

Certification of financial statements

For the reporting period ended 30 June 2022

The accompanying financial statements of the Department of Biodiversity, Conservation and Attractions have been prepared in compliance with the provisions of the *Financial Management Act 2006* from proper accounts and records to present fairly the financial transactions for the financial year ended 30 June 2022 and the financial position as at 30 June 2022.

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



Amanda Klenke
Chief Finance Officer

15 September 2022



Mark Webb PSM
Accountable Authority

15 September 2022



Auditor General

INDEPENDENT AUDITOR'S REPORT 2022

Department of Biodiversity, Conservation and Attractions

To the Parliament of Western Australia

Report on the audit of the financial statements

Opinion

I have audited the financial statements of the Department of Biodiversity, Conservation and Attractions (Department) which comprise:

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

In my opinion, the financial statements are:

- based on proper accounts and present fairly, in all material respects, the operating results and cash flows of the Department of Biodiversity, Conservation and Attractions for the year ended 30 June 2022 and the financial position at the end of that period.
- in accordance with Australian Accounting Standards, the *Financial Management Act 2006* and the Treasurer's Instructions.

Basis for opinion

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

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

Responsibilities of the Director General for the financial statements

The Director General is responsible for:

- keeping proper accounts
- preparation and fair presentation of the financial statements in accordance with Australian Accounting Standards, the *Financial Management Act 2006* and the Treasurer's Instructions
- such internal control as it determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Director General is responsible for:

- assessing the entity's ability to continue as a going concern
- disclosing, as applicable, matters related to going concern
- using the going concern basis of accounting unless the Western Australian Government has made policy or funding decisions affecting the continued existence of the Department.

Auditor's responsibilities for the audit of the financial statements

As required by the *Auditor General Act 2006*, my responsibility is to express an opinion on the financial statements. The objectives of my audit are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with Australian Auditing Standards will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.

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

Report on the audit of controls

Basis for Qualified Opinion

I identified significant weaknesses in the procurement controls designed and implemented by the Department, specifically in the use of purchase orders and authorisation limits of expenditure. The combined weaknesses increase the risk of erroneous or fraudulent payments and ordering of inappropriate or unnecessary goods or services.

Qualified Opinion

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

In my opinion, in all material respects, except for the possible effects of the matters described in the Basis for Qualified Opinion paragraphs, the controls exercised by the Department of Biodiversity, Conservation and Attractions are sufficiently adequate to provide reasonable assurance that the receipt, expenditure and investment of money, the acquisition and disposal of property and the incurring of liabilities have been in accordance with legislative provisions during the year ended 30 June 2022.

The Director General's responsibilities

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

Auditor General's responsibilities

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

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

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

Limitations of controls

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

Report on the audit of the key performance indicators

Opinion

I have undertaken a reasonable assurance engagement on the key performance indicators of the Department of Biodiversity, Conservation and Attractions for the year ended 30 June 2022. The key performance indicators are the Under Treasurer-approved key effectiveness indicators and key efficiency indicators that provide performance information about achieving outcomes and delivering services.

In my opinion, in all material respects, the key performance indicators of the Department of Biodiversity, Conservation and Attractions are relevant and appropriate to assist users to assess the Department's performance and fairly represent indicated performance for the year ended 30 June 2022.

The Director General's responsibilities for the key performance indicators

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

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

Auditor General's responsibilities

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

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

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

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

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

Other information

The Director General is responsible for the other information. The other information is the information in the entity's annual report for the year ended 30 June 2022, but not the financial statements, key performance indicators and my auditor's report.

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

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

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

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

This auditor's report relates to the financial statements, and key performance indicators of the Department of Biodiversity, Conservation and Attractions for the year ended 30 June 2022 included in the annual report on the Department's website. The Department's management is responsible for the integrity of the Department's website. This audit does not provide assurance on the integrity of the Department's website. The auditor's report refers only to the financial statements, controls and key performance indicators described above. It does not provide an opinion on any other information which may have been hyperlinked to/from the annual report. If users of the financial statements and key performance indicators are concerned with the inherent risks arising from publication on a website, they are advised to contact the entity to confirm the information contained in the website version.



Grant Robinson
Assistant Auditor General
Delegate of the Auditor General for Western Australia
Perth, Western Australia
19 September 2022

Financial statements

Statement of Comprehensive Income For the Year Ended 30 June 2022

	Note	2022 \$'000	2021 \$'000
COST OF SERVICES			
Expenses			
Employee benefits expense	3.1(a)	188,004	180,175
Supplies and services	3.3	89,264	77,697
Depreciation expense	5.1.1,5.2	34,488	28,246
Accommodation expenses	3.3	3,520	3,326
Grants and subsidies	3.2	37,207	47,165
Other expenses	3.3	26,947	22,601
Finance costs	7.2	361	306
Total cost of services		379,791	359,516
Income			
User charges and fees	4.2	33,145	31,927
Commonwealth grants	4.4	5,627	1,280
Other grants	4.5	11,087	11,440
Interest income		608	268
Other income	4.3	12,296	13,762
Gains on disposal of non-current assets	4.6	330	204
Total Income		63,093	58,881
Gains/(Loss) on revaluation of assets			
Gain on revaluation of land	5.1	189,709	145,531
Total Gains/ (Loss) on revaluation of assets		189,709	145,531
NET COST OF SERVICES		126,989	155,104
Income from State Government			
Service appropriation	4.1	286,237	267,505
Income from other public sector entities		26,061	25,889
Resources received		1,660	1,815
Royalties for Regions Fund		28,349	11,633
Total income from State Government		342,307	306,842
SURPLUS/(DEFICIT) FOR THE PERIOD		215,318	151,738
OTHER COMPREHENSIVE INCOME			
Items not reclassified subsequently to profit and loss			
Changes in asset revaluation surplus		18,545	1,067
Total other comprehensive income		18,545	1,067
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		233,863	152,805

See also the 'Schedule of Income and Expenses by Service'.

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

Statement of Financial Position
As at 30 June 2022

	Note	2022 \$'000	2021 \$'000
ASSETS			
Current Assets			
Cash and cash equivalents	7.3	9,510	8,995
Restricted cash and cash equivalents	7.3	93,053	73,519
Inventories	6.1	2,330	1,111
Receivables	6.2	17,215	19,543
Amounts receivable for services	6.3	11,300	10,460
Other current assets	6.4	4,388	3,195
Non-current assets classified as held for sale		44	56
Total Current Assets		137,840	116,879
Non-Current Assets			
Restricted cash and cash equivalents	7.3	3,559	2,949
Receivables	6.2	1,327	2,935
Amounts receivable for services	6.3	254,967	232,230
Infrastructure, property, plant and equipment	5.1	3,032,612	2,798,200
Right-of-use assets	5.2	11,995	11,760
Total Non-Current Assets		3,304,460	3,048,074
TOTAL ASSETS		3,442,300	3,164,953
LIABILITIES			
Current Liabilities			
Payables	6.5	13,864	9,959
Lease liabilities	7.1	4,738	4,283
Employee related provisions	3.1(b)	39,739	38,021
Other current liabilities	6.6	13,501	19,362
Total Current Liabilities		71,842	71,625
Non-Current Liabilities			
Lease liabilities	7.1	7,226	7,469
Employee related provisions	3.1(b)	7,634	7,499
Other non-current liabilities	6.6	5,983	5,214
Total Non-Current Liabilities		20,843	20,182
TOTAL LIABILITIES		92,685	91,807
NET ASSETS		3,349,615	3,073,146
EQUITY			
	9.7		
Contributed equity		3,195,579	3,152,973
Reserves		60,914	42,369
Accumulated surplus/(deficit)		93,122	(122,196)
TOTAL EQUITY		3,349,615	3,073,146

See also the 'Schedule of Assets and Liabilities by Service'.

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

Statement of Changes in Equity
For the Year Ended 30 June 2022

	9.7	Contributed equity \$'000	Reserves \$'000	Accumulated surplus/(deficit) \$'000	Total equity \$'000
Balance at 1 July 2020		3,115,096	41,302	(273,934)	2,882,464
Surplus/(deficit)		0	0	151,738	151,738
Other comprehensive income		0	1,067	0	1,067
Total comprehensive income for the period		0	1,067	151,738	152,805
Transactions with owners in their capacity as owners:					
Capital appropriations		41,694	0	0	41,694
Other contributions by owners		13,544	0	0	13,544
Transfer of net assets from other agencies		1,421	0	0	1,421
Distributions to owners		(18,782)	0	0	(18,782)
Total		37,877	0	0	37,877
Restated balance at 30 June 2021		3,152,973	42,369	(122,196)	3,073,146
Balance at 1 July 2021		3,152,973	42,369	(122,196)	3,073,146
Surplus/(deficit)		0	0	215,318	215,318
Other comprehensive income		0	18,545	0	18,545
Total comprehensive income for the period		0	18,545	215,318	233,863
Transactions with owners in their capacity as owners:					
Capital appropriations		48,950	0	0	48,950
Other contributions by owners		13,817	0	0	13,817
Transfer of net assets from other agencies		0	0	0	0
Distributions to owners		(20,161)	0	0	(20,161)
Total		42,606	0	0	42,606
Balance at 30 June 2022		3,195,579	60,914	93,122	3,349,615

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

Statement of Cash Flows
For the Year Ended 30 June 2022

	Note	2022 \$'000	2021 \$'000
CASH FLOWS FROM STATE GOVERNMENT			
Service appropriation		252,200	233,463
Capital appropriations		48,950	41,694
Holding account drawdowns		10,460	9,782
Non-retained revenue distributed to owner		(20,161)	(18,782)
Funds from other public sector entities		27,693	25,382
Royalties for Regions Fund		42,166	25,178
Net cash provided by State Government		361,308	316,717
Utilised as follows:			
CASH FLOWS FROM OPERATING ACTIVITIES			
Payments			
Employee benefits		(186,061)	(175,975)
Supplies and services		(84,468)	(71,722)
Accommodation		(3,520)	(3,326)
Grants and subsidies		(37,207)	(47,165)
GST payments on purchases		(17,097)	(14,847)
GST payments to taxation authority		0	(268)
Other payments		(28,848)	(22,585)
Finance costs		(361)	(306)
Receipts			
User charges and fees		32,483	29,262
Commonwealth grants		1,668	5,707
Interest received		415	294
GST receipts on sales		5,892	5,696
GST receipts from taxation authority		11,579	8,228
Other receipts		24,913	24,582
Net cash provided by/(used in) operating activities	7.3.2	(280,612)	(262,425)
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments			
Purchase of non-current physical assets		(55,092)	(47,464)
Receipts			
Proceeds from sale of non-current physical assets		817	1,061
Net cash provided by/(used in) investing activities		(54,275)	(46,403)
CASH FLOWS FROM FINANCING ACTIVITIES			
Payments			
Principal repayments of lease liabilities		(5,762)	(5,017)
Net cash provided by/(used in) financing activities		(5,762)	(5,017)
Net increase/(decrease) in cash and cash equivalents		20,659	2,872
Cash and cash equivalents at the beginning of the period		85,463	82,591
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	7.3	106,122	85,463

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

Administered Schedules
Administered income and expenses by service

	Conserving Habitats, Species and Ecological Communities		Implementation of the Forest Management Plan		Total	
	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000
INCOME FROM ADMINISTERED ITEMS						
Income						
For transfer:						
Regulatory fees and other charges	94	58	0	0	94	58
Total administered income	94	58	0	0	94	58
Expenses						
Transfer payments ^(a)	94	58	0	0	94	58
Loss on valuation of biological assets ^(b)	0	0	40,039	56,097	40,039	56,097
Total administered expenses	94	58	40,039	56,097	40,133	56,155

(a) Transfer payments represent the transfer of non-retainable regulatory fees to the Consolidated Account.

(b) Biological assets represents native forest and wild sandalwood.

Administered Schedules

Administered assets and liabilities

	2022 \$'000	2021 \$'000
Current assets		
Biological assets:		
Native forest	0	481
Sandalwood	1,429	1,268
Total administered current assets	1,429	1,749
Non-current assets		
Biological assets:		
<u>Native Forest</u>	0	36,994
Sandalwood	7,732	10,457
Total administered non-current assets	7,732	47,451
TOTAL ADMINISTERED ASSETS	9,161	49,200

Native forest assets refers to trees available for harvest in the State forest and timber reserves in the South West of Western Australia that are covered by the Forest Management Plan. Sandalwood assets refers to wild sandalwood that grows on Department land. The licensing for the harvest of sandalwood is managed by the Department with the annual harvest limit for wild sandalwood determined by the Sandalwood (Limitation of Removal) Sandalwood Order 2015.

Notes to the Financial Statements

1. Basis of preparation

The Department of Biodiversity, Conservation and Attractions is a WA Government entity controlled by the State of Western Australia, which is the ultimate parent. The Department is a not-for-profit entity (as profit is not its principal objective).

A description of the nature of its operations and its principal activities have been included in the 'Overview' which does not form part of these financial statements.

These annual financial statements were authorised for issue by the Accountable Authority of the Department on 15 September 2022.

Statement of compliance

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

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

The *Financial Management Act 2006* and the Treasurer's Instructions (the Instructions) take precedence over AAS. Several AAS are modified by the Instructions to vary application, disclosure format and wording. 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.

