicator is derived by taking the total cost of service for plans and guidelines to protect the quality of water resources divided by the number of protection plans developed.

The increase in costs for 2005-06 is due to additional funding being applied. The Commission initially sought to complete six plans, however was able to complete five and significantly progress two others. Finalisation of two protection plans was delayed due to their complexity. This explains the increased actual unit cost as compared to the target.

**H. Average cost per km<sup>2</sup> of designated catchments where management measures are implemented**

*Desired Outcome: Protection of water resources within sustainable limits*

*Relevance to desired outcome*

Salinity is a widespread problem in the State. The preparation and implementation, in partnership with local communities, of salinity abatement plans, including application of land use and engineering measures, to recover and maintain water catchments from salinity is a vital tool in the management of our catchments and waterways.

*Efficiency measure*

	<b>Quantity</b>	<b>Expenditure</b>	<b>Unit Cost</b>
Average cost per km <sup>2</sup> of designated catchments where management measures are implemented	11 215 km	\$6 446 786	\$575

The unit cost is calculated by dividing the total cost of service for evaluation and implementation in designated catchments of salinity management measures divided by the total area in which recovery catchments and engineering initiatives are in place.

*Revised targets*

The targets published in the Budget Statements were revised due to the application of a more appropriate method of calculating the unit cost. The published targets used the total cost of service for implementation of catchment, waterways and wetlands management plans instead of the total cost of service for evaluation and implementation in designated catchments of salinity management measures.

	<b>Unit</b>	<b>Actual 04-05</b>	<b>Actual 05-06</b>	<b>Target 05-06</b>
Average cost per km <sup>2</sup> of designated catchments where management measures are implemented	\$	592	575	821

The reduction in the actual unit cost was a result of deferred expenditures for four externally funded projects to the financial year 2006-07. These projects were the Wheatbelt Drainage Evaluation, Wellington Plantation Estate Management, Denmark River Recovery Plan and the Collie River Salinity Recovery Project.

**I. Average cost per km of river managed in designated catchments**

*Desired Outcome: Protection of water resources within sustainable limits*

*Relevance to desired outcome*

The indicator is relevant to the desired outcome because it provides a measure of cost effectiveness of the management of our waterways and catchments. The objective of this indicator is to maintain the current level of improvement in catchment and water resource standards at minimal cost.

*Efficiency measure*

	<b>Quantity</b>	<b>Expenditure</b>	<b>Unit Cost</b>
Average cost per km of river managed in designated catchment	567 750 km	\$17 778 346	\$31

The indicator is derived by calculating the total cost of service for implementation of catchment, waterways and wetlands management plans divided by the total area of waterways under management.

*Revised targets*

The targets published in the Budget Statements were revised due to the application of a more appropriate method of calculating the unit cost. The published targets used the total cost of service for evaluation and implementation in designated catchments of salinity management measures instead of the total cost of service for implementation of catchment, waterways and wetlands management plans.

	Unit	Actual 04-05	Actual 05-06	Target 05-06
Average cost per km of river managed in designated catchments.	\$	24	31	32

External funding has increased in 2005-06 due to the implementation of the Regional NRM Investment Plans which are delivering the National Action Plan for Water Quality and Salinity. The Commission as partner to these plans have received funding to implement projects that have Waterways and Floodplain Management outcomes.

## Appendix A - Regional office details

### Swan Goldfields Agricultural Region

7 Ellam Street  
VICTORIA PARK WA 6100  
Telephone (08) 6250 8000  
Facsimile (08) 6250 8050

### Northam office

254 Fitzgerald Street  
NORTHAM WA 6401  
PO Box 497 Northam WA 6401  
Telephone (08) 9622 7055  
Facsimile (08) 9622 7155

### Kalgoorlie office

Viskovich House  
377 Hannan Street  
KALGOORLIE WA 6430  
Telephone (08) 9026 2222  
Facsimile (08) 9021 3529

### Kwinana-Peel Region

2 Stidworthy Court  
KWINANA WA 6167  
Telephone (08) 9411 1788  
Facsimile (08) 9419 5897

### Mandurah office

Suite 8, Sholl House  
21 Sholl St  
MANDURAH WA 6210  
PO Box 332 Mandurah WA 6210  
Telephone (08) 9550 4222  
Facsimile (08) 9581 4560

### Cockburn Sound Management Council

Shop 1, 15 Railway Terrace  
ROCKINGHAM WA 6168  
PO Box 5161 Rockingham Beach WA 6969  
Telephone (08) 9591 3837  
Facsimile (08) 9528 5387

### South West Region

35-39 McCombe Road  
BUNBURY WA 6230  
PO Box 261 Bunbury WA 6231  
Telephone (08) 9726 4111  
Facsimile (08) 9726 4100

### Geocatch Network Centre

Suite 2, 72 Duchess Street  
BUSSELTON WA 6280  
PO Box 269 Busselton WA 6280  
Telephone (08) 9781 0111  
Facsimile (08) 9754 4335

### Manjimup office

52 Bath Street  
MANJIMUP WA 6258  
Telephone (08) 9771 1878  
Facsimile (08) 9771 8108

### Midwest Gascoyne Region

25 Forrest Street  
GERALDTON WA 6530  
PO Box 73 Geraldton WA 6531  
Telephone (08) 9964 5978  
Facsimile (08) 9964 5983

### Carnarvon office

211 Robinson Street  
CARNARVON WA 6701  
PO Box 81 Carnarvon WA 6701  
Telephone (08) 9941 6100  
Facsimile (08) 9941 4931

### Pilbara Region

Lot 980 Cherratta Road, KIE  
KARRATHA WA 6714  
PO Box 836 Karratha WA 6714  
Telephone (08) 9144 2000  
Facsimile (08) 9144 2610

### Kimberley Region

Lot 225 Bandicoot Drive  
KUNUNURRA WA 6743  
PO Box 625 Kununurra WA 6743  
Telephone (08) 9166 4100  
Facsimile (08) 9168 3174

### South Coast Region

5 Bevan Street  
ALBANY WA 6330  
PO Box 525 Albany WA 6331  
Telephone (08) 9842 5760  
Facsimile (08) 9842 1204

### Denmark office

Suite 1, 55 Strickland Street  
DENMARK WA 6333  
Telephone (08) 9848 1866  
Facsimile (08) 9848 173

### Esperance District Office

Unit 3, Suite A, 113 Dempster Street  
ESPERANCE WA 6450  
Telephone (08) 9071 6129  
Facsimile (08) 9072 0499

## **Appendix B - Better Planning: Better Services Goals**

*Better Planning: Better Services – A Strategic Planning Framework for the Western Australian Public Sector* was released in November 2003 and is “a concise statement of the State Government’s intentions to improve the quality of life for all Western Australians”.

The document presents five strategic Goals for Government:

### **Goal 1: People and Communities**

To enhance the quality of life and wellbeing of all people throughout Western Australia.

### **Goal 2: The Economy**

To develop a strong economy that delivers more jobs, more opportunities and greater wealth to Western Australians by creating the conditions required for investment and growth.

### **Goal 3: The Environment**

To ensure that Western Australia has an environment in which resources are managed, developed and used sustainably, biological diversity is preserved and habitats protected.

### **Goal 4: The Regions**

To ensure that regional Western Australia is strong and vibrant.

### **Goal 5: Governance**

To govern for all Western Australians in an open, effective and efficient manner that also ensures a sustainable future.





## AUDITOR GENERAL

### INDEPENDENT AUDIT OPINION

To the Parliament of Western Australia

### WATER AND RIVERS COMMISSION FINANCIAL STATEMENTS AND PERFORMANCE INDICATORS FOR THE YEAR ENDED 30 JUNE 2006

#### Audit Opinion

In my opinion,

- (i) the financial statements are based on proper accounts and present fairly the financial position of the Water and Rivers Commission at 30 June 2006 and its financial performance and cash flows for the year ended on that date. They are in accordance with applicable Accounting Standards and other mandatory professional reporting requirements in Australia and the Treasurer's Instructions;
- (ii) the controls exercised by the Commission provide reasonable assurance that the receipt and expenditure of moneys, the acquisition and disposal of property, and the incurring of liabilities have been in accordance with legislative provisions; and
- (iii) the key effectiveness and efficiency performance indicators of the Commission are relevant and appropriate to help users assess the Commission's performance and fairly represent the indicated performance for the year ended 30 June 2006.

#### Scope

The Commission is responsible for keeping proper accounts and maintaining adequate systems of internal control, for preparing the financial statements and performance indicators, and complying with the Financial Administration and Audit Act 1985 (the Act) and other relevant written law.

The financial statements consist of the Income Statement, Balance Sheet, Statement of Changes in Equity, Cash Flow Statement, and the Notes to the Financial Statements.

The performance indicators consist of key indicators of effectiveness and efficiency.

#### *Summary of my Role*

As required by the Act, I have independently audited the accounts, financial statements and performance indicators to express an opinion on the financial statements, controls and performance indicators. This was done by testing selected samples of the evidence. Further information on my audit approach is provided in my audit practice statement. Refer "<http://www.audit.wa.gov.au/pubs/Audit-Practice-Statement.pdf>".

An audit does not guarantee that every amount and disclosure in the financial statements and performance indicators is error free. The term "reasonable assurance" recognises that an audit does not examine all evidence and every transaction. However, my audit procedures should identify errors or omissions significant enough to adversely affect the decisions of users of the financial statements and performance indicators.