Basis of preparation

These financial statements are presented in Australian dollars applying the accrual basis of accounting and using the historical cost convention. Certain balances will apply a different measurement basis (such as the fair value basis). Where this is the case the different measurement basis is disclosed in the associated note. All values are rounded to the nearest thousand dollars (\$'000).

Judgements and estimates

Judgements, estimates and assumptions are required to be made about financial information being presented. The significant judgements and estimates made in the preparation of these financial statements are disclosed in the notes where amounts affected by those judgements and/or estimates are disclosed. Estimates and associated assumptions are based on professional judgements derived from historical experience and various other factors that are believed to be reasonable under the circumstances.

Accounting for Goods and Services Tax (GST)

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

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

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

Contributed equity

AASB Interpretation 1038 *Contributions by Owners Made to Wholly-Owned Public Sector Entities* requires transfers in the nature of equity contributions, other than as a result of a restructure of administrative arrangements, to be designated by the Government (the owner) as contributions by owners (at the time of, or prior, to transfer) before such transfers can be recognised as equity contributions. Capital appropriations have been designated as contributions by owners by T1 955 *Contributions by Owners made to Wholly Owned Public Sector Entities* and have been credited directly to Contributed Equity.

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

Administered items

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

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

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

2. Department output

How the Department operates

This section includes information regarding the nature of funding the Department receives and how this funding is utilised to achieve the Department's objectives. This note also provides the distinction between controlled funding and administered funding:

	Notes
Department objectives	2.1
Schedule of Income and Expenses by Service	2.2
Schedule of Assets and Liability by Service	2.3

2.1 Department objectives

Mission

The Department works with the community to ensure that Western Australia's environment is valued, protected and conserved, for its intrinsic value, and for the appreciation and benefit of present and future generations.

Funding is predominantly provided by Parliamentary appropriations supplemented by fees received for the provision of services to the public. The financial statements encompass all funds through which the Department controls resources to carry on its functions.

Services

The Department provides the following services:

Service 1: Visitor Services and Public Programs Provided at Kings Park and Bold Park

The Department provides an annual grant to the Botanic Gardens and Parks Authority to provide visitor services and public programs to the community for this service.

Service 2: Visitor Services and Public Programs Provided at Rottnest Island

The Department provides an annual grant to the Rottnest Island Authority to provide visitor services and public programs to the community for this service.

Service 3: Visitor Services and Public Programs Provided at Perth Zoo

The Department provides an annual grant to the Zoological Parks Authority to provide visitor services and public programs to the community for this service.

Service 4: Visitor Services and Public Programs Provided in the Swan and Canning Riverpark

Provide facilities, experiences and programs to visitors to the Swan and Canning Riverpark for their enjoyment and appreciation of natural, cultural and heritage values and to strengthen community understanding and support for conservation of plants, animals and habitats.

Service 5: Visitor Services and Public Programs Provided in National Parks and Other Lands and Waters

Provide facilities, experiences and programs to visitors to national parks and other lands and waters for their enjoyment and appreciation of natural, cultural and heritage values and to strengthen community understanding and support for conservation of plants and animals.

Service 6: Conserving Habitats, Species and Ecological Communities

Develop and implement programs for the conservation of biodiversity.

Service 7: Research and Conservation Partnerships

Work with the community, industry, traditional owners and other stakeholders to deliver research and conservation outcomes.

Service 8: Implementation of the Forest Management Plan

Manage State forests in accordance with the approved Forest Management Plan and provide services that support forest production activities.

Service 9: Prescribed Burning and Fire Management

Deliver prescribed burning and fire management to protect the community and enhance natural values.

Service 10: Bushfire Suppression

Suppress bushfires that threaten or occur on lands managed by the Department.

Consolidation:

Botanic Gardens and Parks Authority, Rottnest Island Authority and Zoological Parks Authority are separate legal entities governed by their respective boards appointed under *Botanic Gardens and Parks Authority Act 1998*, *Rottnest Island Authority Act 1987* and *Zoological Parks Authority Act 2001* respectively and consequently, their financial results are presented separately and not consolidated into these financial statements.

The financial statements of the Department of Biodiversity, Conservation and Attractions will include Botanic Gardens and Parks Authority, Rottnest Island Authority and Zoological Parks Authority only to the extent it has provided direct funding to each of the statutory authorities.

To facilitate interpretation of the financial reports of the Department of Biodiversity, Conservation and Attractions, funding provided to Botanic Gardens and Parks Authority, Rottnest Island Authority and Zoological Parks Authority are disclosed as Service 1 – “Visitor Services and Public

Programs Provided at Kings Park and Bold Park”, Service 2 – “Visitor Services and Public Programs Provided at Rottnest Island” and Service 3 – “Visitor Services and Public Programs Provided at Perth Zoo”. These disclosures do not represent the full and comprehensive financial results and financial position of Botanic Gardens and Parks Authority, Rottnest Island Authority and Zoological Parks Authority. For full disclosure of the financial results and financial position of Botanic Gardens and Parks Authority, Rottnest Island Authority and Zoological Parks Authority, refer to the annual report and financial statements of the individual statutory authority.

2.2 Schedule of income and expenses by service

For the year ended 30 June 2022

	Visitor Services and Public Programs Provided at Kings Park and Bold Park (a)		Visitor Services and Public Programs Provided at Rottnest Island (a)		Visitor Services and Public Programs Provided at Perth Zoo (a)		Visitor Services and Public Programs Provided in the Swan and Canning Riverpark and Other Lands and Waters		Conserving Habitats, Species and Ecological Communities		Research and Conservation Partnerships		Implementation of the Forest Management Plan		Prescribed Burning and Fire Management		Bushfire Suppression		Total			
	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021		
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000		
COST OF SERVICES																						
Expenses																						
Employee benefits expense	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
Supplies and services	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
Depreciation expense	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
Accommodation expenses	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
Grants and subsidies	11,774	13,282	4,782	14,241	7,645	7,482	4,627	4,117	7,356	6,345	371	400	652	1,013	0	256	0	16	0	13	37,207	
Other expenses	0	0	0	0	0	0	177	308	3,309	2,384	2,848	568	490	1,218	566	1,153	725	18,138	14,509	26,947	22,601	
Finance costs	0	0	0	0	0	0	0	0	164	134	60	53	12	18	16	67	60	29	26	361	306	
Total cost of services	11,774	13,282	4,782	14,241	7,645	7,482	16,397	14,341	130,425	111,816	63,810	59,921	16,994	19,512	20,093	18,746	51,905	51,945	55,966	48,130	379,791	
Income																						
User charges and fees	0	0	0	0	0	0	(10)	22	29,011	27,289	1,094	906	1,266	1,433	533	489	778	1,323	473	465	33,145	
Commonwealth grants	0	0	0	0	0	0	1	0	1,811	477	6	0	2,554	803	2	0	1,248	0	5	0	5,627	
Other grants	0	0	0	0	0	0	127	610	1,856	371	230	241	8,770	10,042	104	176	0	0	0	0	11,087	
Interest income	0	0	0	0	0	0	0	0	63	28	72	31	427	187	37	16	9	6	0	0	608	
Other income	0	0	0	0	0	0	71	45	6,483	7,484	2,411	3,092	299	173	1,846	2,428	983	321	203	219	12,296	
Gains/(loss) on disposal of non-current assets	0	0	0	0	0	0	(49)	8	5	(117)	7	(22)	(8)	(8)	33	46	147	127	195	170	330	
Total income	0	0	0	0	0	0	140	685	39,229	35,532	3,820	4,248	13,308	12,630	2,955	3,155	3,165	1,777	876	884	63,083	
Gains/(Loss) on revaluation of assets																						
Gain on revaluation of land	0	0	0	0	0	0	1,291	990	54,636	41,913	48,015	36,834	85,767	65,794	0	0	0	0	0	0	189,709	
Loss on revaluation of land	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
Total Gain/(Loss) on revaluation of assets	0	0	0	0	0	0	1,291	990	54,636	41,913	48,015	36,834	85,767	65,794	0	0	0	0	0	0	189,709	
NET COST OF SERVICES	11,774	13,282	4,782	14,241	7,645	7,482	14,966	12,666	36,560	34,371	11,975	18,839	(82,081)	(58,812)	17,538	15,591	48,740	50,168	55,090	47,276	126,989	
Income from State Government																						
Service appropriation	11,774	13,282	4,782	14,241	7,645	7,482	12,771	10,307	86,058	73,201	55,581	48,553	0	0	13,305	11,593	45,336	46,116	48,965	42,730	266,237	
Income from other public sector entities	0	0	0	0	0	0	3,310	3,048	3,795	4,190	3,617	4,118	3,526	5,339	3,443	2,751	2,787	2,817	5,583	3,626	26,061	
Resources received	0	0	0	0	0	0	86	89	407	372	289	290	51	58	638	691	153	228	36	87	1,660	
Royalties for Regions Fund	0	0	0	0	0	0	0	0	22,380	5,709	469	424	0	0	0	0	5,500	5,500	0	0	28,349	
Total income from State Government	11,774	13,282	4,782	14,241	7,645	7,482	16,167	13,444	112,640	83,472	59,956	53,385	3,577	5,397	17,386	15,035	53,776	54,661	54,604	46,443	342,307	
SURPLUS/(DEFICIT) for the period	0	0	0	0	0	0	1,201	778	76,080	49,101	47,881	34,546	85,658	64,209	(152)	(566)	5,036	4,493	(486)	(833)	215,318	

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

(a) Note: The service includes transactions only to the extent that the Department has provided direct funding to the statutory authority. These disclosures do not represent the financial result and financial position of the Zoological Parks Authority, Botanic Gardens and Parks Authority and Rottnest Island Authority. For a full disclosure of the financial result and financial position of each statutory authority, refer to the annual report and financial statements of Botanic Gardens and Parks Authority, Rottnest Island Authority and Zoological Parks Authority respectively.

2.3 Schedule of assets and liabilities by service

As at 30 June 2022

	Visitor Services and Public Programs Provided at Kings Park and Bold Park (a)		Visitor Services and Public Programs Provided at Rottnest Island (a)		Visitor Services and Public Programs Provided at Perth Zoo (a)		Visitor Services and Public Programs Provided in the Swan and Canning Riverpark		Visitor Services and Public Programs Provided in National Parks and Other Lands and Waters		Conserving Habitats, Species and Ecological Communities		Research and Conservation Partnerships		Implementation of the Forest Management Plan		Prescribed Burning and Fire Management		Bushfire Suppression		Total	
	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000
ASSETS																						
Current assets	0	0	0	0	0	0	1,735	1,763	42,978	28,575	9,692	2,642	71,573	71,726	4,346	4,263	2,636	3,603	4,880	4,307	137,840	116,879
Non-current assets	0	0	0	0	0	0	79,335	29,464	997,769	1,051,768	894,451	712,145	24,594	16,998	1,206,965	1,090,540	36,144	84,499	65,202	62,660	3,304,460	3,048,074
Total assets	0	0	0	0	0	0	81,070	31,227	1,040,747	1,080,343	904,143	714,787	96,167	88,724	1,211,311	1,094,803	38,780	88,102	70,082	66,967	3,442,300	3,164,953
LIABILITIES																						
Current liabilities	0	0	0	0	0	0	2,772	2,303	30,636	29,561	19,250	17,775	3,220	3,545	5,393	4,809	9,543	10,892	1,028	2,740	71,842	71,625
Non-current liabilities	0	0	0	0	0	0	1,012	450	7,621	8,292	6,215	4,684	1,026	1,023	1,493	1,068	3,138	3,592	338	1,073	20,843	20,182
Total liabilities	0	0	0	0	0	0	3,784	2,753	38,257	37,853	25,465	22,459	4,246	4,568	6,886	5,877	12,681	14,484	1,366	3,813	92,685	91,807
NET ASSETS	0	0	0	0	0	0	77,286	28,474	1,002,490	1,042,490	878,678	692,328	91,921	84,156	1,204,425	1,088,926	26,099	73,618	68,716	63,154	3,349,615	3,073,146

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

(a) Note: The service includes transactions only to the extent that the Department has provided direct funding to the statutory authority. These disclosures do not represent the financial result and financial position of the Zoological Parks Authority, Botanic Gardens and Parks Authority and Rottnest Island Authority. For a full disclosure of the financial results and financial position of each statutory authority, refer to the annual report and financial statements of Botanic Gardens and Parks Authority, Rottnest Island Authority and Zoological Parks Authority respectively.

3. Use of our funding

Expenses incurred in the delivery of services

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

	Notes
Employee benefits expense	3.1(a)
Employee related provisions	3.1(b)
Grants and subsidies	3.2
Other expenses	3.3

3.1a) Employee benefits expense

	2022	2021
	(\$000)	(\$000)
Employee benefits	171,006	164,337
Termination benefits	524	394
Superannuation – defined contribution plans	16,474	15,444
Total employee benefits expense	188,004	180,175
Add: AASB 16 non-monetary benefits (not included in employee benefits expense)	1,779	1,266
Less: Employee contributions (per the statement of comprehensive income)	(1,771)	(1,668)
Net employee benefits	188,012	179,773

Employee benefits: Includes wages, salaries and social contributions, paid annual leave entitlements and paid sick leave, profit-sharing and bonuses; and non-monetary benefits recognised under accounting standards other than AASB 16 (such as medical care, housing, cars and free or subsidised goods or services) for employees.