D D R PEARSON  
AUDITOR GENERAL  
27 September 2006

**CERTIFICATION OF FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2006**

The accompanying financial statements of the Water and Rivers Commission have been prepared in compliance with the provisions of the Financial Administration and Audit Act 1985 from proper accounts and records to present fairly the financial transactions for the financial year ending 30 June 2006 and the financial position as at 30 June 2006.

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

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Brendan O'Neil  
**CHIEF FINANCE OFFICER**

14-Aug-2006

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Verity Allan  
**BOARD CHAIRPERSON**

14-Aug-2006

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Paul Frewer  
**A/DIRECTOR GENERAL  
BOARD MEMBER**

14-Aug-2006

**WATER AND RIVERS COMMISSION  
INCOME STATEMENT  
FOR THE YEAR ENDED 30 JUNE 2006**

	Note	2006 \$'000	2005 \$'000
<b>COST OF SERVICES</b>			
<b>Expenses</b>			
Employee benefits expense	4	29,712	25,390
Supplies and services	5	22,067	14,846
Depreciation expense	6	1,464	1,463
Finance costs	7	50	68
Accommodation expenses	8	2,945	2,493
Grants and subsidies	9	3,131	4,060
Capital user charge	10	12,829	10,197
Loss on disposal of non-current assets	15	11	12
Other expenses	11	1,869	1,729
<b>Total cost of services</b>		<u>74,078</u>	<u>60,258</u>
<b>Income</b>			
<b>Revenue</b>			
User charges and fees	12	69	76
Commonwealth grants	13	1,990	2,097
Other revenue	14	20,002	6,803
<b>Total Revenue</b>		<u>22,061</u>	<u>8,976</u>
<b>Total income other than income from State Government</b>		22,061	8,976
<b>NET COST OF SERVICES</b>		<u>52,017</u>	<u>51,282</u>
<b>INCOME FROM STATE GOVERNMENT</b>			
Service appropriation	16	61,524	52,861
Liabilities assumed by the Treasurer	16	111	275
Initial recognition of assets	16	93	-
Resources received free of charge	16	480	485
<b>Total Income from State Government</b>		<u>62,208</u>	<u>53,621</u>
<b>SURPLUS FOR THE PERIOD</b>		<u>10,191</u>	<u>2,339</u>

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

**WATER AND RIVERS COMMISSION  
BALANCE SHEET  
AS AT 30 JUNE 2006**

	Note	2006 \$'000	2005 \$'000
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash and cash equivalents	27	22,981	13,503
Restricted cash and cash equivalents	17, 27	106	106
Receivables <sup>(a)</sup>	18	3,536	990
Amounts receivable for services	19	1,400	1,446
<b>Total Current Assets</b>		<u>28,023</u>	<u>16,045</u>
<b>Non-Current Assets</b>			
Amounts receivable for services	19	5,994	4,898
Property, plant and equipment	20	155,511	136,594
<b>Total Non-Current Assets</b>		<u>161,505</u>	<u>141,492</u>
<b>TOTAL ASSETS</b>		<u>189,528</u>	<u>157,537</u>
<b>LIABILITIES</b>			
<b>Current Liabilities</b>			
Payables	22	14	373
Borrowings	23	307	413
Provisions	24	6,035	5,567
Other current liabilities	25	1,576	1,039
<b>Total Current Liabilities</b>		<u>7,932</u>	<u>7,392</u>
<b>Non-Current Liabilities</b>			
Borrowings	23	329	423
Provisions	24	2,162	2,392
Other non-current liabilities	25	106	106
<b>Total Non-Current Liabilities</b>		<u>2,597</u>	<u>2,921</u>
<b>Total Liabilities</b>		<u>10,529</u>	<u>10,313</u>
<b>NET ASSETS</b>		<u>178,999</u>	<u>147,224</u>
<b>EQUITY</b>			
Contributed equity	26	81,468	78,358
Reserves		89,672	71,198
Accumulated surplus/(deficiency)		7,859	(2,332)
<b>TOTAL EQUITY</b>		<u>178,999</u>	<u>147,224</u>

The Balance Sheet should be read in conjunction with the accompanying notes.

**WATER AND RIVERS COMMISSION  
STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 30 JUNE 2006**

	Note	2006 \$'000	2005 \$'000
<b>Balance of equity at start of period</b>	40	147,224	152,061
<b>CONTRIBUTED EQUITY</b>	26		
Balance at start of period		78,358	75,885
Capital contribution		2,680	2,500
Other contributions by owners		430	-
Distributions to owners		-	(27)
Balance at end of period		<u>81,468</u>	<u>78,358</u>
<b>RESERVES</b>			
<b>Asset Revaluation Reserve</b>	26		
Balance at start of period		71,198	80,847
Gain/(loss) from asset revaluation		18,474	(9,649)
Balance at end of period		<u>89,672</u>	<u>71,198</u>
<b>ACCUMULATED SURPLUS (RETAINED EARNINGS)</b>	26		
Balance at start of period		(2,332)	(4,671)
Surplus for the period		10,191	2,339
Balance at end of period		<u>7,859</u>	<u>(2,332)</u>
<b>Balance of equity at end of period</b>		<u><u>178,999</u></u>	<u><u>147,224</u></u>
<b>Total income and expense for the period <sup>(a)</sup></b>		28,665	(7,310)

<sup>a)</sup> The aggregate net amount attributable to each category of equity is: surplus of \$10,191 plus gain from asset revaluation of \$18,474 (2005: surplus \$2,339 less loss from asset revaluation decrement of \$9,649).

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

**WATER AND RIVERS COMMISSION  
CASH FLOW STATEMENT  
FOR THE YEAR ENDED 30 JUNE 2006**

	2006 Inflows (Outflows) \$'000	2005 Inflows (Outflows) \$'000
Note		
<b>CASH FLOWS FROM STATE GOVERNMENT</b>		
Service appropriation	59,074	50,541
Capital contribution	3,110	2,500
Holding account drawdowns	1,400	800
Distributions to owners	-	(27)
<b>Net cash provided by State Government</b>	<u>63,584</u>	<u>53,814</u>
<b>Utilised as follows:</b>		
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
<b>Payments</b>		
Employee benefits	(28,749)	(24,194)
Supplies and services	(21,962)	(14,366)
Finance costs	(50)	(66)
Capital User Charge	(12,829)	(10,197)
Accommodation	(2,945)	(2,493)
Grants and subsidies	(4,200)	(4,132)
GST payments on purchases	(3,189)	(2,072)
Other payments	(1,869)	(1,675)
<b>Receipts</b>		
User charges and fees	69	84
Commonwealth grants and contributions	1,990	2,143
GST receipts on sales	1,784	419
GST receipts from ATO	1,332	1,596
Other Receipts	18,629	7,250
<b>Net cash used in operating activities</b>	27 <u>(51,989)</u>	<u>(47,703)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Proceeds from sale of non-current physical assets	22	1
Purchase of non-current physical assets	(1,939)	(715)
<b>Net cash provided used in investing activities</b>	<u>(1,917)</u>	<u>(714)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Repayment of borrowings	(200)	(200)
<b>Net cash used in financing activities</b>	<u>(200)</u>	<u>(200)</u>
<b>Net increase in cash and cash equivalents</b>	<b>9,478</b>	<b>5,197</b>
Cash and cash equivalents at the beginning of period	<u>13,609</u>	<u>8,412</u>
<b>CASH AND CASH EQUIVALENTS AT THE END OF PERIOD</b>	27 <u><u>23,087</u></u>	<u><u>13,609</u></u>

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

**WATER AND RIVERS COMMISSION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2006**

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**1 FIRST TIME ADOPTION OF AUSTRALIAN EQUIVALENTS TO INTERNATIONAL FINANCIAL REPORTING STANDARDS**

This is the Commission's first published financial statements prepared under the Australian Equivalents to International Financial Reporting Standards (AIFRS).

Accounting Standard AASB 1 'First-time Adoption of Australian Equivalents to International Financial Reporting Standards' has been applied in preparing these financial statements. Until 30 June 2005, the financial statements of the Commission had been prepared under the previous Australian Generally Accepted Accounting Principles (AGAAP).

The Australian Accounting Standards Board (AASB) adopted the Standards of the International Accounting Standards Board (IASB) for application to reporting periods beginning on or after 1 January 2005 by issuing AIFRS which comprise a framework for the preparation and presentation of financial statements, Australian Accounting Standards and the Urgent Issue Group (UIG) Interpretations.

In accordance with the option provided by AASB 1 paragraph 36A and exercised by Treasurer's Instruction 1101 'Application of Australian Accounting Standards and Other Pronouncements', financial instrument information prepared under AASB 132 and AASB 139 will apply from 1 July 2005 and consequently comparative information for financial instruments is presented on the previous AGAAP basis. All other comparative information is prepared under the AIFRS basis.

**Early adoption of standards**

The Commission cannot early adopt an Australian Accounting Standard or UIG Interpretation unless specifically permitted by TI 1101 'Application of Australian Accounting Standards and Other Pronouncements'. This TI requires the early adoption of revised AASB 119 'Employee Benefits' as issued in December 2004, AASB 2004-3 'Amendments to Australian Accounting Standards'; AASB 2005-3 'Amendments to Australian Accounting Standards' [AASB 119], AASB 2005-4 'Amendments to Australian Accounting Standards' [AASB 139, AASB 132, AASB 1, AASB 1023 & AASB 1038], and AASB 2005-6 'Amendments to Australian Accounting Standards' [AASB 3] to the annual reporting period beginning 1 July 2005. AASB 2005-4 amends AASB 139 'Financial Instruments: Recognition and Measurement' so that the ability to designate financial assets and financial liabilities at fair value is restricted. AASB 2005-6 excludes business combinations involving common control from the scope of AASB 3 'Business Combinations'.