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

Superannuation: The amount recognised in profit or loss of the Statement of comprehensive income comprises employer contributions paid to the GSS (concurrent contributions), the WSS, other GESB schemes or other superannuation funds.

AASB 16 non-monetary benefits: Non-monetary employee benefits predominantly relating to the provision of vehicle and housing benefits that are recognised under AASB 16 which are excluded from the employee benefits expense.

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

3.1b) Employee related provisions

	2022	2021
	(\$000)	(\$000)
Current		
<u>Employee benefits provisions</u>		
Annual leave	18,853	17,095
Long service leave	20,438	20,489
	39,291	37,584
<u>Other provisions</u>		
Employment on-costs	448	437
Total current employee related provisions	39,739	38,021
Non-current		
<u>Employee benefits provisions</u>		
Long service leave	7,546	7,412
<u>Other provisions</u>		
Employment on-costs	88	87
Total non-current employee related provisions	7,634	7,499
Total employee related provisions	47,373	45,520

Provision is made for benefits accruing to employees in respect of wages and salaries, annual leave and long service leave for services rendered up to the reporting date and recorded as an expense during the period the services are delivered.

Annual leave liabilities: Classified as current as there is no unconditional right to defer settlement for at least 12 months after the end of the reporting period. Assessments indicate that actual settlement of the liabilities is expected to occur as follows:

	2022	2021
	(\$000)	(\$000)
Within 12 months of the end of the reporting period	12,169	11,257
More than 12 months after the end of the reporting period	6,684	5,838
	18,853	17,095

The provision for annual leave is calculated at the present value of expected payments to be made in relation to services provided by employees up to the reporting date.

Long service leave liabilities: Unconditional long service leave provisions are classified as current liabilities as the Department does not have an unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting period.

Pre-conditional and conditional long service leave provisions are classified as non-current liabilities because the Department has an unconditional right to defer the settlement of the liability until the employee has completed the requisite years of service. Assessments indicate that actual settlement of the liabilities is expected to occur as follows:

	2022	2021
	(\$000)	(\$000)
Within 12 months of the end of the reporting period	7,925	8,020
More than 12 months after the reporting period	20,059	19,881
	27,984	27,901

The provision for long service leave is calculated at present value as the Department does not expect to wholly settle the amounts within 12 months. The present value is measured taking into account the present value of expected future payments to be made in relation to services provided by employees up to the reporting date. These payments are estimated using the remuneration rate expected to apply at the time of settlement and discounted using market yields at the end of the reporting period on national government bonds with terms to maturity that match, as closely as possible, the estimated future cash outflows.

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

Employment on-costs, including workers' compensation insurance, are not employee benefits and are recognised separately as liabilities and expenses when the employment to which they relate has occurred. Employment on-costs are included as part of 'Other expenses', Note 3.3 (apart from the unwinding of the discount (finance cost)) and are not included as part of the Department's 'employee benefits expense'. The related liability is included in 'Employment on-costs provision'.

	2022	2021
	(\$000)	(\$000)
<u>Employment on-costs provision</u>		
Carrying amount at start of period	524	490
Additional/(reversals of) provisions recognised	214	217
Payments/other sacrifices of economic benefits	(168)	(187)
Unwinding of the discount	(34)	4
Carrying amount at end of period	536	524

Key sources of estimation uncertainty – long service leave

Key estimates and assumptions concerning the future are based on historical experience and various other factors that have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities within the next financial year.

Several estimates and assumptions are used in calculating the Department's long service leave provision. These include:

- Expected future salary rates;
- Discount rates;
- Employee retention rates; and
- Expected future payments.

Changes in these estimations and assumptions may impact on the carrying amount of the long service leave provision. Any gain or loss following revaluation of the present value of long service leave liabilities is recognised as employee benefits expense.

3.2 Grants and subsidies

	2022	2021
	(\$000)	(\$000)
<u>Recurrent</u>		
State Government ^(a)	25,303	35,679
Private organisations	4,004	2,751
Royalties for Regions Fund – Aboriginal Ranger Program	5,185	5,515
Local Government	2,213	2,320
Federal Government	502	900
Total grants and subsidies	37,207	47,165

(a) State Government entities with significant total grants provided by the Department:

Botanic Gardens and Parks Authority	11,789	13,282
Zoological Parks Authority	7,645	7,574
Rottnest Island Authority	4,801	14,241
Department of Water and Environmental Regulation	352	381
Burswood Park Board	500	0
Western Australian Land Authority	0	250
Western Australian Museum	150	0

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

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

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

3.3 Other expenses

Supplies and services

Communications	3,095	2,727
Consultants and contractors	8,722	7,110
Services and contracts	40,177	33,836
Materials	20,990	19,629
Repairs and maintenance	5,166	5,037
Travel	5,647	4,917
Staff costs (including uniforms & protective clothing)	5,362	4,388
Other	105	53
Total supplies and services expenses	89,264	77,697

Accommodation expenses

Lease rentals	1,368	1,237
Electricity, power and water	2,152	2,089
Total accommodation expenses	3,520	3,326

	2022 (\$000)	2021 (\$000)
Other expenses		
Employment on-costs	1,428	1,149
Light fleet management costs	4,519	3,816
Other lease, rental and hire expenses	20,068	16,549
Software maintenance	932	1,087
Total other expenses	26,947	22,601
Total other expenditure	119,731	103,624

Supplies and services: Recognised as an expense in the reporting period in which they are incurred.

During the year the Department's transactions with government related entities on supplies and services amount to \$11.36 million (2021: \$7.33 million).

Accommodation expenses: Short-term and low-value leases are recognised on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern of the benefits derived from the use of the leased asset. Accommodation expense includes Government Office Accommodation that falls outside the scope of AASB 16 *Leases*. Office lease expenses, organised through the Department of Finance, are expensed as incurred as Memorandum of Understanding Agreements between the department and the Department of Finance contain significant substitution rights.

Transactions with the Department of Finance was \$1.26 million in 2022 (2021: \$1.17 million), and transactions with the Department of Primary Industries and Regional Development was \$0.06 million in 2022 (2021: \$0.06 million).

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

Employee on-costs: Includes workers' compensation insurance and other employment on-costs. The on-costs liability associated with the recognition of annual and long service leave liabilities is included at Note 3.1(b) Employee related provisions. Superannuation contributions accrued as part of the provision for leave are employee benefits and are not included in employment on-costs.

Light fleet management costs: Maintenance and running costs for the leased light vehicle fleet.

Lease rentals and other lease, rental and hire expenses include:

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

This excludes leases with another wholly-owned public sector entity lessor agency. Refer to note 5.2a) for aggregate short-term and low-value lease expense disclosures. During the financial year transactions with the Department of Fire and Emergency Services amounted to \$2.69 million (2021: \$1.83 million).

The Department holds short-term and low-value aircraft, plant and equipment and other leases. Payments are recognised on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern of the benefits derived from the use of the leased asset.

Software maintenance: Software licence assurance, upgrade and support costs incurred by the Department.

4. Our funding sources

How we obtain our funding

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

	Notes	
Income from State Government		4.1
User charges and fees		4.2
Other income		4.3
Commonwealth grants		4.4
Other grants		4.5
Gains		4.6
	2022	2021
	(\$000)	(\$000)
4.1 Income from State Government		
Appropriation received during the period:		
Service appropriation	286,237	267,505
	286,237	267,505
Resources received from other public sector entities during the period:		
Services received free of charge	1,660	1,815
Total resources received	1,660	1,815
Income received from other public sector entities during the period:		
Recurrent grants	9,664	9,533
Capital grants	991	2,901
Fees	15,406	13,455
Total income from other public sector entities	26,061	25,889
Royalties for Regions Fund:		
Regional Community Services Account	28,349	11,633
Total income from State Government	342,307	306,842

Service appropriation: Recognised as income at the fair value of consideration received in the period in which the Department gains control of the appropriated funds. The Department gains control of appropriated funds at the time those funds are deposited in the bank account or credited to the 'Amounts receivable for services' (holding account) held at Treasury.

Resources received from other public sector entities: Recognised as income equivalent to the fair value of assets received or the fair value of services received that can be reliably determined and which would have been purchased if not donated.

Income from other public sector entities: Recognised as income when the Department has satisfied its performance obligations under the funding agreement. If there is no performance obligation, income will be recognised when the Department is entitled to the funds.

Recurrent grants: Revenue from grant contracts that contain sufficiently specific performance obligations are recognised over time or at a point in time when performance

obligations are satisfied in line with AASB 15 *Contracts with Customers*. Where revenue is recognised over time revenue will be recognised in accordance with costs expended on the grant. Revenue and costs are allocated to specific purpose accounts that track the account balance of grants.

Where grant contracts do not contain sufficiently specific performance obligations revenue is recognised when the Department is entitled to funding under AASB 1058.

Contributions of services are only recognised when a fair value can be reliably determined and the services would have been purchased if not donated.

Capital grants: Income from grants to acquire/construct a recognisable asset to be controlled by the Department are recognised at the fair value of the consideration received to the extent the obligations for asset acquisition or construction specified in the grant are satisfied. Unfulfilled obligations are carried as unearned revenue. Capital grants for land purchases are recognised at a point in time when the land is purchased. For assets acquired or constructed over time income is recognised in line with the capitalisation of costs. See note 6.6b) for the Department's non-financial asset construction and acquisition liability.

Fees: Revenue is recognised in accordance with the satisfaction of performance obligations in accordance with the specific contract for service. Depending on the contract fees are recognised at a point in time or over time with reference to the stage of completion of the transaction.

Regional Community Services Account: A sub-fund within the over-arching 'Royalties for Regions Fund'. The recurrent funds are committed to projects and programs in WA regional areas and are recognised as income when the Department receives the funds. The Department has assessed Royalties for Regions agreements and concludes that they are not within the scope of AASB 15 as they do not meet the 'sufficiently specific' criterion.

**Summary of consolidated account appropriations
For the year ended 30 June 2022**

	2022 Budget	2022 Supple- mentary Funding	2022 Revised Budget	2022 Actual	2022 Variance
	\$'000	\$'000	\$'000	\$'000	\$'000
<u>Delivery of Services</u>					
Item 84 Net amount appropriated to deliver services	256,054	5,431	261,485	285,644	24,159
Amount Authorised by Other Statutes					
-Salaries and Allowances Act 1975	593	0	593	593	0
Total appropriations provided to deliver services	256,647	5,431	262,078	286,237	24,159
<u>Capital</u>					
Item 146 Capital appropriations	32,062	0	32,062	28,789	(3,273)
<u>Administered transactions</u>					
Income disclosed as Administered Income	30	0	30	94	64
Grand Total	288,739	5,431	294,170	315,120	20,950

	2022	2021
	(\$000)	(\$000)
4.2 User charges and fees		
User charges	26,567	25,019
Fees	6,578	6,908
	33,145	31,927
4.2a) User charges		
Entry fees	8,319	9,826
Camping	8,038	7,779
Park passes	3,197	3,087
Merchandise	2,488	2,351
Leases	2,429	1,426
Other	2,096	550
	26,567	25,019

Revenue is recognised in line with the transfer of promised goods or services to customers in an amount that reflects the consideration to which the Department expects to be entitled in exchange for goods or services. Revenue is recorded and recognised in the accounting period in which the relevant performance obligations have been satisfied.

Revenue is recognised for the major business activities as follows:

Entry fees: Admission charges for national parks and attractions. Revenue is recognised at a point in time.

Camping: Hire fees for camp sites in national parks. Revenue is recognised over time with unearned revenue adjusted at year-end.

Park passes: Park passes sold by the Department entitle customers to entry to national parks over a designated time. Revenue is recognised over time with unearned revenue adjusted at year-end.

Merchandise: Revenue is recognised from the sale of goods and disposal of other assets when the significant risks and rewards of ownership transfer to the purchaser and can be measured reliably.

Leases: Lease income from rental of land or facilities is recognised over the period of use under AASB 16 *Leases*.

Other: Other User Charges includes T class licence revenue and E class licence revenue. T class licences represent fees to conduct commercial operations within parks managed under the *Conservation and Land Management Act 1984*. The licences are considered low-value and the fees are recognised at a point in time. E class licence revenue are issued to commercial providers to operate in national park and are variable. E class licence revenue is recognised over time.

Fees: Revenue is recognised in accordance with the satisfaction of performance obligations in accordance with the specific contract for service. Depending on the contract fees are recognised at a point in time or over time with reference to the stage of completion of the transaction.

	2022 (\$000)	2021 (\$000)
4.2b) User charges by location/business unit		
Goldfields	16	18
Kimberley	2,346	913
Midwest	4,712	4,741
Parks and Visitor Services ^(a)	1,113	952
Pilbara	5,768	5,011
South Coast	2,630	2,618
South West	1,962	1,993
Swan	5,148	4,916
Warren	2,727	3,756
Wheatbelt	145	101
	26,567	25,019

(a) Parks and Visitor Services is a division which is primarily centrally located and operating from Kensington, WA.

4.2c) Fees by sector		
Private organisations	6,229	6,546
Federal Government	84	30
Local Government	265	332
	6,578	6,908

4.3 Other income		
Mining compensation	4,352	6,073
Insurance refunds ^(a)	2,627	2,082
Forest and beach shack leases	1,330	1,674
Other	856	844
Communication sites	698	731
Workers compensation payroll recoup ^(a)	1,101	863
Publications	248	283
Apiary sites	322	450
Diesel fuel rebate	401	372
Sale of minor assets	72	144
Assets found during the period:		
-Buildings	0	0
-Infrastructure & Plant & Equip	289	246
	12,296	13,762

(a) Recoup of damage, repair costs and workers compensation from the Insurance Commission and Riskcover fund.