Reconciliations explaining the transition to AIFRS as at 1 July 2004 and 30 June 2005 are provided at **Note 41** 'Reconciliations explaining the transition to AIFRS'.

**2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**(a) General Statement**

The financial statements constitute a general purpose financial report which has been prepared in accordance with the Australian Accounting Standards, the Framework, Statements of Accounting Concepts and other authoritative pronouncements of the Australian Accounting Standards Board as applied by the Treasurer's Instructions. Several of these are modified by the Treasurer's Instructions to vary application, disclosure, format and wording. The Treasurer's Instructions may modify or clarify their application, disclosure, format and wording to provide certainty and to ensure consistency and appropriate reporting across the public sector.

The Financial Administration and Audit Act and the Treasurer's Instructions are legislative provisions governing the preparation of financial statements and take precedence over the Accounting Standards, the Framework, Statements of Accounting Concepts and other authoritative pronouncements of the Australian Accounting Standards Board.

**WATER AND RIVERS COMMISSION**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2006**

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Where modification is required and has a material or significant financial effect upon the reported results, details of that modification and the resulting financial effect are disclosed in the notes to the financial statements.

**(b) Basis of Preparation**

The financial statements have been prepared on the accrual basis of accounting using the historical cost convention, modified by the revaluation of land, buildings and infrastructure which have been measured at fair value.

The accounting policies adopted in the preparation of the financial statements have been consistently applied throughout all periods presented unless otherwise stated.

The financial statements are presented in Australian dollars rounded to the nearest thousand dollars (\$'000).

The judgements that have been made in the process of applying the Commission's accounting policies that have the most significant effect on the amounts recognised in the financial statements are disclosed at **note 3** 'Judgements Made by Management in Applying Accounting Policies'.

**(c) Reporting Entity**

The reporting entity comprises the Commission and entities listed and **Note 38** 'Related Bodies'.

**(d) Contributed Equity**

UIG Interpretation 1038 'Contributions by Owners Made to Wholly-Owned Public Sector Entities' requires transfers in the nature of equity contributions 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 contributions (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.

Transfer of net assets to/from other agencies are designated as contributions by owners where the transfers are non-discretionary and non-reciprocal. See **Note 26** 'Equity'.

Repayable capital appropriations are recognised as liabilities. See **Note 16** 'Income From State Government' for further commentary on the application of TI 955.

**(e) Income**

**Revenue**

Revenue is measured at the fair value of consideration received or receivable. Revenue is recognised for the major business activities as follows:

***Sale of Goods***

Revenue is recognised from the sale of goods and disposal of other assets when the significant risks and rewards of ownership control transfer to the purchaser.

***Rendering of services***

Revenue is recognised on delivery of the service to the client or by reference to the stage of completion.

***Interest***

Revenue is recognised when the interest accrues.

***Service Appropriations***

Service Appropriations are recognised as revenues at nominal value in the period in which the Commission gains control of the appropriated funds. The Commission gains control of appropriated funds at the time those funds are deposited to the bank account or credited to the holding account held at the Department of Treasury and Finance (See **Note 16** 'Income from State Government').



**WATER AND RIVERS COMMISSION**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2006**

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***Grants, donations, gifts and other non-reciprocal contributions***

Revenue is recognised at fair value when the Commission obtains control over the assets comprising the contributions, usually when cash is received.

Other non-reciprocal contributions that are not contributions by owners are recognised at their fair value. Contributions of services are only recognised when a fair value can be reliably determined and the services would be purchased if not donated.

Where contributions recognised as revenues during the reporting period were obtained on the condition that they be expended in a particular manner or used over a particular period, and those conditions were undischarged as at the reporting date, the nature of, and amounts pertaining to, those undischarged conditions are disclosed in the notes.

***Gains***

Gains may be realised or unrealised and are usually recognised on a net basis. These include gains arising on the disposal of non-current assets and some revaluations of non-current assets.

**(f) Borrowing Costs**

Borrowing costs for qualifying assets are capitalised net of any investment income earned on the unexpended portion of the borrowings. Other borrowing costs are expensed when incurred.

**(g) Property, Plant and Equipment**

***Capitalisation/Expensing of assets***

Items of property, plant and equipment costing over \$5,000 are recognised as assets and the cost of utilising assets is expensed (depreciated) over their useful lives. Items of property, plant and equipment costing less than \$5,000 are immediately expensed direct to the Income Statement (other than when they form part of a group of similar items which are significant in total).

***Initial recognition and measurement***

All items of property, plant and equipment and infrastructure are initially recognised at cost.

For items of property, plant and equipment acquired at no cost or nominal cost, the cost is their fair value at the date of acquisition.

***Subsequent measurement***

After recognition as an asset, the revaluation model is used for the measurement of land, buildings and measurement sites and the cost model for all other property, plant and equipment. Land, buildings and measurement sites are carried at fair value less accumulated depreciation on buildings and measurement sites and accumulated impairment losses. All other items of property, plant and equipment are stated at historical cost less accumulated depreciation and accumulated impairment losses.

Where market evidence is available, the fair value of land and buildings is determined on the basis of current market buying 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.

Where market evidence is not available, the fair value of land and buildings is determined on the basis of existing use. This normally applies where buildings are specialised or where land use is restricted. Fair value for existing use assets is determined by reference to the cost of replacing the remaining future economic benefits embodied in the asset, ie the depreciated replacement cost. Where the fair value of buildings is dependant on using the depreciated replacement cost, the gross carrying amount and the accumulated depreciation are restated proportionately.

The revaluation of land and buildings is provided independently on an annual basis by the Department of Land Information (Valuation Services).

**WATER AND RIVERS COMMISSION**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2006**

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Fair value for measurement sites is determined by reference to the cost of replacing the remaining future economic benefits embodied in the asset, ie the depreciated replacement cost. As the fair value of measurement sites is dependant on using the depreciated replacement cost, the gross carrying amount and the accumulated depreciation are restated proportionately.

The most significant assumptions in estimating fair value are made in assessing whether to apply the existing use basis to assets. Professional judgement by the valuer is required where the evidence does not provide a clear distinction between market type assets and existing use assets.

Refer to **Note 20** 'Property, plant and equipment' for further information on revaluations.

**Depreciation**

All non-current assets 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.

Land is not depreciated. Depreciation on other assets is calculated on the straight line basis, using rates which are reviewed annually. Expected useful lives for each class of depreciable asset are:

Buildings	20 years
Infrastructure	20 years
Plant and equipment	5-20 years
Computer equipment	3-5 years
Furniture and fittings	7-10 years
Measurement sites	20-40 years

**(h) Impairment of Assets**

Property, plant and equipment are tested for any indication of impairment at each reporting date. 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 it is written down to the recoverable amount and an impairment loss is recognised. As the Commission is a not-for-profit entity, unless an asset has been identified as a surplus asset, the recoverable amount is the higher of asset's fair value less costs to sell and depreciated replacement cost.

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

The recoverable amount of assets identified as surplus assets is the higher of fair value less costs to sell and the present value of future cash flows expected to be derived from the asset. Surplus assets carried at fair value have no risk of material impairment where fair value is determined by reference to market evidence. Where fair value is determined by reference to depreciated replacement cost, surplus assets are at risk of impairment and the recoverable amount is measured. Surplus assets at cost are tested for indications of impairment at each reporting date.

Refer to **Note 21** 'Impairment of Assets' for the outcome of impairment reviews and testing.

**(i) Financial Instruments**

The Commission has two categories of financial instrument:

- Loans and receivables (cash and cash equivalents, receivables); and
- Non-trading financial liabilities (payables).

Initial recognition and measurement of financial instruments is at fair value which normally equates to the transaction cost or fair value. Subsequent measurement is at amortised cost using the effective interest method.

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The fair value of short-term receivables and payables is the transaction cost or the face value because there is no interest rate applicable and subsequent measurement is not required as the effect of discounting is immaterial.

**(j) Cash and Cash Equivalents**

For the purposes of the Cash Flow Statement, 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.

**(k) Accrued Salaries**

Accrued salaries (see **Note 25** 'Other Liabilities') represent the amount due to staff but unpaid at the end of the financial year, as the pay date for the last pay period for that financial year does not coincide with the end of the financial year. Accrued salaries are settled within a fortnight of the financial year end. The Commission considers the carrying amount of accrued salaries to be equivalent to the net fair value.

**(l) Amounts Receivable for Services (Holding Account)**

The Commission receives funding on an accrual basis that recognises the full annual cash and non-cash cost of services. The appropriations are paid partly in cash and partly as an asset (Holding Account Receivable) that is accessible on the emergence of the cash funding requirement to cover items such as leave entitlements and asset replacement.

See also **Note 16** 'Income from State Government' and **Note 19** 'Amounts Receivable for Services'.

**(m) Receivables**

Receivables are recognised and carried at original invoice amount less any provision for uncollectible amounts (impairment). The collectability of receivables is reviewed on an ongoing basis and any receivables identified as uncollectible are written-off. The provision for uncollectible amounts (doubtful debts) is raised when there is no objective evidence that the Commission will not be able to collect the debts. The carrying amount is equivalent to fair value as it is due for settlement within 30 days. See **Note 33** 'Financial Instruments' and **Note 18** 'Receivables'.

**(n) Payables**

Payables are recognised at the amounts payable when the Commission 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 they are generally settled within 30 days. See **Note 33** 'Financial Instruments' and **Note 22** 'Payables'.