Mining compensation: Compensation for land cleared to conduct mining activities on Department land. Revenue is variable consideration under AASB 16 *Leases*. Compensation provided to the Department is based on the expected hectares of land to be cleared with adjustment for actual land cleared. Revenue is recognised on a systematic basis with revenue received in advance held in unearned revenue.

Forest and beach shack leases, communication sites and apiary sites: Lease income from the rental of accommodation, telecommunication towers and land sites are recognised over a period of time on a systematic basis.

	2022	2021
	(\$000)	(\$000)
4.4 Commonwealth grants		
Recurrent	1,260	1,072
Capital	3,124	208
Carbon Credits	1,243	0
	5,627	1,280

Revenue recognition policies for Commonwealth grants is consistent with the policies stated at note 4.1d) for income from other public sector entities.

The department receives Australian Carbon Credit Units (ACCUs) from the Clean Energy Regulator (CER) based on the calculated carbon abated from its carbon farming operation. The credits are recognised at the average ACCU contract price per government auction and held as inventory.

4.5 Other grants

Capital	2,212	176
Recurrent	8,875	11,264
	11,087	11,440

The Department received revenue from a range of private and state granting (note 4.1) entities in 2022. Revenue recognition policies for other grants is consistent with the policies stated at note 4.1 for income from other public sector entities.

4.6 Gains on disposal of non-current assets

<u>Net proceeds from disposal of non-current assets</u>		
Plant, equipment and vehicles	816	1,061
Buildings	1	0
Trade-in	0	0
<u>Carrying amount of non-current assets disposed</u>		
Plant, equipment and vehicles	(395)	(315)
Buildings	(86)	(532)
<u>Retirement of lease assets and liabilities</u>		
Net gain/(loss) on retirement of lease asset and liabilities	(6)	(10)
Net gain/(loss)	330	204

Realised and unrealised gains 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.

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

5. Key assets

Assets the Department utilises for economic benefit or service potential

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

	Notes
Infrastructure, property, plant and equipment	5.1
Right-of-use assets	5.2
Depreciation and impairment	5.3

5.1(a) Infrastructure, property, plant and equipment

Year ended 30 June 2021	Land (\$000)	Buildings (\$000)	Assets under construction (\$000)	Plant, equipment (\$000)	Vehicles (\$000)	Infrastructure (\$000)	Works of art (\$000)	Total (\$000)
1 July 2020								
Gross carrying amount	2,328,325	116,479	31,951	174,567	43,403	108,112	662	2,803,499
Accumulated depreciation	0	0	0	(97,759)	(24,038)	(55,164)	0	(176,961)
Accumulated impairment loss	0	0	0	0	0	0	0	0
Carrying amount at start of period	2,328,325	116,479	31,951	76,808	19,365	52,948	662	2,626,538
Additions	3,110	1,340	30,376	4,750	4,483	3,408	0	47,467
Transfers(a)	95	0	0	1,326	0	0	0	1,421
Transfers between categories	22	356	(8,276)	2,577	2,170	3,147	0	(4)
Assets not previously identified	0	0	0	245	0	0	0	245
Assets classified as held for sale	0	0	0	(11)	0	0	0	(11)
Other disposals	0	(532)	0	(175)	(139)	0	0	(846)
Revaluation increments/(decrements)(c)	145,531	1,067	0	0	0	0	0	146,598
Impairment losses(b)	0	0	0	0	0	0	0	0
Depreciation	0	(6,472)	0	(8,563)	(3,900)	(4,273)	0	(23,208)
Carrying amount at 30 June 2021	2,477,083	112,238	54,051	76,957	21,979	55,230	662	2,798,200

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

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

(c) Information on fair value measurements is provided in Note 8.3.

5.1(a) Infrastructure, property, plant and equipment (cont.)

Year ended 30 June 2022	Land (\$'000)	Buildings (\$'000)	Assets under construction (\$'000)	Plant, equipment (\$'000)	Vehicles (\$'000)	Infrastructure (\$'000)	Works of art (\$'000)	Total (\$'000)
1 July 2021								
Gross carrying amount	2,477,083	112,238	54,051	177,852	47,771	115,801	662	2,985,458
Accumulated depreciation	0	0	0	(100,895)	(25,792)	(60,571)	0	(187,258)
Accumulated impairment loss	0	0	0	0	0	0	0	0
Carrying amount at start of period	2,477,083	112,238	54,051	76,957	21,979	55,230	662	2,798,200
Additions	1,967	1,368	42,819	3,705	3,551	2,125	0	55,535
Transfers(a)	0	2,975	(17,530)	9,064	1,540	3,508	0	(443)
Transfers between categories	0	0	0	0	0	0	0	0
Assets not previously identified	0	0	0	289	0	0	0	289
Assets classified as held for sale	0	0	0	13	0	0	0	13
Other disposals	0	(86)	0	(275)	(120)	0	0	(481)
Revaluation increments/(decrements)(c)	189,709	18,545	0	0	0	0	0	208,254
Impairment losses(b)	0	0	0	0	0	0	0	0
Depreciation	0	(7,510)	0	(10,335)	(4,619)	(6,291)	0	(28,755)
Carrying amount at 30 June 2022	2,668,759	127,530	79,340	79,418	22,331	54,572	662	3,032,612
Gross carrying amount	2,668,759	127,530	79,340	186,949	51,056	121,434	662	3,235,730
Accumulated depreciation	0	0	0	(107,531)	(28,725)	(66,862)	0	(203,118)
Accumulated Impairment loss	0	0	0	0	0	0	0	0

(a) The Department received nil assets in 2021-22 and \$1.42 million of assets in 2020-21 from other agencies which has been accounted as contributed equity. The Department of Planning, Lands and Heritage (DPLH) is the only Department with the power to sell Crown land. The Land is transferred to DPLH for sale and the Department accounts for the transfer as a distribution to owner.

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

(c) Information on fair value measurement is provided in Note 8.3.

Initial recognition

Items of infrastructure, property, plant and equipment, costing \$5,000 or more are measured initially at cost. Where an asset is acquired for no or nominal cost, the cost is valued at its fair value at the date of acquisition. Items of infrastructure, property, plant and equipment and infrastructure costing less than \$5,000 are immediately expensed direct to the Statement of Comprehensive Income.

Asset transferred as part of a machinery of government change are transferred at their fair value.

Subsequent measurement

Subsequent to initial recognition of an asset, the revaluation model is used for the measurement of:

- land; and
- buildings.

Land is carried at fair value.

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

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

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

Land and buildings were revalued as at 1 July 2021 by Landgate. The valuations were performed during the year ended 30 June 2022 and recognised at 30 June 2022. In undertaking the revaluation, fair value was determined by reference to market values for land: \$222,926,250 (2021: \$202,951,550) and buildings: \$2,771,500 (2021: \$2,424,200). For the remaining balance, fair value of buildings was determined on the basis of current replacement cost and fair value of land was determined on the basis of comparison with market evidence for land with low level utility (high restricted use land).

Gain on revaluation of assets: A revaluation increment of \$189.71 million was recognised at 30 June 2022 (2021: \$145.53 million increment recognised). The revaluation increment was recorded in the Statement of Comprehensive Income as a gain on revaluation of land as the Department has previously recognised, in total, \$357.82 million in losses on revaluation of land in the Statement of Comprehensive Income. The Department holds a significant amount of land parcels that are spread across the state and conditions were favourable resulting in an increased value in land holdings.

Revaluation model:

1. Fair value where market-based evidence is available:

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

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

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

Existing use buildings: Fair value is determined by reference to the cost of replacing the remaining future economic benefits embodied in the asset, i.e. the current replacement cost. Where the fair value of buildings is determined on the current replacement cost basis, the

accumulated depreciation is eliminated against the gross carrying amount of the asset and the net amount restated to the revalued amount.

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

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

Non-current assets classified as held for sale

Non-current assets (or disposal groups) held for sale are recognised at the lower of carrying amount or fair value less costs to sell, and are disclosed separately from other assets in the Statement of Financial Position. Assets classified as held for sale are not depreciated or amortised.

Most Crown land holdings are vested in Conservation and Parks Commission by the Government. Crown land holdings vested in the Conservation and Parks Commission are included as assets of the Department as they are under the operational control of the Department. The Department of Planning, Lands and Heritage (DPLH) is the only Department with the power to sell Crown land. The Conservation and Parks Commission transfers Crown land and any attaching buildings to DPLH when the land becomes available for sale.

	2022	2021
	(\$000)	(\$000)
5.1.1 Depreciation and impairment		
<u>Property, plant and equipment</u>		
Plant, equipment	10,335	8,563
Vehicles	4,619	3,900
Buildings	7,510	6,472
Infrastructure	6,291	4,273
Total depreciation for the period	28,755	23,208

As at 30 June 2022, there were no indications of impairment to property, plant and equipment or infrastructure.

All surplus assets at 30 June 2022 have either been classified as assets held for sale or have been written-off.

Useful lives

All infrastructure, property, plant and equipment having a limited useful life are systematically depreciated over their estimated useful lives in a manner that reflects the consumption of their future economic benefits. The exceptions to this rule include items under operating leases, assets held for sale, land and investment properties.

Depreciation is generally calculated on a straight-line basis, at rates that allocate the asset's value, less any estimated residual value, over its estimated useful life. Typical estimated useful lives for the different asset classes for current and prior years are included in the table below:

Asset	Useful life: years
Buildings	18-20
Plant and equipment, office equipment, furniture, communication, fire protection equipment, aircraft, vessels and computer equipment	4-20
Vehicles	5-14
Infrastructure and recreation and tourism facilities	10-33

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

Land and works of art, which are considered to have an indefinite life, are not depreciated. Depreciation is not recognised in respect of these assets because their service potential has not, in any material sense, been consumed during the reporting period.

Impairment

Non-financial assets, including items of property, plant and equipment, are tested for impairment whenever there is an indication that the asset may be impaired. Where there is an indication of impairment, the recoverable amount is estimated. Where the recoverable amount is less than the carrying amount, the asset is considered impaired and is written down to the recoverable amount and an impairment loss is recognised

Where an asset measured at cost is written down to its recoverable amount, an impairment loss is recognised through profit or loss.

Where a previously revalued asset is written down to its recoverable amount, the loss is recognised as a revaluation decrement through other comprehensive income.

As the department is a not-for-profit entity, the recoverable amount of regularly revalued specialised assets is anticipated to be materially the same as fair value.

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

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

5.2 Right-of-use assets

Year ended 30 June 2021	Land (\$000)	Buildings (\$000)	Accommodation ^(b) (\$000)	Plant, equipment (\$000)	Vehicles ^(a) (\$000)	Total (\$000)
At 1 July 2020						
Gross carrying amount	15	159	2,240	88	12,108	14,610
Accumulated depreciation	(1)	(31)	(1,013)	(18)	(3,393)	(4,456)
Carrying amount at start of period	14	128	1,227	70	8,715	10,154
Additions	0	108	1,726	1,422	3,415	6,671
Disposals	0	0	0	0	(27)	(27)
Depreciation	(1)	(37)	(1,279)	(105)	(3,616)	(5,038)
Carrying amount at 30 June 2021	13	199	1,674	1,387	8,487	11,760
Gross carrying amount	15	268	2,941	1,510	14,869	19,603
Accumulated depreciation	(2)	(69)	(1,267)	(123)	(6,382)	(7,843)

(a) Right of use assets represent leases with State Fleet.

(b) In 2021 \$0.66 million (carrying amount) right of use assets from Department of Communities.

5.2 Right-of-use assets (cont.)

Year ended 30 June 2022	Land (\$000)	Buildings (\$000)	Accommodation ^(b) (\$000)	Plant, equipment (\$000)	Vehicles ^(a) (\$000)	Total (\$000)
At 1 July 2021						
Gross carrying amount	15	268	2,941	1,510	14,869	19,603
Accumulated depreciation	(2)	(69)	(1,267)	(123)	(6,382)	(7,843)
Carrying amount at start of period	13	199	1,674	1,387	8,487	11,760
Additions	9	4	2,390	106	3,504	6,013
Disposals	0	0	0	0	(45)	(45)
Depreciation	(2)	(47)	(1,664)	(313)	(3,707)	(5,733)
Carrying amount at 30 June 2022	20	156	2,400	1,180	8,239	11,995
Gross carrying amount	24	272	4,171	1,604	17,345	23,416
Accumulated depreciation	(4)	(116)	(1,771)	(424)	(9,106)	(11,421)

(a) Right of use assets represent leases with State Fleet.

(b) In 2022 \$1.22 million (carrying amount) right of use assets from Department of Communities.

Initial recognition

At the commencement date of the lease, the Department recognises right-of-use assets are measured at cost comprising of:

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

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

The corresponding lease liabilities in relation to these right-of-use assets have been disclosed in note 7.1 *Lease liabilities*.

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

Subsequent measurement

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

Depreciation and impairment of right-of-use assets

Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the underlying assets.

Right-of-use assets are tested for impairment when an indication of impairment is identified. The policy in connection with testing for impairment is outlined in note 5.1.1.

The following amounts relating to leases have been recognised in the statement of comprehensive income:

	2022	2021
	(\$000)	(\$000)
5.2.1 Lease disclosures		
Depreciation expenses of right-of-use assets	5,733	5,038
Interest expense	361	306
Short-term leases (included in other expenditure and employee benefits expenditure) ^(b)	22,638	18,752
Low-value leases (included in other expenditure)	28	22
Income from subleasing right-of-use assets	(842)	(602)
Total amount recognised in the statement of comprehensive income (net)	27,918	23,516
Total lease cash outflow ^(a)	28,308	23,800

(a) Total lease cash outflow includes short-term leases, low-value leases and leases that meet the AASB 16 *Leases* criteria.

(b) Low-value leases included in employee benefits expenditure relates to periodic Government Regional Officer Housing accommodation utilised by Department staff. \$17.37 million (2021: \$13.20 million) in short-term leases relate to aircraft hire and aircraft standby charges.

As at 30 June 2022 there were no indications of impairment to right-of-use assets.

The Department's leasing activities and how these are accounted for:

The Department has leases for vehicles, office and residential accommodation.

The Department has also entered into a Memorandum of Understanding Agreements (MOU) with the Department of Finance for the leasing of office accommodation. These are not recognised under AASB 16 because of substitution rights held by the Department of Finance and are accounted for as an expense as incurred.

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

The corresponding lease liabilities in relation to these right-of-use assets have been disclosed in note 7.1.

6. Other assets and liabilities

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

	Notes	
Inventories		6.1
Receivables		6.2
Amounts receivable for services		6.3
Other assets		6.4
Payables		6.5
Other liabilities		6.6
6.1 Inventories	2022	2021
	(\$000)	(\$000)
Inventories held for resale:		
Souvenirs	570	589
Inventories held for distribution:		
Publications	517	522
Carbon Credits	1,243	0
Total inventories at end of period	2,330	1,111

Inventories are measured at the lower of cost and net realisable value. Costs are assigned by the method most appropriate for each particular class of inventory, with the majority being measured on a first in first out basis.

Publications held for distribution are measured at cost.

Carbon credits are internally generated from carbon farming projects, registered with the Clean Energy Regulator and valued at the average Australian Carbon Credit Unit auction price, in the absence of any committed contractual arrangement. Carbon credits are restated at net realisable value at the end of each reporting period if the average price drops below the recognition price. In the event the credits are sold cost of goods sold is recognised on a first in first out basis.

6.2 Receivables

Current

	2022	2021
	(\$000)	(\$000)
Trade receivables	10,923	10,159
Allowance for impairment of receivables	(278)	(177)
GST receivable	2,224	2,598
Accrued revenue	4,346	6,963
Total current receivables	17,215	19,543
<u>Non-current</u>		
Accrued revenue	1,327	2,935
Total non-current receivables	1,327	2,935
Total receivables at end of period	18,542	22,478

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

For trade receivables, the Department recognises an allowance for expected credit losses (ECLs) measured at the lifetime expected credit losses at each reporting date. The Department has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

Accrued revenue current and non-current includes financial assets linked to capital grant liabilities disclosed in other current liabilities at note 6.6b).

As at 30 June 2022 receivables from other government related entities amounted to \$4.77 million (2021: \$6.15 million).

6.2.1 Movement in the allowance for impairment of trade receivables

Reconciliation of changes in the allowance for impairment of trade receivables:

Opening balance	177	129
Expected credit losses expense	104	53
Amounts written off during the period	(3)	(5)
Allowance for impairment at end of period	278	177

The maximum exposure to credit risk at the end of the reporting period for trade receivables is the carrying amount of the asset inclusive of any allowance for impairment as shown in the table at Note 8.1(c) 'Financial instruments disclosures'.

The Department does not hold any collateral as security or other credit enhancements for trade receivables.

6.3 Amounts receivable for services (Holding Account)

Current	11,300	10,460
Non-current	254,967	232,230
Total amounts receivable for services at end of period	266,267	242,690

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

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

	2022	2021
	(\$000)	(\$000)
6.4 Other assets		
<u>Current</u>		
Prepayments	4,388	3,195
Total current	4,388	3,195

Prepayments represent payments in advance of receipt of goods or services or that part of expenditure made in one accounting period covering a term extending beyond that period.

6.5 Payables

<u>Current</u>		
Trade payables	8,583	4,229
Accrued expenses	1,985	2,506
Accrued salaries	2,891	2,492
Accrued superannuation	314	624
Parental payment	91	108
Total current	13,864	9,959

Payables are recognised at the amounts payable when the Department becomes obliged to make future payments as a result of a purchase of assets or services. The carrying amount is equivalent to fair value, as settlement is generally within 15-20 days.

Accrued salaries represent the amount due to staff but unpaid at the end of the reporting period. Accrued salaries are settled within a fortnight of the reporting period end. The Department considers the carrying amount of accrued salaries to be equivalent to its fair value.

6.6 Other liabilities

<u>Current</u>		
Unearned revenue	6.6a) 9,779	10,416
Capital grant liabilities	6.6b) 3,722	8,946
Total current	13,501	19,362
<u>Non-current</u>		
Unearned revenue	6.6a) 5,540	4,771
Capital grant liabilities	6.6b) 443	443
Total non-current	5,983	5,214
Total other liabilities at end of period	19,484	24,576

6.6a) Unearned revenue

Opening balance	15,187	14,629
Additions	12,554	11,459
Income recognised during the current financial year	(12,422)	(10,901)
Unearned revenue at end of period	15,319	15,187

Unearned revenue includes performance obligations that are yet to be satisfied as at the end of the reporting period under AASB 15 *Contracts with Customers*. For the Department this includes grant or funding agreements that are non-capital in nature which feature performance obligations

that impact the recognition and timing of revenue. Unearned revenue also includes mining compensation for land cleared as variable consideration under AASB 16 *Leases*.

	2022	2021
	(\$000)	(\$000)
6.6b) Capital grant liabilities		
Opening balance	9,389	1,758
Additions	383	8,331
Income recognised during the current financial year ^(a)	(5,607)	(700)
Capital grant liabilities at end of period	4,165	9,389

(a) Income is disclosed as part of capital grants at note 4.1, 4.4 and 4.5.

Capital grant liabilities represent the Department's obligation to acquire or construct non-financial assets that are transferred to the Department through grant or funding agreements. The obligation is satisfied as the asset is constructed or as it is purchased, depending on the asset type. For assets constructed over a period of time income is recognised and the obligation is reduced in line with the capitalisation of costs assigned to the specific job for the grant agreement. Job codes have been historically setup by the Department for specific purpose accounts and utilised to track costs and income. Obligations satisfied at a point in time, for the Department, typically relate to land purchases and it is assumed there is no remaining obligation after purchase.

7. Financing

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

		Notes
Lease liabilities		7.1
Finance costs		7.2
Cash and cash equivalents		7.3
Reconciliation of cash		7.3.1
Reconciliation of operating activities		7.3.2
Commitments		7.4
Capital commitments		7.4.1
Other expenditure commitments		7.4.2
7.1 Lease liabilities		
Current	4,738	4,283
Non-current	7,226	7,469
	11,964	11,752

Initial measurement

At the commencement date of the lease, the entity recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, the Department uses the incremental borrowing rate provided by Western Australia Treasury Corporation.

Lease payments included by the Department as part of the present value calculation of lease liability include:

- Fixed payments (including in-substance fixed payments), less any lease incentives receivable;

- Variable lease payments that depend on an index or a rate initially measured using the index or rate as at the commencement date;
- Amounts expected to be payable by the lessee under residual value guarantees;
- The exercise price of purchase options (where these are reasonably certain to be exercised);
- Payments for penalties for terminating a lease, where the lease term reflects the Department exercising an option to terminate the lease.

The interest on the lease liability is recognised in profit or loss over the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. Lease liabilities do not include any future changes in variable lease payments (that depend on an index or rate) until they take effect, in which case the lease liability is reassessed and adjusted against the right-of-use asset.

Periods covered by extension or termination options are only included in the lease term by the Department if the lease is reasonably certain to be extended (or not terminated).

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

When a lease contract contains a lease component and a non-lease component, and if the non-lease component is material, the Department accounts for the amount of the non-lease component separately, where practicable, from the lease amount by applying other applicable Standards. Immaterial non-lease component(s) may be included in the lease amount, and accounted for as a single lease, by asset class.

This section should be read in conjunction with note 5.2.

Subsequent measurement

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

The Department's leasing activities

The Department's light vehicle fleet is leased through the Department of Finance and represents a liability of \$8.31 million in 2022 (2021: \$8.52 million). Accommodation for regional staff is leased through a mixture of private realtors and Government Regional Officer Housing (GROH) properties leased from private real estate agencies. Accommodation leased through GROH represented a liability of \$1.22 million in 2022 (2021: \$0.67 million). Leases are also arranged for office space, computer equipment and other plant and equipment.

Short-term and low-value leases

Payments associated with short-term and low-value leases are recognised as an expense in the statement of comprehensive income. Short-term leases are leases with a lease term of 12 months or less. Low-value assets are assets that are individually valued less than \$5,000 at cost. This excludes leases with another wholly-owned public sector entity lessor agency. These expenses are included within note 3.3 Other Expenditure.

Potential future cash outflow exposure for leases

The Department's material lease liabilities are with the Department of Finance for light fleet vehicles. The potential exposure for future cash outflows for extension options and termination options not taken into account for lease liabilities is minimal.

Leases with below market terms and conditions

The Department has elected to measure leases at below market terms and conditions at cost. Qualitative information is provided for the Department peppercorn leases as the leases individually do not meet the material threshold for disclosure.

Below Market Leases – Land

The Department has a below market lease for land as part of a joint management arrangement.

Below Market Leases – Airport Hangars

The Department has several below market leases for land and premises for aircraft and operations typically used for firefighting.

	2022 (\$000)	2021 (\$000)
7.2 Finance costs		
Lease interest expense	361	306
Finance costs expensed	361	306
‘Finance cost’ includes the interest component of lease liability repayments.		
7.3 Cash and cash equivalents		
7.3.1 Reconciliation of cash		
<i>Current</i>		
Cash and cash equivalents	9,510	8,995
Restricted cash and cash equivalents		
– Cash amounts in Special Purpose account ^(a)	93,053	73,519
	102,563	82,514
<i>Non-Current</i>		
Restricted cash and cash equivalents		
– Accrued salaries suspense account ^(b)	3,559	2,949
	3,559	2,949
Balance at end of period	106,122	85,463

(a) Cash held in the account is to fund the three special purpose accounts disclosed at note 9.5 ‘Special Purpose Accounts’ and a range of specific purpose accounts.

(b) Funds held in the suspense account for the purpose of meeting the 27th pay in a reporting period that occurs every 11th year. This account is classified as non-current for 10 out of 11 years.

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

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

7.3.2 Reconciliation of net cost of services to net cash flows provided by/(used in) operating activities

	Notes	2022 (\$000)	2021 (\$000)
Net cost of services		(126,989)	(155,104)
Non-cash items			
(Gain)/Loss on Revaluation of land	5.1	(189,709)	(145,531)
Depreciation expense	5.1.1,5.2	34,488	28,246
Resourced received	4.1	1,660	1,815
Adjustments for other non-cash items		(290)	(245)
Gain on disposal of non-current assets	4.6	(330)	(204)
(Increase)/decrease in assets			
Current receivables ^(a)		2,537	(6,390)
Inventories		(1,218)	469
Other current assets		(1,195)	(856)
Increase/(decrease) in liabilities			
Current payables and other current liabilities ^(a)		(1,793)	13,697
Provisions		1,853	2,869
Net GST receipts/(payments) ^(b)		374	(1,191)
Net cash provided by/(used in) operating activities		(280,612)	(262,425)

(a) Note that the Australian Taxation Office (ATO) receivable/payable in respect of GST and the receivable/payable in respect of the sale/purchase of non-current assets are not included in these items as they do not form part of the reconciling items.

(b) This is the net GST paid/received, i.e. cash transactions.

7.4 Commitments

7.4.1 Capital commitments

Capital expenditure commitments, being contracted capital expenditure additional to the amounts reported in the financial statements, are payable as follows:

Within 1 year	18,630	7,365
Later than 1 year and not later than 5 years	111	0
	18,741	7,365

The totals presented for capital commitments are GST inclusive.

7.4.2 Other expenditure commitments

Other expenditure commitments, being contracts pertaining to bushfire suppression and prescribed burning at the end of the reporting period but not recognised as liabilities, are payable as follows:

Within 1 year	19,623	13,082
Later than 1 year and not later than 5 years	54,012	20,280
	73,635	33,362

The totals presented for other expenditure commitments are GST inclusive.

8. Risks and contingencies

This note sets out the key risk management policies and measurement techniques of the Department.

	Notes
Financial risk management	8.1
Contingent assets and liabilities	8.2
Contingent liabilities	8.2.1
Fair value measurements	8.3

8.1 Financial risk management

Financial instruments held by the Department are cash and cash equivalents, restricted cash and cash equivalents, receivables and payables. The Department has limited exposure to financial risks. The Department's overall risk management program focuses on managing the risks identified below.

(a) Summary of risks and risk management

Credit risk

Credit risk arises when there is the possibility of the Department's receivables defaulting on their contractual obligations resulting in financial loss to the Department.