**(o) Borrowings**

All loans are initially recognised at cost, being the fair value of the net proceeds received. Subsequent measurement is at amortised cost using the effective interest rate method. See **Note 33** 'Financial Instruments' and **Note 23** 'Borrowings'.

**(p) Amounts Due to the Treasurer**

Borrowings from WA Treasury Corporation predominantly represent debt assigned to the Commission on separation from the Water Authority. Borrowings are recorded at an amount equal to the net proceeds received. Borrowing costs expense is recognised on an accrual basis. See **Note 33** 'Financial Instruments' and **Note 23** 'Borrowings'.

**(q) Provisions**

Provisions are liabilities of uncertain timing and amount and are recognised where there is a present legal, equitable or constructive obligation as a result of a past event and when the outflow of economic benefits is probable and can be measured reliably. Provisions are reviewed at each balance date.

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***Employee benefits***

**Annual Leave and Long Service Leave**

The liability for annual and long service leave expected to be settled within 12 months after the end of the reporting date is recognised and measured at the undiscounted amounts expected to be paid when the liabilities are settled. Annual and long service leave expected to be settled more than 12 months after the end of the reporting date is measured at the present value of amounts expected to be paid when the liabilities are settled. Leave liabilities are in respect of services provided by employees up to the reporting date.

When assessing expected future payments consideration is given to expected future wage and salary levels including non salary components such as employer superannuation contributions. In addition, the long service leave liability also considers the experience of employee departures and periods of service.

The expected future payments are discounted using market yields at the reporting date on national government bonds with terms to maturity that match, as closely as possible, the estimated future cash outflows.

All annual leave and unconditional long service leave provisions are classified as current liabilities as the Commission does not have an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

A liability for long service leave is recognised after an employee has completed four years of service. An actuarial assessment of long service leave undertaken by PriceWaterhouseCoopers Actuaries in 2006 determined that the liability measured using the short hand method was not materially different from the liability measured using the present value of expected future payments.

**Sick Leave (where applicable)**

Liabilities for sick leave are recognised when it is probable that sick leave paid in the future will be greater than the entitlement that will accrue in the future.

Past history indicates that on average, sick leave taken each reporting period is less than the entitlement accrued. This is expected to continue in future periods. Accordingly, it is unlikely that existing accumulated entitlements will be used by employees and no liability for unused sick leave entitlements is recognised. As sick leave is non vesting, an expense is recognised in the income statement for this leave as it is taken.

**(r) Superannuation Expense**

The following elements are included in calculating the superannuation expense in the Income Statement:

(a) Defined benefit plans - change in the unfunded employer's liability (ie. current service cost and actuarial gains and losses) assumed by the Treasurer in respect of current employees who are members of the Pension Scheme and current employees who accrued a benefit on transfer from that Scheme to the Gold State Superannuation Scheme (GSS); and

(b) Defined contribution plans - Employer contributions paid to the GSS and the West State Superannuation Scheme (WSS).

Defined benefit plans - in order to reflect the true cost of services, the movements (i.e. current service cost and actuarial gains and losses) in the liabilities in respect of the Pension Scheme and the GSS transfer benefits are recognised as expenses. As these liabilities are assumed by the Treasurer, a revenue titled 'Liabilities assumed by the Treasurer' equivalent to the expense is recognised under Income from State Government in the Income Statement. See **Note 16** 'Income from State Government'.

The superannuation expense does not include payment of pensions to retirees, as this does not constitute part of the cost of services provided in the current year.

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The GSS Scheme is a defined benefit scheme for the purposes of employees and whole of government reporting. However, apart from the transfer benefit, it is a defined contribution plan for agency purposes because the concurrent contributions (defined contributions) made by the agency to GESB extinguishes the agency's obligations to the related superannuation liability.

**(s) Resources Received Free of Charge or for Nominal Consideration**

Resources received free of charge or for nominal value that can be reliably measured are recognised as revenues and as assets or expenses as appropriate, at fair value.

**(t) Comparative Figures**

Comparative figures are, where appropriate, reclassified so as to be comparable with the figures presented in the current financial year.

Comparative figures have been restated on the AIFRS basis except for financial instruments, which have been prepared under the previous AGAAP Australian Accounting Standard AAS 33 'Presentation and Disclosure of Financial Instruments'. The transition date to AIFRS for financial instruments is 1 July 2005 in accordance with the exemption allowed under AASB1, paragraph 36A and Treasurer's Instruction 1101.

**3 JUDGEMENTS MADE BY MANAGEMENT IN APPLYING ACCOUNTING POLICIES**

The judgements that have been made in the process of applying accounting policies that have the most significant effect on the amounts recognised in the financial statements pertain to the revaluation of measurement sites. The Commission revalued its measurement sites assets on the gross basis of revaluation as per AASB 116 'Property, plant and equipment'.

	2006 \$000	2005 \$000
<b>4 EMPLOYEE BENEFITS EXPENSE</b>		
Wages and Salaries <sup>(a)</sup>	26,406	21,427
Superannuation - defined contribution plans <sup>(b)</sup>	2,702	2,413
Superannuation - defined benefits plans <sup>(c)(d)</sup>	111	275
Annual Leave <sup>(e)</sup>	21	576
Long Service Leave <sup>(e)</sup>	216	464
Other Related Expenses	256	235
<b>Total Employee Benefits Expense</b>	<b>29,712</b>	<b>25,390</b>
<sup>(a)</sup> Includes the value of the fringe benefit to the employee plus the fringe benefits tax component		
<sup>(b)</sup> Defined contribution plans include WestState and Gold State Schemes (contributions paid)		
<sup>(c)</sup> Defined benefit plans are the Pension Scheme and Gold State Scheme (pre-transfer benefit)		
<sup>(d)</sup> An equivalent notional income is also recognised (see <b>note 17</b> 'Income from State Government')		
<sup>(e)</sup> Includes a superannuation contribution component.		
Employment on-costs such as workers compensation insurance are included at <b>note 12</b> 'Other expenses'. The employment on-costs liability is included at <b>note 25</b> 'Provisions'.		
<b>5 SUPPLIES AND SERVICES</b>		
Communications	1,462	1,159
Consultants and contractors	8,358	5,011
Consumables	4,069	2,905
Service related	6,167	4,563
Travel	900	637
Other	1,111	571
<b>Total Supplies and Services</b>	<b>22,067</b>	<b>14,846</b>
<b>6 DEPRECIATION</b>		
Furniture and fittings	6	4
Buildings	242	168
Infrastructure	12	12
Plant and equipment	83	188
Computing equipment	266	209
Measurement sites	855	882
<b>Total Depreciation</b>	<b>1,464</b>	<b>1,463</b>

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	2006 \$000	2005 \$000
<b>7 FINANCE COSTS</b>		
Interest paid	50	68
<b>8 ACCOMMODATION EXPENSES</b>		
Lease rentals	2,624	1,981
Repairs and maintenance	218	403
Cleaning	103	109
<b>Total Accommodation Expense</b>	<b>2,945</b>	<b>2,493</b>
<b>9 GRANTS AND SUBSIDIES</b>		
Recurrent	3,131	4,060
<b>10 CAPITAL USER CHARGE</b>	<b>12,829</b>	<b>10,197</b>
<p>A capital user charge rate of 8% has been set by the Government for 2005-06 and represents the opportunity cost of capital invested in the net assets of the Commission used in the provision of services. The charge is calculated on the net assets adjusted to take account of exempt assets. Payments are made to the Department of Treasury and Finance on a quarterly basis.</p>		
<b>11 OTHER EXPENSES</b>		
Employment on-costs <sup>(a)</sup>	1,843	1,675
Other	26	54
<b>Total Other Expenses</b>	<b>1,869</b>	<b>1,729</b>
<p><sup>(a)</sup> Includes workers' compensation insurance and other employment on-costs.</p>		
<b>12 USER CHARGES AND FEES</b>		
User Charges	69	76
<b>13 COMMONWEALTH GRANTS AND CONTRIBUTIONS</b>		
Land and Water Resources Research and Development Corporation	-	95
Natural Heritage Trust	538	405
Department of the Environment and Heritage	120	59
Department of Transport and Regional Services	1,310	1,533
Australian Greenhouse	22	5
<b>Total Commonwealth Grants and Contributions</b>	<b>1,990</b>	<b>2,097</b>
<b>14 OTHER REVENUE</b>		
ALCOA	210	124
Other grants	7,564	1,807
Recoups from other state government agencies	7,628	746
Recoup from Swan River Trust	3,140	2,327
Recoups from other private/commercial agencies	273	292
Lease of commercial land and buildings	146	119
Other miscellaneous revenues	1,041	1,388
<b>Total Other Revenue</b>	<b>20,002</b>	<b>6,803</b>
<b>15 NET LOSS ON DISPOSAL OF NON-CURRENT ASSETS</b>		
<b><u>Costs of disposal of non-current assets</u></b>		
Plant and equipment	(32)	(13)
<b><u>Proceeds from disposal of non-current assets</u></b>		
Plant and equipment	21	1
Net loss	<b>(11)</b>	<b>(12)</b>

See also **Note 20** 'Property, Plant and Equipment'.

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	2006 \$000	2005 \$000
<b>16 INCOME FROM STATE GOVERNMENT</b>		
<b>Appropriation Received During the Year:</b>		
Service appropriation <sup>(a)</sup>	61,524	52,861
<b>The following liabilities have been assumed by the Treasurer during the financial year</b>		
Superannuation <sup>(b)</sup>	111	275
<b>Total Liabilities Assumed by the Treasurer</b>	111	275
<b>Initial Recognition of Assets not Previously Recognised</b>		
Land <sup>(d)</sup>	93	-
<b>Resources Received Free of Charge <sup>(c)</sup></b>		
Determined on the basis of the following estimates provided by agencies:		
State Solicitors Office	120	12
Department of Education and Training	35	70
Department of Housing and Works	9	9
Department of Land Information	316	394
Total Resources received free of charge	480	485
<b>Total Revenues from Government</b>	62,208	53,621

<sup>(a)</sup> Service appropriations are accrual amounts reflecting the net cost of services delivered. The appropriation revenue comprises a cash component and a receivable (asset). The receivable (holding account) comprises the depreciation expense for the year and any agreed increase in leave liability during the year.

<sup>(b)</sup> The assumption of the superannuation liability by the Treasurer is a notional income to match the notional superannuation expense reported in respect of current employees who are members of the Pension Scheme and current employees who have a transfer benefit entitlement under the Gold State Superannuation Scheme (the notional superannuation expense is disclosed at **note 5** 'Employee Benefits Expense').

<sup>(c)</sup> Where assets or services have been received free of charge or for nominal cost, the Commission recognises revenues (except where the contribution of assets or services are in the nature of contributions by owners in which case the Commission shall make a direct adjustment to equity) equivalent to the fair value of the assets and/or the fair value of those services that can be reliably determined and which would have been purchased if not donated, and those fair values shall be recognised as assets or expenses, as applicable.

<sup>(d)</sup> Land not previously recognised in prior year financial statements and which the Commission had control of during the reporting periods is taken up as revenue in 2005-06.

**17 RESTRICTED CASH AND CASH EQUIVALENTS**

Current		
Developer bonds <sup>(a)</sup>	106	106

<sup>(a)</sup> The cash held in this account is to be used in repaying bond monies.



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	2006 \$000	2005 \$000
<b>18 RECEIVABLES</b>		
Current receivables	1,759	360
Allowance for Impairment of receivables	(33)	(7)
GST receivable	438	393
<b>Total Receivables Before Prepayments</b>	<u>2,164</u>	<u>746</u>
Prepayments	1,372	244
<b>Total Current Receivables</b>	<u>3,536</u>	<u>990</u>
See also <b>note 2(m)</b> 'Receivables'		
Represents the non-cash component of service appropriations (see <b>note 2(l)</b> 'Amounts Receivable for Services (Holding Account)'). It is restricted in that it can only be used for asset replacement or payment of leave liability.		
<b>19 AMOUNTS RECEIVABLE FOR SERVICES</b>		
Current	1,400	1,446
Non-current	5,994	4,898
<b>Total Amounts Receivable for Services</b>	<u>7,394</u>	<u>6,344</u>
Represents the non-cash component of service appropriations (see <b>note 2(l)</b> 'Amounts receivable for services (Holding Account)'). It is restricted in that it can only be used for asset replacement or payment of leave liability.		
<b>20 PROPERTY, PLANT AND EQUIPMENT</b>		
Freehold land at fair value <sup>(a)</sup>	<u>104,357</u>	<u>115,962</u>
	104,357	115,962
Buildings at fair value <sup>(a)</sup>	4,758	3,233
Accumulated depreciation	(189)	(283)
	<u>4,569</u>	<u>2,950</u>
Infrastructure at cost	243	243
Accumulated depreciation	(107)	(83)
	<u>136</u>	<u>160</u>
Computing equipment at cost	1,412	2,032
Accumulated depreciation	(667)	(1,582)
	<u>745</u>	<u>450</u>
Furniture and fittings at cost	59	82
Accumulated depreciation	(24)	(75)
	<u>35</u>	<u>7</u>
Measurement sites at fair value/cost	107,201	25,425
Accumulated depreciation	(62,070)	(8,742)
	<u>45,131</u>	<u>16,683</u>
Plant and equipment at cost	739	2,577
Accumulated depreciation	(201)	(2,195)
	<u>538</u>	<u>382</u>
<b>Total Property, Plant and Equipment</b>	<u>155,511</u>	<u>136,594</u>

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(a) Freehold land and buildings were revalued during the year ended 30 June 2006 by the Department of Land Information (Valuation Services). The effective date of the valuation is 1 July 2005.

**Reconciliations**

Reconciliations of the carrying amounts of property, plant and equipment at the beginning and end of the reporting period are set out below.

2006	Furniture and fittings	Computer equipment	Plant and equipment	Buildings	Measurement sites	Infrastructure	Freehold land	Total
	\$	\$	\$	\$	\$	\$	\$	\$
Carrying amount at start of year	7	450	382	2,961	16,684	148	115,962	136,594
Additions	34	716	261	93	-	-	959	2,063
Disposals	-	-	(27)	-	-	-	(2)	(29)
Reclassification	-	-	5	(5)	-	-	-	-
Transfers in/(out)	-	(155)	-	28	-	-	-	(127)
	-	-	-	-	-	-	-	-
Revaluation increments/(decremen	-	-	-	1,734	29,302	-	(12,562)	18,474
Depreciation	(6)	(266)	(83)	(242)	(855)	(12)	-	(1,464)
Carrying amount at end of year	35	745	538	4,569	45,131	136	104,357	155,511

2005	Furniture and fittings	Computer equipment	Plant and equipment	Buildings	Measurement sites	Infrastructure	Freehold land	Total
	\$	\$	\$	\$	\$	\$	\$	\$
Carrying amount at start of year	11	543	353	2,804	17,566	160	125,567	147,004
Additions	-	129	217	-	-	-	369	715
Disposals	-	(13)	-	-	-	-	-	(13)
	-	-	-	-	-	-	-	-
Revaluation increments/(decremen	-	-	-	325	-	-	(9,974)	(9,649)
Depreciation	(4)	(209)	(188)	(168)	(882)	(12)	-	(1,463)
Carrying amount at end of year	7	450	382	2,961	16,684	148	115,962	136,594

**21 IMPAIRMENT OF ASSETS**

There were no indications of impairment of property, plant and equipment as at 30 June 2006.

The Commission held no goodwill or intangible assets with an indefinite useful life during the reporting period and at reporting date there were no intangible assets not yet available for use.

All surplus assets at 30 June 2006 have either been classified as assets held for sale or written off.

**22 PAYABLES**

Current

Trade payables	14	373
	<u>14</u>	<u>373</u>

**23 BORROWINGS**

Current

Borrowings from WA Treasury Corporation	307	413
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Non-current

Borrowings from WA Treasury Corporation	329	423
<b>Total Borrowings</b>	<u>636</u>	<u>836</u>

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	2006 \$000	2005 \$000
<b>24 PROVISIONS</b>		
<b>Current</b>		
Annual leave	2,990	2,969
Long service leave	3,045	2,598
<b>Total Current Provisions</b>	<u>6,035</u>	<u>5,567</u>
<b>Non-current</b>		
Long service leave	2,162	2,392
<b>Total Non-Current Provisions</b>	<u>2,162</u>	<u>2,392</u>
<b>25 OTHER LIABILITIES</b>		
<b>Current</b>		
Accrued expense	880	961
Accrued salaries	614	-
Accrued Fringe Benefit Tax	-	51
Stale cheque holding account	82	24
Unearned revenue	-	3
<b>Total Current Other Liabilities</b>	<u>1,576</u>	<u>1,039</u>
<b>Non-current</b>		
Developer Bonds	106	106
<b>Total Non-Current Other Liabilities</b>	<u>106</u>	<u>106</u>
<b>26 EQUITY</b>		
Equity represents the residual interest in the net assets of the Commission. The Government holds the equity interest in the Commission on behalf of the community. The asset revaluation reserve represents that portion of equity resulting from the revaluation of non-current assets.		
<b>Contributed Equity</b>		
Balance at start of year	78,358	75,885
<b>Contributions by Owners</b>		
Capital contribution	2,680	2,500
Transfer of net assets from other agencies <sup>(a)</sup>		
Cash transferred from Department of Environment	430	-
<b>Total Contributions by Owners</b>	<u>3,110</u>	<u>2,500</u>
<b>Distributions to Owners</b>		
Net assets transferred to Government <sup>(b)</sup>	-	(27)
<b>Total Distributions to Owners</b>	<u>-</u>	<u>(27)</u>
<b>Balance at end of year</b>	<u>81,468</u>	<u>78,358</u>
<sup>(a)</sup> Residual funds of \$430,612 of the Office of Water Policy was transferred to Department of Environment during the year.		
<sup>(b)</sup> Residual funds from the defunct interest bearing account was transferred to Department of Treasury and Finance during the year ended 30 June 2005.		
<b>Reserves</b>		
<b>Asset revaluation reserve:</b>		
Balance at start of year	71,198	80,847
Net revaluation increments/(decrements):		
Buildings	1,734	325
Land	(12,562)	(9,974)
Measurement sites	29,302	-
<b>Balance at end of year</b>	<u>89,672</u>	<u>71,198</u>

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	2006 \$000	2005 \$000
<b>Accumulated surplus</b>		
Balance at start of year	(2,332)	(4,671)
Result for the period	10,191	2,339
Balance at end of year	<u>7,859</u>	<u>(2,332)</u>
<b>Total Equity</b>	<u>178,999</u>	<u>147,224</u>

**27 NOTES TO THE CASH FLOW STATEMENT**

**Reconciliation of cash**

Cash at the end of the financial year as shown in the Cash Flow Statement is reconciled to the related items in the Balance Sheet as follows:

Cash and cash equivalents	22,981	13,503
Restricted cash and cash equivalents (refer to <b>note 18</b> 'Restricted cash and cash equivalents')	106	106
	<u>23,087</u>	<u>13,609</u>

**Reconciliation of net cost of services to net cash flows provided by operating activities**

Net cost of services	(52,017)	(51,282)
Non-cash items:		
Depreciation expense	1,464	1,463
Doubtful debts expense	(33)	(7)
Initial recognition of assets not previously recognised	93	-
Net loss on disposal of non-current assets	11	12
Resources received free of charge	480	485
Superannuation expense assumed by the Treasurer	111	275
(Increase)/decrease in assets:		
Current receivables	(1,341)	410
Other current assets	(1,128)	(134)
Increase/(decrease) in liabilities:		
Current payables	(359)	(321)
Current provisions	468	1,040
Other current liabilities	537	348
Non-current provisions	(230)	-
Other non-current liabilities	-	76
Net GST receipts/(payments)	(74)	(56)
Change in GST in (receivables)/payables	29	(12)
<b>Net cash used in operating activities</b>	<u>(51,989)</u>	<u>(47,703)</u>

**Non-cash financing and investing activities**

During the financial year, there were no assets/liabilities transferred/assumed from other government agencies not reflected in the Cash Flow Statement.