Credit risk associated with the Department's financial assets is minimal because the main receivable is the amounts receivable for services (holding account). For receivables other than Government, the Department trades only with recognised, creditworthy third parties. The Department 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 Department's exposure to bad debts is minimal. Debt will be written-off against the allowance account when it is improbable or uneconomical to recover the debt. At the end of the reporting period there were no significant concentrations of credit risk.

Liquidity risk

Liquidity risk arises when the Department is unable to meet its financial obligations as they fall due.

The Department is exposed to liquidity risk through its trading in the normal course of business.

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

Market risk

Market risk is the risk that changes in market prices such as foreign exchange rates and interest rates will affect the Department's income or the value of its holdings of financial instruments. The Department does not trade in foreign currency and is not materially exposed to other price risks (for example, equity securities or commodity prices changes). The Department's exposure to market risk for changes in interest rates relate primarily to the short-term deposits and cash and cash equivalents.

Other than as detailed in the interest rate sensitivity analysis table at Note 8.1(e), the Department is not exposed to interest rate risk as it has no borrowings.

(b) Categories of financial instruments

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

	2022	2021
	(\$000)	(\$000)
Financial assets		
Cash and cash equivalents	9,510	8,995
Restricted cash and cash equivalents	96,612	76,468
Financial assets at amortised cost ^(a)	282,585	262,570
Total financial assets	388,707	348,033
Financial liabilities		
Financial liabilities measured at amortised cost ^(b)	25,828	21,711
Total financial liability	25,828	21,711

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

(b) The amount of financial liabilities at amortised cost excludes GST recoverable from the ATO (statutory payable).

(c) Credit risk exposure

The following table details the credit risk exposure on the Department's trade receivables using a provision matrix.

		Days past due			
	Current	<30 days	31-60 days	61-90 days	>91 days
	(\$000)	(\$000)	(\$000)	(\$000)	(\$000)
30 June 2022					
Expected credit loss rate	1.28%	3.14%	4.39%	5.00%	10.27%
Estimated total gross carrying amount at default	7,792	429	1,806	118	779
Expected credit losses	(100)	(13)	(79)	(6)	(80)
	10,923				
	(278)				
30 June 2021					
Expected credit loss rate	0.87%	4.78%	3.37%	7.01%	12.68%
Estimated total gross carrying amount at default	8,749	440	429	58	485
Expected credit losses	(76)	(21)	(14)	(4)	(62)
	10,159				
	(177)				

(d) Liquidity risk and interest rate exposure

The following table details the Department's interest rate exposure and the contractual maturity analysis of financial assets and financial liabilities. The maturity analysis section includes interest and principal cash flows. The interest rate exposure section analyses only the carrying amounts of each item.

	Interest rate exposure and maturity analysis of financial assets and financial liabilities									
	Interest rate exposure				Maturity dates					
	Weighted average effective interest rate %	Carrying amount (\$'000)	Fixed interest rate (\$'000)	Variable interest rate (\$'000)	Non-interest bearing (\$'000)	Nominal amount (\$'000)	Up to 1 month (\$'000)	1-3 months to 1 year (\$'000)	1-5 years (\$'000)	More than 5 years (\$'000)
2022										
<u>Financial assets</u>										
Cash and cash equivalents	0.50	9,510	0	9,510	0	9,510	9,510	0	0	0
Restricted cash and cash equivalents	0.50	96,612	0	96,612	0	96,612	96,612	0	0	0
Receivables ^(a)		16,318	0	0	16,318	16,318	13,145	718	1,128	1,327
Amounts receivable for services		266,267	0	0	266,267	266,267	1,071	1,785	8,444	45,200
		388,707	0	106,122	282,585	388,707	120,338	2,503	9,572	46,527
<u>Financial liabilities</u>										
Payables		13,864	0	0	13,864	13,864	13,864	0	0	0
Lease liabilities ^(b)	3.13	11,964	11,964	0	0	11,964	437	863	3,438	7,109
		25,828	11,964	0	13,864	25,828	14,301	863	3,438	7,109

(a) The amount of receivables excludes the GST recoverable from the ATO (statutory receivable).

(b) The amount of lease liabilities includes \$1.22 m from leased buildings with Department of Communities as part of the Government Regional Officer Housing (GROH) program and \$8.31 m from leased vehicles.

(d) Liquidity risk and interest rate exposure (cont.)

	Interest rate exposure and maturity analysis of financial assets and financial liabilities										
	Weighted average interest rate %	Interest rate exposure			Maturity dates						
		Carrying amount (\$'000)	Fixed interest rate (\$'000)	Variable interest rate (\$'000)	Non-interest bearing (\$'000)	Nominal amount (\$'000)	Up to 1 month (\$'000)	1-3 months to 1 year (\$'000)	1-5 years (\$'000)	More than 5 years (\$'000)	
2021											
<u>Financial assets</u>											
Cash and cash equivalents	0.32	8,995	0	8,995	0	8,995	0	0	0	0	
Restricted cash and cash equivalents	0.32	76,468	0	76,468	0	76,468	0	0	0	0	
Receivables ^(a)		19,880	0	19,880	19,880	19,880	513	4,862	2,935	0	
Amounts receivable for services		242,690	0	242,690	242,690	242,690	990	1,650	7,820	45,200	
		348,033	0	85,463	262,570	348,033	98,023	2,163	12,682	48,135	187,030
<u>Financial liabilities</u>											
Payables		9,959	0	0	9,959	9,959	9,959	0	0	0	0
Lease liabilities ^(b)	2.81	11,752	11,752	0	0	11,752	397	782	3,104	7,349	120
		21,711	11,752	0	9,959	21,711	10,356	782	3,104	7,349	120

(a) The amount of receivables excludes the GST recoverable from the ATO (statutory receivable).

(b) The amount of lease liabilities includes \$0.67m from leased buildings with Department of Communities as part of the Government Regional Officer Housing (GROH) program and \$8.52m from leased vehicles.

(e) Interest rate sensitivity analysis

The following table represents a summary of the interest rate sensitivity of the Department's financial assets and liabilities at the end of the reporting period on the surplus for the period and equity for a 1% change in interest rates. It is assumed that the change in interest rates is held constant throughout the reporting period.

	Carrying amount (\$000)	-100 basis points		+100 basis points	
		Surplus (\$000)	Equity (\$000)	Surplus (\$000)	Equity (\$000)
2022					
<u>Financial assets</u>					
Cash and cash equivalents	9,510	(95.10)	(95.10)	95.10	95.10
Restricted cash and cash equivalents	96,612	(966.12)	(966.12)	966.12	966.12
Total increase/(decrease)		<u>(1,061.22)</u>	<u>(1,061.22)</u>	<u>1,061.22</u>	<u>1,061.22</u>
	Carrying amount (\$000)	-100 basis points		+100 basis points	
		Surplus (\$000)	Equity (\$000)	Surplus (\$000)	Equity (\$000)
2021					
<u>Financial assets</u>					
Cash and cash equivalents	8,995	(89.95)	(89.95)	89.95	89.95
Restricted cash and cash equivalents	76,468	(764.68)	(764.68)	764.68	764.68
Total increase/(decrease)		<u>(854.63)</u>	<u>(854.63)</u>	<u>854.63</u>	<u>854.63</u>

8.2 Contingent assets and liabilities

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

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

The Department has nil contingent assets (2021: nil contingent assets).

8.2.1 Contingent liabilities

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

Litigation and arbitration in progress

The Department has 2 litigation claims against it amounting to \$2,063,677 covered by the Department's general liability insurance policy. The Department has denied liability and any legal claim will be defended. The Department also has a matter being considered by the Industrial Relations Commission with the possible outcome being a payment of \$70,000 if the claimant is successful.

Native title determinations

The Department's land is subject to a number of native title determinations. The financial effect of these native title determinations and any contingent compensation liability has not been determined and cannot be estimated at this time.

Contaminated sites

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

The Department has 1 site classified as *contaminated – remediation required*, 4 sites classified as *contaminated – restricted use* and 80 sites classified as *possibly contaminated – investigation required*. It is not practicable to estimate the potential financial effect or to identify the uncertainties relating to the amount or timing of any outflows in relation to these sites. Whilst there is no possibility of reimbursement of any future expenses that may be incurred in the remediation of these sites, the Department may apply for funding from the Contaminated Sites Management Account to undertake further investigative work or to meet remediation costs that may be required.

8.3 Fair value measurement

Assets measured at fair value:				Fair value at end of period
2022	Level 1	Level 2	Level 3	(\$000)
	(\$000)	(\$000)	(\$000)	(\$000)
Land (Note 5.1)	0	222,926	2,445,833	2,668,759
Buildings (Note 5.1)	0	2,682	124,848	127,530
	0	225,608	2,570,681	2,796,289

Assets measured at fair value:				Fair value at end of period
2021	Level 1	Level 2	Level 3	(\$000)
	(\$000)	(\$000)	(\$000)	(\$000)
Land (Note 5.1)	0	202,952	2,274,131	2,477,083
Buildings (Note 5.1)	0	2,424	109,814	112,238
	0	205,376	2,383,945	2,589,321

There were no transfers between Levels 1, 2 or 3 during the previous period.

Valuation techniques to derive Level 2 fair values

Level 2 fair values of land and buildings (office accommodation) are derived using the market approach. Market evidence of sales prices of comparable land and buildings (office accommodation) in close proximity is used to determine price per square metre.

Non-current assets held for sale have been written down to fair value less costs to sell. Fair value has been determined by reference to market evidence of sales prices of comparable assets.

Fair value measurements using significant unobservable inputs (Level 3)

2022	Land (\$000)	Buildings (\$000)
Fair value at start of period	2,274,131	109,814
Additions	1,967	4,343
Revaluation increments/(decrements) recognised in Profit or Loss	169,735	0
Revaluation increments/(decrements) recognised in Other Comprehensive Income	0	18,111
Transfers from/(to) Level 2	0	0
Disposals	0	(86)
Depreciation expense	0	(7,334)
Fair value at end of period	2,445,833	124,848
Total gains or losses for the period included in profit or loss, under 'Other Gains'		

2021	Land (\$000)	Buildings (\$000)
Fair value at start of period	2,131,129	114,119
Additions	3,205	1,695
Revaluation increments/(decrements) recognised in Profit or Loss	139,457	0
Revaluation increments/(decrements) recognised in Other Comprehensive Income	0	860
Transfers from/(to) Level 2	340	0
Disposals	0	(532)
Depreciation expense	0	(6,328)
Fair value at end of period	2,274,131	109,814
Total gains or losses for the period included in profit or loss, under 'Other Gains'		

Valuation processes

There were no changes in valuation techniques during the period.

Transfers in and out of a fair value level are recognised on the date of the event or change in circumstances that caused the transfer. Transfers are generally limited to assets newly classified as non-current assets held for sale as Treasurer's instructions require valuations of land and buildings to be categorised within Level 3 where the valuations will utilise significant Level 3 inputs on a recurring basis.

Land (Level 3 fair values)

Fair value for restricted use land is based on comparison with market evidence for land with low level utility (high restricted use land). The relevant comparators of land with low level utility is selected by Landgate and represents the application of a significant Level 3 input in this valuation methodology. The fair value measurement is sensitive to values of comparator land, with higher values of comparator land correlating with higher estimated fair values of land.

Buildings (Level 3 fair values)

Fair value for existing use specialised buildings is determined by reference to the cost of replacing the remaining future economic benefits embodied in the asset, i.e. the current replacement cost. Current replacement cost is generally determined by reference to the market observable replacement cost of a substitute asset of comparable utility and the gross project size specifications, adjusted for obsolescence. Obsolescence encompasses physical deterioration, functional (technological) obsolescence and economic (external) obsolescence.

Valuation using current replacement cost utilises the significant Level 3 input, consumed economic benefit/obsolescence of asset which is estimated by Landgate. The fair value measurement is sensitive to the estimate of consumption/obsolescence, with higher values of the estimate correlating with lower estimated fair values of buildings.

Basis of valuation

In the absence of market-based evidence, due to the specialised nature of some non-financial assets, these assets are valued at Level 3 of the fair value hierarchy on an existing use basis. The existing use basis recognises that restrictions or limitations have been placed on their use and disposal when they are not determined to be surplus to requirements. These restrictions are imposed by virtue of the assets being held to deliver a specific community service.

9. Other disclosures

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

	Notes
Impact of Australian standards	9.1
Future impact of Australian standards issued not yet operative	9.1.1
Key management personnel	9.2
Related party transactions	9.3
Affiliated bodies	9.4
Special purpose accounts	9.5
Remuneration of auditors	9.6
Equity	9.7
Supplementary financial information	9.8

9.1 Impact of Australian standards

9.1.1 Future impact of Australian Accounting Standards issued not yet operative

The Department cannot early adopt an Australian Accounting Standard unless specifically permitted by TI 1101 Application of Australian Accounting Standards and Other Pronouncements or by an exemption from TI 1101. Where applicable, the Department plans to apply the following Australian Accounting Standards from their application date.