At the reporting date, the Commission had fully drawn on all financing facilities, details of which are disclosed in the financial statements.

**WATER AND RIVERS COMMISSION  
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	2006	2005
	\$000	\$000

**28 RESOURCES PROVIDED FREE OF CHARGE**

During the year the following resources were provided to other agencies free of charge for functions outside the normal operations of the Commission.

WA Planning Commission - Committee Membership	4	-
Emergency Fire Rescue & Police - Committee Membership	6	-
Southwest Regional Planning Commission - Committee Membership	7	-
Carnarvon -Ningaloo Sustainable Development Committee	7	-
Spatial Data Exchange	11	-
Department of Fisheries - Sample Analysis	1	-
	36	-

**29 COMMITMENTS**

**Lease commitments**

Commitments in relation to leases contracted for at the reporting date but not recognised as liabilities, are payable as follows:

Within 1 year	3,474	3,173
Later than 1 year and not later than 5 years	9,463	10,736
Later than 5 years	18,438	31,689
	31,375	45,598

Representing:

Cancellable operating leases	-	28
Non-cancellable operating leases	31,375	45,570
	31,375	45,598

These commitments are all inclusive of GST.

**30 CONTINGENT LIABILITIES AND CONTINGENT ASSETS**

In addition to the liabilities incorporated in the financial statements, the Commission has the following contingent liability:

Claim for compensation in relation to taking by consent of portion of Lot 187 and 188 Yunderup for purpose of public recreation and drainage - Section 248 Land Administration Act.

The financial effect of this claim is estimated to be \$615,000.

The Commission has no contingent assets at 30 June 2006.

**31 EVENTS OCCURRING AFTER REPORTING DATE**

No events have occurred after reporting date which materially impact on the financial statements.

**WATER AND RIVERS COMMISSION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2006**

**32 EXPLANATORY STATEMENTS**

**Significant variances between actual results for 2005 and 2006**

Details and reasons for significant variations between actual results 2005 and 2006 are detailed below. Significant variations are considered to be those greater than 10% or \$500,000.

Cost of Services	Note	2006	2005	Variance	Variance
		Actual	Actual		
		\$'000	\$'000	\$'000	%
Employee benefits expense	(a)	29,712	25,390	4,322	17%
Supplies and services	(b)	22,067	14,846	7,221	49%
Grants and subsidies	(c)	3,131	4,060	(929)	(23%)
Capital user charge	(d)	12,829	10,197	2,632	26%
		<u>67,739</u>	<u>54,493</u>	<u>13,246</u>	

**Significant variations between estimates and actual results for the financial year**

Details and reasons for significant variations between actual results with corresponding items of the preceding year are detailed below. Significant variations are considered to be those greater than 10% and \$500,000.

Cost of Services	Note	2006	2006	Variance	Variance
		Actual	Estimate		
		\$'000	\$'000	\$'000	%
Employee benefits expense	(a)	29,712	27,444	2,268	8%
Supplies and services	(e)	22,067	25,853	(3,786)	(15%)
Grants and subsidies	(c)	3,131	7,016	(3,885)	(55%)
		<u>54,910</u>	<u>60,313</u>	<u>(5,403)</u>	

**Explanation of Variances**

(a) The increase expenditure in 2005-06 is mainly due to increase in funding received from Regional Catchment Councils, transfer of Office of Water Policy function from the Department of Environment and increase in funding associated with the preliminary response to the Office of the Auditor General report on Water Resource Management.

(b) The variance is mainly due to carryover expenditure from 2004-05 (\$3.9M) and transfer of funding from capital to recurrent associated with implementing Water Resource Management (\$3.3m).

(c) The variation between actual and estimate is mainly due to lower than anticipated payments associated with Rural Water Grants.

(d) The additional expense in 2005-06 is mainly due to revaluation of assets and resulting costs associated in calculating the capital user charge by Department of Treasury and Finance.

(e) The variance is mainly due to a deferral of expenditure associated with Carnarvon Flood Mitigation (\$1.5m) and Gngara Mound Metering (\$1.8m).

**33 FINANCIAL INSTRUMENTS**

**(a) Financial Risk Management Objectives and Policies**

Financial instruments held by the Commission are cash and cash equivalents, loans, finance leases, Treasurer's advances and receivables and payables. The Commission has limited exposure to financial risks. The Commission's overall risk management program focuses on managing the risks identified below.

*Credit risk*

The Commission trades only with recognised, creditworthy third parties. The Commission has policies in place to ensure that sales of products and services are made to customers with an appropriate credit history. In addition, receivable balances are monitored on an ongoing basis with the result that the Commission's exposure to bad debts is minimal. There are no significant concentrations of credit risk.

**WATER AND RIVERS COMMISSION  
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*Liquidity risk*

The Commission has appropriate procedures to manage cash flows including drawdowns of appropriations by monitoring forecast cash flows to ensure that sufficient funds are available to meet its commitments.

*Cash flow interest rate risk*

The Commission's exposure to market risk for changes in interest rates relate primarily to the long-term debt obligations. The Commission's borrowings are all obtained through the Western Australian Treasury Corporation (WATC) and are at fixed rates with varying maturities. The risk is managed by WATC through portfolio diversification and variation in maturity dates. Otherwise, the Commission is not exposed to interest rate risk because cash and cash equivalents and restricted cash are non-interest bearing and have no borrowings other than the Treasurer's advance (non-interest bearing) and finance leases (fixed interest rate).

**(b) Financial Instrument disclosures**

Financial instrument information for the year ended 2005 has been prepared under the previous AGAAP Australian Accounting Standard AAS 33 'Presentation and Disclosure of Financial Instruments'. Financial instrument information from 1 July 2005 has been prepared under AASB 132 'Financial Instruments: Presentation' and AASB 139 'Financial Instruments: Recognition and Measurement'. See also note 2(t) 'Comparative figures'.

*Credit Risk Exposure*

The Commission does not have any significant exposure to any individual customer or counter party. Amounts owing by other government agencies are guaranteed and therefore no credit risk exists in respect to those amounts. In respect of other financial assets the carrying amounts represent the Commission's maximum exposure to credit risk in relation to those assets. All financial assets are unsecured.

The following is an analysis of amounts owing within the categories of government and private sector:

	<b>2006</b>	<b>2005</b>
	<b>\$000</b>	<b>\$000</b>
Western Australian Government agencies	512	121
Government agencies of other jurisdictions	8	118
Private sector	307	9
Commonwealth Government	799	96
Commonwealth Government - ATO (GST)	438	393
	<u>2,064</u>	<u>737</u>

**WATER AND RIVERS COMMISSION  
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*Interest Rate Risk Exposure*

The following table details the Commission's exposure to interest rate risk as at the reporting date:

<b>Fixed interest rate maturities</b>							
	Weighted average effective interest rate	Variable Interest Rate	Less than 1 Year	1 to 5 Years	More than 5 Years	Non-Interest Bearing	Total
<b>2006</b>	<b>%</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
<b>Financial Assets</b>							
Cash assets		-	-	-	-	22,981	22,981
Restricted cash assets		-	-	-	-	106	106
Receivables		-	-	-	-	2,164	2,164
		-	-	-	-	25,251	25,251
<b>Financial Liabilities</b>							
WATC Loan	5.88	-	307	329	-	-	636
Payables		-	-	-	-	14	14
Developer bonds		-	-	-	-	106	106
Other liabilities		-	-	-	-	1,576	1,576
		-	307	329	-	1,696	2,332

<b>Fixed interest rate maturities</b>							
	Weighted average effective interest rate	Variable Interest Rate	Less than 1 Year	1 to 5 Years	More than 5 Years	Non-Interest Bearing	Total
<b>2005</b>	<b>%</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
<b>Financial Assets</b>							
Cash assets		-	-	-	-	13,503	13,503
Restricted cash assets		-	-	-	-	106	106
Receivables		-	-	-	-	746	746
		-	-	-	-	14,355	14,355
<b>Financial Liabilities</b>							
WATC Loan	6.40	-	413	423	-	-	836
Payables		-	-	-	-	373	373
Developer bonds		-	-	-	-	106	106
Other liabilities		-	-	-	-	1,039	1,039
		-	413	423	-	1,518	2,354

In accordance with the option provided by AASB 1.36A and exercised by TI 1101, financial instrument information prepared under AASB 132 and AASB 139 will transition on 1 July 2005 and consequently comparative information is presented on the previous AGAAP basis.