		Operative for reporting periods beginning on/after
AASB 17	<p><i>Insurance Contracts</i></p> <p>This Standard establishes principles for the recognition, measurement, presentation and disclosure of insurance contracts.</p> <p><i>The Department has not assessed the impact of the Standard.</i></p>	1 Jan 2023
AASB 2020-1	<p><i>Amendments to Australian Accounting Standards – Classification of Liabilities as Current or Non-current</i></p> <p>This Standard amends AASB 101 to clarify requirements for the presentation of liabilities in the statement of financial position as current or non-current.</p> <p><i>These is no financial impact.</i></p>	1 Jan 2023
AASB 2020-3	<p><i>Amendments to Australian Accounting Standards – Annual Improvements 2018–2020 and Other Amendments</i></p> <p>This Standard amends: (a) AASB 1 to simplify the application of AASB 1; (b) AASB 3 to update a reference to the Conceptual Framework for Financial Reporting; (c) AASB 9 to clarify the fees an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability; (d) AASB 116 to require an entity to recognise the sales proceeds from selling items produced while preparing property, plant and equipment for its intended use and the related cost in profit or loss, instead of deducting the amounts received from the cost of the asset; (e) AASB 137 to specify the costs that an entity includes when assessing whether a contract will be loss-making; and (f) AASB 141 to remove the requirement to exclude cash flows from taxation when measuring fair value.</p> <p><i>There is no financial impact.</i></p>	1 Jan 2022
AASB 2020-6	<p><i>Amendments to Australian Accounting Standards – Classification of Liabilities as Current or Non-current – Deferral of Effective Date</i></p>	1 Jan 2022

	<p>This Standard amends AASB 101 to defer requirements for the presentation of liabilities in the statement of financial position as current or non-current that were added to AASB 101 in AASB 2020-1.</p> <p><i>There is no financial impact.</i></p>	
AASB 2021-2	<p><i>Amendments to Australian Accounting Standards – Disclosure of Accounting Policies and Definition of Accounting Estimates</i></p> <p>This Standard amends: (a) AASB 7, to clarify that information about measurement bases for financial instruments is expected to be material to an entity's financial statements; (b) AASB 101, to require entities to disclose their material accounting policy information rather than their significant accounting policies; (c) AASB 108, to clarify how entities should distinguish changes in accounting policies and changes in accounting estimates; (d) AASB 134, to identify material accounting policy information as a component of a complete set of financial statements; and (e) AASB Practice Statement 2, to provide guidance on how to apply the concept of materiality to accounting policy disclosures.</p> <p><i>There is no financial impact.</i></p>	1 Jan 2023
AASB 2021-6	<p><i>Amendments to Australian Accounting Standards – Disclosure of Accounting Policies: Tier 2 and Other Australian Accounting Standards</i></p> <p>This standard amends This standard amends: (a) AASB 1049, to require entities to disclose their material accounting policy information rather than their significant accounting policies; (b) AASB 1054 to reflect the updated accounting policy terminology used in AASB 101 Presentation of Financial Statements; and (c) AASB 1060 to required entities to disclose their material accounting policy information rather than their significant accounting policy and to clarify that information about measurement bases for financial instruments is expected to be material to an entity's financial statements</p> <p>There is no financial impact.</p>	1 Jan 2023
AASB 2021-7	<p><i>Amendments to Australian Accounting Standards – Effective Date of Amendments to AASB 10 and AASB 128 and Editorial Corrections</i></p> <p>This standard further defers (to 1 January 2025) the amendments to AASB 10 and AASB 128 relating to the sale or contribution of assets between an investor and its associated or joint venture. The standard also includes editorial corrections</p> <p>There is no financial impact.</p>	1 Jan 2022

9.2 Key management personnel

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

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

Compensation band (\$)	2022	2020
410,001 – 420,000	1	1
270,001 – 280,000	1	1
260,001 – 270,000	0	0
230,001 – 240,000	2	2
220,001 – 230,000	2	2
210,001 – 220,000	0	0
200,001 – 210,000	1	1
	2022	2020
	(\$000)	(\$000)
Short-term employee benefits	1,438	1,444
Post-employment benefits	205	200
Other long-term benefits	164	164
Termination benefits	0	0
Total compensation of senior officers	1,807	1,808

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

9.3 Related party transactions

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

Related parties of the Department include:

- all cabinet ministers and their close family members, and their controlled or jointly controlled entities;
- all senior officers and their close family members, and their controlled or jointly controlled entities;
- other departments and statutory authorities, including related bodies that are included in the whole of government consolidated financial statements (i.e. wholly-owned public sector entities);
- associates and joint ventures, of a wholly-owned public sector entity; and
- the Government Employees Superannuation Board (GESB).

Significant transactions with Government-related entities

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

- superannuation payments to GESB (Note 3.1(a));
- grants and subsidies to the Botanic Gardens and Parks Authority, Zoological Park Authority, Rottnest Island Authority, Department of Water and Environmental Regulation, Western Australian Museum and Department of Finance (Note 3.2);
- supplies and services transactions with government related entities (Note 3.3);

- operating leases on motor vehicles, other lease, rental and hire expense transactions with State Fleet and Department of Fire and Emergency (Note 3.3);
- accommodation expense transactions with the Department of Finance and Department of Primary Industries and Regional Development (Note 3.3);
- income from State Government (Note 4.1);
- services received free of charge from other State government agencies (Note 4.1);
- services rendered and user fees charged by the Department to other government agencies (Note 4.2);
- insurance payments from the Insurance Commission and Riskcover fund (Note 4.3);
- other grants and contributions received from other state government agencies (Note 4.5);
- right-of-use assets representing State Fleet leases for motor vehicles and accommodation leased through the Department of Communities (Note 5.2);
- lease liabilities with Department of Communities and State Fleet (Note 7.1);
- equity contribution (Note 9.7);
- Royalties for Regions Fund (Note 4.1) and equity injections from Royalties for Regions Funds (Note 9.7); and
- remuneration for services provided by the Auditor General (Note 9.6).

Significant outstanding balances with government related entities

Significant balances include:

- receivables from government related entities (Note 6.2);
- unearned revenue from the Department of Planning, Lands and Heritage (Note 6.6).

Material transactions with other related parties

Outside of normal citizen type transactions with the Department, there were no other related party transactions that involved key management personnel and/or their close family members and/or their controlled (or jointly controlled) entities.

9.4 Affiliated bodies

The following government affiliated body received more than half its funding and resources from the Department but is not subject to operational control by the Department.

	2022	2021
	(\$000)	(\$000)
Conservation and Parks Commission	353	396
Balance at end of period	353	396

9.5 Special purpose accounts

Biodiversity Conservation Account ^(a)

The purpose of the account is to fund scientific research relating to flora and fauna.

	2022	2021
	(\$000)	(\$000)
Balance at start of period	648	596
Receipts	54	53
Payments	0	(1)
Balance at end of period	702	648

Barrow Island Net Conservation Benefit Account ^(b)

The purpose of the account is to fund ongoing programs that will provide demonstrable and sustainable additions to or improvements in biodiversity conservation values of Western Australia targeting, where possible, the biodiversity conservation values affected or occurring in similar bioregions to Barrow Island.

	2022	2021
	(\$000)	(\$000)
Balance at start of period	1,883	2,353
Receipts	2,443	2,452
Payments	(2,492)	(2,922)
Balance at end of period	1,834	1,883

National Parks Essential Works Account ^(c)

The purpose of this account is to hold net proceeds in respect of forest produce taken or received under section 99A *Conservation and Land Management Act 1984* and from which moneys shall be applied only for the purposes of land to which Division 2 of VIII of the *Conservation and Land Management Act 1984* applies.

There were no transactions through the account for the reporting period. The account had a zero balance at the end of the reporting period.

(a) Established under section 16(1)(b) of *Financial Management Act 2006*.

(b) Established under section 16(1)(b) of *Financial Management Act 2006*.

(c) Established under section 69(2) of the *Conservation and Land Management Act 1984*.

9.6 Remuneration of auditors

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

Auditing the accounts, financial statements, controls, and key performance indicators	322	313
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	2022	2021
	(\$000)	(\$000)
9.7 Equity		
<u>Contributed equity</u>		
Balance at start of period	3,152,973	3,115,096
<i>Contributions by owners</i>		
Capital appropriation	48,950	41,694
<i>Other contributions by owners</i>		
Royalties for Regions Fund – Regional Infrastructure and Headworks Account	13,638	13,544
Royalties for Regions Fund – Regional Community Services Account	179	0
<i>Transfer of net assets from other agencies</i>		
Department of Planning, Lands and Heritage	0	95
Department of Water and Environmental Regulation	0	1,326
Total contributions by owners	3,215,740	3,171,755
<i>Distributions to owners</i>		
Transfer of net assets to other agencies:		
Treasury	(3,110)	(8,187)
Rottnest Island Authority	(14,300)	(5,800)
Zoological Parks Authority	(2,656)	(3,354)
Botanic Gardens and Parks Authority	(95)	(1,441)
Total distributions to owners	(20,161)	(18,782)
Total contributed equity at end of period	3,195,579	3,152,973
<u>Asset revaluation surplus</u>		
Balance at the start of period	42,369	41,302
Net revaluation increments/(decrements):		
Land	0	0
Buildings	18,545	1,067
Total asset revaluation surplus at end of period	60,914	42,369
<u>Accumulated surplus</u>		
Balance at start of period	(122,196)	(273,934)
Result for the period	215,318	151,738
Total accumulated surplus at end of period	93,122	(122,196)

9.8 Supplementary financial information

(a) Write-offs

During the financial year, \$3,083 (2021: \$5,159) was written off as bad debts and \$100,261 (2021: \$87,641) of the Department's asset and public property register under the authority of:

	2022	2021
	(\$000)	(\$000)
The Accountable Authority	103	93
The Minister	0	0
Executive Council	0	0
Balance at end of period	103	93

The amount approved for write off during the year of \$100,261 (2021: \$87,641) relates to losses through theft, defaults and other causes disclosed at note 9.8(b) below.

(b) Losses through theft, defaults and other causes

Losses of public money and other property through theft or default	100	88
Amounts recovered	0	0
Balance at end of period	100	88

10. Other disclosures

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

	Notes
Explanatory statement for controlled operations	10.1
Explanatory statement for administered items	10.2

10.1 Explanatory statement for controlled operations

All variances between estimates (original budget) and actual results for 2022, and between the actual results for 2022 and 2021 are shown below. "2022 Estimate" refers to the Department's (excluding Zoological Parks Authority, Botanic Gardens and Parks Authority and Rottnest Island Authority) budget estimates. Narratives are provided for key major variances which vary more than 10% from their comparative and that the variation is more than 1% of the dollar aggregate of Total Cost of Services for the Statements of Comprehensive Income and Statement of Cash Flows; and Total Assets for the Statement of Financial Position.

10.1.1 Statement of Comprehensive Income Variances

	Variance note	Estimate 2022 (\$000)	Actual 2022 (\$000)	Actual 2021 (\$000)	Variance between actual and estimate (\$000)	Variance between actual results for 2022 and 2021 (\$000)
Expenses						
Employee benefits expense		187,998	188,004	180,175	6	7,829
Supplies and services	1, A	100,038	89,264	77,697	(10,774)	11,567
Depreciation expense	B	34,132	34,488	28,246	356	6,242
Accommodation expenses		3,817	3,520	3,326	(297)	194
Grants and subsidies	2, C	13,574	37,207	47,165	23,633	(9,958)
Other expenses	D	27,683	26,947	22,601	(736)	4,346
Finance costs		459	361	306	(98)	55
Total cost of services		367,701	379,791	359,516	12,090	20,275
Income						
Revenue						
User charges and fees	3	28,474	33,145	31,927	4,671	1,218
Commonwealth grants	E	6,022	5,627	1,280	(395)	4,347
Other grants		12,075	11,087	11,440	(988)	(353)
Interest income		1,988	608	268	(1,380)	340
Other income		11,413	12,296	13,762	883	(1,466)
Gain on disposal of non-current assets		0	330	204	330	126
Total Income		59,972	63,093	58,881	3,121	4,212

	Variance Note	Estimate 2022 (\$000)	Actual 2022 (\$000)	Actual 2021 (\$000)	Variance between actual and estimate (\$000)	Variance between actual results for 2022 and 2021 (\$000)
Gains/(Loss) on revaluation of assets						
	4	0	189,709	145,531	189,709	44,178
		0	0	0	0	0
		0	189,709	145,531	189,709	44,178
NET COST OF SERVICES						
		307,729	126,989	155,104	(180,740)	(28,115)
Income from State Government						
	5	256,647	286,237	267,505	29,590	18,732
	6	21,276	26,061	25,889	4,785	172
		1,493	1,660	1,815	167	(155)
	7, F	35,134	28,349	11,633	(6,785)	16,716
		314,550	342,307	306,842	27,757	35,465
		6,821	215,318	151,738	208,497	63,580
OTHER COMPREHENSIVE INCOME						
Items not reclassified subsequently to profit or loss						
		0	18,545	1,067	18,545	17,478
		0	18,545	1,067	18,545	17,478
		6,821	233,863	152,805	227,042	81,058

Major Estimate and Actual (2022) Variance Narratives

1. Supplies and services is under estimates by \$10.77 million (10.77%) due to deferral of expenditure on the Aboriginal Ranger Program, Yamatji Nation Regional Agreement, Pila Nature Reserve and the Plan for Our Parks initiative.
2. Grants and subsidies exceeded estimates by \$23.63 million (174.10%) mainly due to payment of annual grants (appropriation) to Botanic Gardens and Parks Authority, Rottnest Island Authority and Zoological Parks Authority which is not factored in the budget.
3. User charges and fees exceeded estimates by \$4.67 million (16.40%) mainly due to increased park passes and camping activity.
4. Gain on revaluation of assets exceeded estimates by \$189.71 million due to the increase in the value of land assessed by the Valuer General.
5. Service appropriation exceeded estimates by \$29.59 million (11.53%) due to receipt of appropriation for Botanic Gardens and Parks Authority, Rottnest Island Authority and Zoological Parks Authority. Additional appropriation was received by the Department as part of supplementary funding for 2021-22 received to cover additional bushfire suppression costs.
6. Income from other public sector entities exceeded estimates by \$4.79 million (22.49%) mainly due to payment for corporate services (payroll and IT) from Botanic Gardens and Parks Authority, Rottnest Island Authority and Zoological Parks Authority.
7. Royalties for Regions Fund is under estimates by \$6.79 million (19.31%) due to less funds being drawn down than expected.