*Fair Values*

The carrying amounts of financial assets and financial liabilities recorded in the financial statements are not materially different from their net fair values.



**WATER AND RIVERS COMMISSION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2006**

**34 REMUNERATION OF MEMBERS OF THE ACCOUNTABLE AUTHORITY AND SENIOR OFFICERS**

**Remuneration of Members of the Accountable Authority**

The number of members of the Commission, whose total of fees, salaries, superannuation, non-monetary and other benefits for the financial year, fall within the following bands are:

\$	2005-06	2004-05
0 - 10,000	1	-
10,001 - 20,000	4	5
30,001 - 40,000	1	1
110,001 - 120,000	1	-
190,001 - 200,000	1	1

The total remuneration of members of the Commission is: 325 276

The superannuation included here represents the superannuation expense incurred by the Commission in respect of members of the Commission.

No members of the Commission are members of the Pension Scheme.

**Remuneration of Senior Officers**

The number of senior officers, other than senior officers reported as members of the Commission, whose total of fees, salaries, superannuation, non-monetary benefits and other benefits for the financial year, fall within the following bands are:

\$	2005-06	2004-05
40,001 - 50,000	1	-
100,001 - 110,000	-	2
120,001 - 130,000	1	2
130,001 - 140,000	2	-
140,001 - 150,000	1	-

The total remuneration of senior officers is: 584 253

The total remuneration includes the superannuation expense incurred by the Commission in respect of senior officers other than senior officers reported as members of the Commission.

No senior officers are members of the Pension Scheme.

**35 ADMINISTERED EXPENSES AND REVENUES <sup>(a)</sup>**

**Expenses**

Grants and Subsidies 2,786 -

**Revenues**

Administered funds 2,798 -

**36 ADMINISTERED ASSETS**

Cash Assets 12 -

<sup>(a)</sup> There were no administered expenses or assets in 2004-05.

**37 REMUNERATION OF AUDITOR**

Remuneration to the Auditor General for the financial year is as follows:

Auditing the accounts, financial statements and performance indicators 58 53

**38 RELATED AND AFFILIATED BODIES**

The Water and Rivers Commission currently does not provide any assistance to other agencies which would deem them to be regarded as related or affiliated bodies under the definitions included in Treasurer's Instruction 951 "Related and Affiliated Bodies".

**WATER AND RIVERS COMMISSION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2006**

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**39 SUPPLEMENTARY FINANCIAL INFORMATION**

**Write Offs**

Public property written-off by the Minister during the financial year      \_\_\_\_\_ -      \_\_\_\_\_ -

**Losses through theft, defaults and other causes**

The Commission had no losses through theft, defaults and other causes during the financial year.

**Gifts of Public Property**

The Commission had no gifts of public property during the financial year.

**WATER AND RIVERS COMMISSION  
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**40. SCHEDULE OF INCOME AND EXPENSES BY SERVICE  
FOR THE YEAR ENDED 30 JUNE 2006**

	Water resources plans and policies		Investigation and assessment of water resources		Water licencing and regulation		Water protection plans and guidelines		Drainage, floodplain, salinity and catchment management		Total	
	2006 \$000	2005 \$000	2006 \$000	2005 \$000	2006 \$000	2005 \$000	2006 \$000	2005 \$000	2006 \$000	2005 \$000	2006 \$000	2005 \$000
<b>COST OF SERVICES</b>												
<b>Expenses</b>												
Employee benefits expense	950	-	6,879	5,019	9,413	8,659	1,746	1,691	10,724	10,021	29,712	25,390
Supplies and services	341	-	6,216	3,244	5,528	4,143	1,699	958	8,283	6,501	22,067	14,846
Depreciation	13	-	1,035	922	163	137	31	23	222	381	1,464	1,463
Finance costs	1	-	12	10	16	3	3	51	18	3	50	68
Accommodation expenses	68	-	674	290	876	833	164	137	1,163	1,233	2,945	2,493
Grants and subsidies	28	-	130	23	1,084	1,447	82	16	1,807	2,574	3,131	4,060
Capital user charge	16	-	2,076	1,592	200	190	9,659	7,681	878	734	12,829	10,197
Loss on disposal of non-current assets	-	-	3	2	3	5	1	1	4	4	11	12
Other expenses	16	-	255	214	410	646	73	107	1,115	762	1,869	1,729
<b>Total cost of services</b>	<b>1,434</b>	<b>-</b>	<b>17,284</b>	<b>11,316</b>	<b>17,700</b>	<b>16,063</b>	<b>13,459</b>	<b>10,665</b>	<b>24,222</b>	<b>22,214</b>	<b>74,078</b>	<b>60,258</b>
<b>Income</b>												
User charges and fees	-	-	-	-	64	59	-	-	5	17	69	76
Commonwealth grants and contributions	-	-	21	63	-	-	-	-	1,969	2,034	1,990	2,097
Other revenue	52	-	2,495	1,323	2,050	1,635	215	246	15,210	3,599	20,002	6,803
<b>Total income other than income from State Government</b>	<b>52</b>	<b>-</b>	<b>2,516</b>	<b>1,386</b>	<b>2,114</b>	<b>1,694</b>	<b>215</b>	<b>246</b>	<b>17,185</b>	<b>5,651</b>	<b>22,061</b>	<b>8,976</b>
<b>NET COST OF SERVICES</b>	<b>1,382</b>	<b>-</b>	<b>14,768</b>	<b>9,930</b>	<b>15,586</b>	<b>14,369</b>	<b>13,244</b>	<b>10,419</b>	<b>7,037</b>	<b>16,563</b>	<b>52,017</b>	<b>51,282</b>
<b>INCOME FROM STATE GOVERNMENT</b>												
Service appropriation	1,820	-	15,089	9,120	20,434	21,873	3,606	3,040	20,575	18,828	61,524	52,861
Liabilities assumed by the Treasurer	3	-	26	34	34	103	7	17	41	121	111	275
Initial recognition of assets not previously recognised	2	-	22	-	29	-	5	-	35	-	93	-
Resources received free of charge	12	-	113	60	149	181	28	30	178	214	480	485
<b>Total income from State Government</b>	<b>1,837</b>	<b>-</b>	<b>15,250</b>	<b>9,214</b>	<b>20,646</b>	<b>22,157</b>	<b>3,646</b>	<b>3,087</b>	<b>20,829</b>	<b>19,163</b>	<b>62,208</b>	<b>53,621</b>
<b>Surplus/deficit for the period</b>	<b>455</b>	<b>-</b>	<b>482</b>	<b>(716)</b>	<b>5,060</b>	<b>7,788</b>	<b>(9,598)</b>	<b>(7,332)</b>	<b>13,792</b>	<b>2,600</b>	<b>10,191</b>	<b>2,339</b>

The Schedule of Income and Expenses by Service should be read in conjunction with the accompanying notes.

**WATER AND RIVERS COMMISSION  
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**41 RECONCILIATIONS EXPLAINING THE TRANSITION TO AUSTRALIAN EQUIVALENTS TO INTERNATIONAL FINANCIAL REPORTING STANDARDS (AIFRS)**

**RECONCILIATION OF EQUITY AT THE DATE OF TRANSITION TO AIFRS: 1 JULY 2004 (AASB 1.39 (a)(i))**

Note	Previous AGAAP 1 July 2004 \$,000	Adjustments		AIFRS 1 July 2004 \$,000
		Prepayments 41.1 \$,000		
<b>ASSETS</b>				
<b>Current Assets</b>				
(1)	Cash and cash equivalents	8,382		8,382
	Restricted cash and cash equivalents	30		30
	Receivables	1,103	87	1,190
(2)	Amounts receivable for services	800		800
	Other Assets	87	(87)	-
	<b>Total Current Assets</b>	<b>10,402</b>	<b>-</b>	<b>10,402</b>
<b>Non-Current Assets</b>				
(2)	Amounts receivable for services	4,024		4,024
	Property, plant and equipment	147,005		147,005
	<b>Total Non-Current Assets</b>	<b>151,029</b>	<b>-</b>	<b>151,029</b>
	<b>TOTAL ASSETS</b>	<b>161,431</b>	<b>-</b>	<b>161,431</b>
<b>LIABILITIES</b>				
<b>Current Liabilities</b>				
	Payables	355		355
	Borrowings	477		477
(3)	Provisions	4,344		4,344
(4)	Other current liabilities	1,030		1,030
	<b>Total Current Liabilities</b>	<b>6,206</b>	<b>-</b>	<b>6,206</b>
<b>Non-Current Liabilities</b>				
	Borrowings	559		559
	Provisions	2,575		2,575
	Developer bonds	30		30
	<b>Total Non-Current Liabilities</b>	<b>3,164</b>	<b>-</b>	<b>3,164</b>
	<b>Total Liabilities</b>	<b>9,370</b>	<b>-</b>	<b>9,370</b>
	<b>NET ASSETS</b>	<b>152,061</b>	<b>-</b>	<b>152,061</b>
<b>EQUITY</b>				
	Contributed equity	75,885		75,885
	Reserves	80,847		80,847
	Accumulated deficiency	(4,671)		(4,671)
	<b>TOTAL EQUITY</b>	<b>152,061</b>	<b>-</b>	<b>152,061</b>

- (1) Equivalent AGAAP line item 'Cash Assets' (AIFRS 'Cash and Cash Equivalents')
- (2) Equivalent AGAAP line item 'Amounts receivable for outputs' (AIFRS 'Amounts receivable for services')
- (3) Equivalent AGAAP line item 'Interest-bearing liabilities' (AIFRS 'Other borrowings', 'Borrowings')
- (4) Equivalent AGAAP line item 'Other liabilities' (AIFRS 'other current liabilities')

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NOTES TO THE FINANCIAL STATEMENTS  
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**RECONCILIATION OF EQUITY AT THE END OF THE LAST REPORTING PERIOD UNDER PREVIOUS AGAAP:  
30 JUNE 2005 (AASB 1.39 (a)(ii))**

Note	Previous AGAAP 1 July 2005 \$,000	Adjustments		AIFRS 1 July 2005 \$,000
		Prepayments 41.1 \$,000		
<b>ASSETS</b>				
<b>Current Assets</b>				
(1)	Cash assets	13,503		13,503
	Restricted cash assets	106		106
	Receivables	746	244	990
(2)	Amounts receivable for services	1,446		1,446
	Other assets	244	(244)	-
	<b>Total Current Assets</b>	<b>16,045</b>	<b>-</b>	<b>16,045</b>
<b>Non-Current Assets</b>				
(2)	Amounts receivable for services	4,898		4,898
	Property, plant and equipment	136,594		136,594
	<b>Total Non-Current Assets</b>	<b>141,492</b>	<b>-</b>	<b>141,492</b>
	<b>TOTAL ASSETS</b>	<b>157,537</b>	<b>-</b>	<b>157,537</b>
<b>LIABILITIES</b>				
<b>Current Liabilities</b>				
	Payables	373		373
(3)	Interest-bearing liabilities	413		413
	Provisions	5,567		5,567
(4)	Other current liabilities	1,039		1,039
	<b>Total Current Liabilities</b>	<b>7,392</b>	<b>-</b>	<b>7,392</b>
<b>Non-Current Liabilities</b>				
	Interest-bearing liabilities	423		423
	Provisions	2,392		2,392
(3)	Developer bonds	106		106
	<b>Total Non-Current Liabilities</b>	<b>2,921</b>	<b>-</b>	<b>2,921</b>
	<b>Total Liabilities</b>	<b>10,313</b>	<b>-</b>	<b>10,313</b>
	<b>NET ASSETS</b>	<b>147,224</b>	<b>-</b>	<b>147,224</b>
<b>EQUITY</b>				
	Contributed equity	78,358		78,358
	Reserves	71,198		71,198
	Accumulated deficiency	(2,332)		(2,332)
	<b>TOTAL EQUITY</b>	<b>147,224</b>	<b>-</b>	<b>147,224</b>

- (1) Equivalent AGAAP line item 'Cash Assets' (AIFRS 'Cash and Cash Equivalents')
- (2) Equivalent AGAAP line item 'Amounts receivable for outputs' (AIFRS 'Amounts receivable for services')
- (3) Equivalent AGAAP line item 'Interest-bearing liabilities' (AIFRS 'Other borrowings' , 'Borrowings' )
- (4) Equivalent AGAAP line item 'Other liabilities' (AIFRS 'other current liabilities')

**WATER AND RIVERS COMMISSION**  
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**RECONCILIATION OF INCOME STATEMENT (PROFIT OR LOSS) FOR THE YEAR ENDED 30 JUNE 2005 (AASB 1.39 (b))**

Note	Adjustments					TOTAL \$,000	AIFRS 30 June 2005 \$,000
	AGAAP 30 June 2005 \$,000	Employee Benefits AASB 119 41.2 \$,000	Audit Fee 41.3 \$,000	Asset Disposal 41.4 \$,000			
<b>COST OF SERVICES</b>							
<b>Expenses</b>							
(1)	Employee benefits expenses	26,736	(1,346)			(1,346)	25,390
	Supplies and services	15,132	(233)	(53)		(286)	14,846
	Depreciation expense	1,463					1,463
(2)	Finance costs	68					68
	Accommodation costs	2,589	(96)			(96)	2,493
	Grants and subsidies	4,060					4,060
	Capital user charge	10,197					10,197
(3)	Carrying amount of non-current assets disposed of	13			(13)	(13)	-
(3)	Loss on disposal of non-current assets				12	12	12
(4)	Other expenses	1	1,675	53		1,728	1,729
	<b>Total cost of services</b>	<b>60,259</b>	<b>-</b>	<b>-</b>	<b>(1)</b>	<b>(1)</b>	<b>60,258</b>
<b>Income</b>							
<b>Revenue</b>							
	User fees and charges	76					76
	Grants and contributions	2,097					2,097
(3) and (5)	Other revenue	6,804			(1)	(1)	6,803
	<b>Total income other than income from State Government</b>	<b>8,977</b>	<b>-</b>	<b>-</b>	<b>(1)</b>	<b>(1)</b>	<b>8,976</b>
	<b>NET COST OF SERVICES</b>	<b>51,282</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>51,282</b>
<b>INCOME FROM STATE GOVERNMENT</b>							
	Service appropriation	52,861					52,861
	Liabilities assumed by the Treasurer	275					275
	Resources received free of charge	485					485
	<b>Total Income from State Government</b>	<b>53,621</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>53,621</b>
(6)	<b>SURPLUS FOR THE PERIOD</b>	<b>2,339</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,339</b>

- (1) Equivalent AGAAP line item 'Employee expenses' (AIFRS 'Employee benefits expense')  
(2) Equivalent AGAAP line item 'Borrowing costs expense' (AIFRS 'Finance costs')  
(3) Disposals are treated on the net basis under AIFRS  
(4) Equivalent AGAAP line item 'Other expenses from ordinary activities' (AIFRS 'Other expenses')  
(5) Equivalent AGAAP line item 'Other revenues from ordinary activities' (AIFRS 'Other revenue')  
(6) Equivalent AGAAP line item 'Change in net assets' (AIFRS 'Surplus/(deficit)')

**WATER AND RIVERS COMMISSION**  
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**RECONCILIATION OF CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2005 (AASB 1.40)**

Note	Adjustments				AIFRS 30 June 2005 \$,000
	AGAAP 30 June 2005 \$,000	Employee Benefits AASB 119 41.2 \$,000	Audit Fee 41.3 \$,000	TOTAL \$,000	
<b>CASH FLOWS FROM STATE GOVERNMENT</b>					
Service appropriations	50,541				50,541
Capital contributions	2,500				2,500
Holding account drawdowns	800				800
Distributions to owners	(27)				(27)
<b>Net cash provided by State Government</b>	<b>53,814</b>	-	-	-	<b>53,814</b>
<b>Utilised as follows:</b>					
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>					
<b>Payments</b>					
(1) Employee benefits	(25,540)	1,346		1,346	(24,194)
Supplies and services	(14,599)	233		233	(14,366)
(2) Finance costs	(66)				(66)
Capital user charge	(10,197)				(10,197)
Accommodation	(2,589)	96		96	(2,493)
Grants and subsidies	(4,132)				(4,132)
GST payments on purchases	(2,072)				(2,072)
Other payments	-	(1,675)		(1,675)	(1,675)
<b>Receipts</b>					
User fees and charges	84				84
Grants and contributions	2,143				2,143
GST receipts on sales	419				419
GST receipts from taxation authority	1,596				1,596
Other Receipts	7,250				7,250
<b>Net cash used in operating activities</b>	<b>(47,703)</b>	-	-	-	<b>(47,703)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>					
Proceeds from sale of non-current physical assets	1				1
Purchase of non-current physical assets	(715)				(715)
<b>Net cash used in investing activities</b>	<b>(714)</b>	-	-	-	<b>(714)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>					
Repayment of borrowings	(200)				(200)
<b>Net cash used in financing activities</b>	<b>(200)</b>	-	-	-	<b>(200)</b>
<b>Net increase in cash and cash equivalents</b>	<b>5,197</b>				<b>5,197</b>
Cash and cash equivalents at the beginning of period	8,412	-	-	-	8,412
<b>CASH AND CASH EQUIVALENTS AT THE END OF PERIOD</b>	<b>13,609</b>	-	-	-	<b>13,609</b>

- (1) Equivalent AGAAP line item 'Employee costs' (IFRS 'Employee benefits')  
(2) Equivalent AGAAP line item 'Borrowing costs expense' (IFRS 'Finance costs')

**WATER AND RIVERS COMMISSION**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2006**

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**41 NOTES TO THE RECONCILIATIONS**

**41.1 Prepayments**

Prepayments are included in 'Other assets' under AGAAP, and under 'Receivables' under AIFRS. Adjustments have been made to re-classify prepayments in the 2004 and 2005 Equity Statements.

**41.2 Employee Benefits**

Employment on-costs are not included in 'Employee benefits' under AGAAP or AIFRS. However, under AGAAP 'Employee benefits' and 'On-costs' are disclosed together on the face of the Income Statement as 'Employee costs'. Under AIFRS 'Employee benefits' is the equivalent item disclosed on the face. On-costs totalling \$1,675K have been transferred to 'Other expenses'. Employee Benefits of \$310K have been transferred from Accommodation to Employee Benefits. \$19K has been transferred from Supplies and Services to Employee Benefits.

**41.3 Audit Fee**

Audit fees are included in 'Supplies and services' under AGAAP, and under 'Other expenses' under AIFRS. Audit fee of \$53K has been re-classified from 'Supplies and services' to 'Other expenses'.

**41.4 Asset Disposals**

Under AIFRS, either a net gain from the disposal of assets or a net loss from the disposal of assets is recognised. This varies from the AGAAP treatment where proceeds from the disposal of assets are recognised as a revenue item and the carrying amount of assets disposed is recognised as an expense item.