Major Actual (2022) and Comparative (2021) Variance Narratives

- A. Supplies and services increased by \$11.57 million (14.89%) due to increased spending on Plan for Our Parks Initiatives and joint management agreements of conservation estate.
- B. Depreciation increase of \$6.24 million (22.10%) due to increased expenditure on parks infrastructure.
- C. Grants and Subsidies decreased by \$9.96 million (21.11%) due to lower appropriation passed on to Statutory Authorities such as grants in relation to the impact of COVID-19 on revenue that was transferred in 2020-21.
- D. Other expenses increased by \$4.35 million (19.23%) due to increased aircraft hire.
- E. Commonwealth grants increased by \$4.35 million (339.61%) due to recognition of income in line with capital expenditure for the Digital Environment Assessment Program and COVID-19 Recovery and Relief program. Carbon credits issued for carbon farming projects were also recognised as grants.
- F. Royalties for Regions Fund increased by \$16.72 million (143.69%) due to funds being drawn for projects such as the Aboriginal Ranger Program, joint management of conservation estate and Plan for Our Parks initiatives.

10.1.2 Statement of Financial Position Variances

	Variance note	Estimate 2022 (\$000)	Actual 2022 (\$000)	Actual 2021 (\$000)	Variance between estimate and actual (\$000)	Variance between actual results for 2022 and 2021 (\$000)
ASSETS						
<u>Current Assets</u>						
Cash and cash equivalents		11,447	9,510	8,995	(1,937)	515
Restricted cash and cash equivalents		62,271	93,053	73,519	30,782	19,534
Inventories		1,581	2,330	1,111	749	1,219
Receivables		6,540	17,215	19,543	10,675	(2,328)
Amounts receivable for services		11,300	11,300	10,460	0	840
Other current assets		7,158	4,388	3,195	(2,770)	1,193
Non-current assets held for sale		44	44	56	0	(12)
Total Current Assets		100,341	137,840	116,879	37,499	20,961
<u>Non-Current Assets</u>						
Restricted cash and cash equivalents		3,849	3,559	2,949	(290)	610
Receivables		2,105	1,327	2,935	(778)	(1,608)
Amounts receivable for services		255,062	254,967	232,230	(95)	22,737
Infrastructure, property, plant and equipment	1	2,691,107	3,032,612	2,798,200	341,505	234,412
Right-of-use assets		10,487	11,995	11,760	1,508	235
Total Non-Current Assets		2,962,610	3,304,460	3,048,074	341,850	256,386
TOTAL ASSETS		3,062,951	3,442,300	3,164,953	379,349	277,347
<u>LIABILITIES</u>						
<u>Current Liabilities</u>						
Payables		3,333	13,864	9,959	10,531	3,905
Lease liabilities		4,955	4,738	4,283	(217)	455
Employee related provisions		37,195	39,739	38,021	2,544	1,718
Other current liabilities		14,572	13,501	19,362	(1,071)	(5,861)
Total Current Liabilities		60,055	71,842	71,625	11,787	217

	Variance note	Estimate 2022 (\$000)	Actual 2022 (\$000)	Actual 2021 (\$000)	Variance between actual and estimate (\$000)	Variance between actual results for 2022 and 2021 (\$000)
<u>Non-Current Liabilities</u>						
Lease liabilities		5,679	7,226	7,469	1,547	(243)
Employee related provisions		7,007	7,634	7,499	627	135
Other non-current liabilities		5,375	5,983	5,214	608	769
Total Non-Current Liabilities		18,061	20,843	20,182	2,782	661
TOTAL LIABILITIES		78,116	92,685	91,807	14,569	878
NET ASSETS						
<u>EQUITY</u>						
Contributed equity		3,206,228	3,195,579	3,152,973	(10,649)	42,606
Reserves		41,302	60,914	42,369	19,612	18,544
Accumulated surplus/(deficit)		(262,695)	93,122	(122,196)	355,817	215,318
TOTAL EQUITY		2,984,835	3,349,615	3,073,146	364,780	276,468

Major Estimate and Actual (2022) Variance Narratives

1. Infrastructure, property, plant and equipment increased by \$341.51 million against estimates due to the gain on revaluation in the value of land assessed by the Valuer General. In 2022 the gain on revaluation was \$189.71 million and in 2021 the gain on revaluation was \$145.53 million with the 2021 gain not being accounted for in the 2022 estimate.

10.1.3 Statement of Cash Flows Variances		Variance note	Estimate 2022 (\$000)	Actual 2022 (\$000)	Actual 2021 (\$000)	Variance between actual and estimate (\$000)	Variance between actual results for 2022 and 2021 (\$000)
<u>CASH FLOWS FROM STATE GOVERNMENT</u>							
		1	222,515	252,200	233,463	29,685	18,737
		2, A	32,062	48,950	41,694	16,888	7,256
			10,460	10,460	9,782	0	678
		3	0	(20,161)	(18,782)	(20,161)	(1,379)
		4	21,276	27,693	25,382	6,417	2,311
		5, B	56,267	42,166	25,178	(14,101)	16,988
			342,580	361,308	316,717	18,728	44,591
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>							
		6, C	(187,726)	(186,061)	(175,975)	1,665	(10,086)
			(98,915)	(84,468)	(71,722)	14,447	(12,746)
			(4,060)	(3,520)	(3,326)	540	(194)
		7, D	(12,959)	(37,207)	(47,165)	(24,248)	9,958
		8	(11,322)	(17,097)	(14,847)	(5,775)	(2,250)
			0	0	(268)	0	268
		E	(27,690)	(28,848)	(22,585)	(1,158)	(6,263)
			(459)	(361)	(306)	98	(55)
		F	28,986	32,483	29,262	3,497	3,221
			749	1,668	5,707	919	(4,039)
			1,988	415	294	(1,573)	121
			5,500	5,892	5,696	392	196

	Variance Note	Estimate 2022 (\$000)	Actual 2022 (\$000)	Actual 2021 (\$000)	Variance between actual and estimate (\$000)	Variance between actual results for 2022 and 2021 (\$000)
GST receipts from taxation authority	9	5,827	11,579	8,228	5,752	3,351
Other receipts		24,938	24,913	24,582	(25)	331
Net cash provided by/(used in) operating activities		(275,143)	(280,612)	(262,425)	(5,469)	(18,187)
CASH FLOWS FROM INVESTING						
ACTIVITIES						
<u>Payments</u>						
Purchase of non-current physical assets	10, G	(74,690)	(55,092)	(47,464)	19,598	(7,628)
<u>Receipts</u>						
Proceeds from sale of non-current physical assets		500	817	1,061	317	(244)
Net cash provided by/(used in) investing activities		(74,190)	(54,275)	(46,403)	19,915	(7,872)
CASH FLOWS FROM FINANCING						
ACTIVITIES						
<u>Payments</u>						
Principal repayments of lease liabilities		(4,798)	(5,762)	(5,017)	(964)	(745)
Net cash provided by/(used in) financing activities		(4,798)	(5,762)	(5,017)	(964)	(745)

	Variance Note	Estimate 2022 (\$000)	Actual 2022 (\$000)	Actual 2021 (\$000)	Variance between actual and estimate (\$000)	Variance between actual results for 2022 and 2021 (\$000)
Net increase/(decrease) in cash and cash equivalents		(11,551)	20,659	2,872	32,210	17,787
Cash and cash equivalents at the beginning of the period		89,118	85,463	82,591	(3,655)	2,872
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD		77,567	106,122	85,463	28,555	20,659

Major Estimate and Actual (2022) Variance Narratives

1. Service appropriation exceeded estimates by \$29.69 million (13.34%) due to receipt of appropriation for Botanic Gardens and Parks Authority, Rottnest Island Authority and Zoological Parks Authority. Additional appropriation was received by the Department as part of supplementary funding for 2021-22 received to cover additional bushfire suppression costs.
2. Capital appropriations exceeded estimates by \$16.89 million (52.67%) due to receipt of appropriation for Botanic Gardens and Parks Authority, Rottnest Island Authority and Zoological Parks Authority.
3. Non-retained revenue distributed to owner exceeded estimates by \$20.16 million due to distribution of capital appropriation to statutory authorities and repayments to Treasury.
4. Funds from other public sector entities exceeded estimates by \$6.42 million (30.16%) due to payments from Botanic Gardens and Parks Authority, Rottnest Island Authority and Zoological Parks Authority for bureau services which is not factored in the budget.
5. Royalties for Regions Fund is under estimates by \$14.10 million (25.06%) due to lower drawdowns than expected.
6. Supplies and Services is under estimates by \$14.45 million (14.61%) partly due to deferral of expenditure on the Aboriginal Ranger Program, Yamaji Nation Regional Agreement, Pila Nature Reserve and the Plan for Our Parks initiative.
7. Grants and subsidies exceeded estimates by \$24.25 million (187.11%) due to payment of annual grants (appropriation) to Botanic Gardens and Parks Authority, Rottnest Island Authority and Zoological Parks Authority.
8. GST payments on purchases exceeded estimates by \$5.78 million (51.01%) due to higher expenditure on operations such as Plan for Our Parks Initiatives and joint management arrangements related to conservation estate that have raised the typical GST credits above the department's baseline in estimates.
9. GST receipts from taxation authority exceeded estimates by \$5.75 million (98.71%) due to higher GST credits earned from higher expenditure on operations.
10. Purchase of non-current physical assets is under estimates by \$19.60 million (26.24%) due to underspends in the Royalties for Regions capital program and WA Recovery program.

Major Actual (2022) and Comparative (2021) Variance Narratives

- A. Capital appropriations increased by \$7.26 million (17.40%) due to increased capital appropriation for infrastructure upgrades transferred to Rottnest Island Authority.
- B. Royalties for Regions Fund increased by \$16.99 million (67.47%) due to funds being drawn for projects such as the Aboriginal Ranger Program, joint management of conservation estate and Plan for Our Parks.
- C. Supplies and Services increased by \$12.75 million (17.77%) partly due to increased spending on Plan for Our Parks Initiatives and joint management agreements of conservation estate.
- D. Grants and subsidies decreased by \$9.96 million (21.11%) due to lower appropriation passed on to Statutory Authorities such as grants in relation to the impact of COVID-19 on revenue that was transferred in 2020-21.
- E. Other payments have increased by \$6.26 million (27.73%) due to increased aircraft hire.
- F. Commonwealth grants have decreased by \$4.04 million (70.77%) partly due to COVID-19 Recovery and Relief funding received in 2020-21.
- G. Purchase of non-current physical assets have increased by \$7.63 million (16.07%) partly due to the department's expanded asset investment program with funding in 2021-22 for election commitments, park infrastructure investment and upgrades and Plan for Our Parks Initiatives.

10.2.1 Explanatory statement for administered items

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

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

	Variance note	Estimate 2022 (\$'000)	Actual 2022 (\$'000)	Actual 2021 (\$'000)	Variance between estimate and actual (\$'000)	Variance between actual results for 2022 and 2021 (\$'000)
INCOME FROM ADMINISTERED ITEMS						
<u>Income</u>						
For transfer:						
	1),A	30	94	58	64	36
		30	94	58	64	36
<u>Expenses</u>						
		0	40,039	56,097	40,039	(16,058)
	2),B	30	94	58	64	36
		30	40,133	56,155	40,103	(16,022)
Total administered expenses						
Net income from Administered Items						
		0	(40,039)	(56,097)	40,039	(16,058)

^(a) Biological assets represent native forest and wild sandalwood.

^(b) Transfer payments represent the transfer of non-retainable regulatory fees to the Consolidated Account.

Major estimate and actual (2022) variance narratives

- 1) Regulatory fees are \$64k (213%) higher than estimates partly due to more infringement notices issued than estimated and the transfer of proceeds of sale of seized and forfeited fauna to Treasury.
- 2) Native forest and sandalwood biological assets are measured at fair value in accordance with AASB 141 Agriculture with a valuation conducted at the end of the reporting period. The fair value of native forest has been revalued to nil and is partly due to the decision to limit commercial native forest logging in the next Forest Management Plan 2023-2033 to thinning and clearance of trees for approved mining conditions.

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

- A. Regulatory fees are \$36k (62%) higher than prior year partly due to the transfer of proceeds of sale of seized and forfeited fauna to Treasury.
- B. Native forest and sandalwood biological assets are measured at fair value in accordance with AASB 141 Agriculture with a valuation conducted at the end of the reporting period. The fair value of native forest has been revalued to nil and is partly due to the decision to limit commercial native forest logging in the next Forest Management Plan 2023-2033 to thinning and clearance of trees for approved mining conditions.