

DISCLOSURES AND LEGAL COMPLIANCE





Auditor General

INDEPENDENT AUDITOR'S REPORT

To the Parliament of Western Australia

DEPARTMENT OF TRANSPORT

Report on the Financial Statements

Opinion

I have audited the financial statements of the Department of Transport which comprise the Statement of Financial Position as at 30 June 2019, the Statement of Comprehensive Income, Statement of Changes in Equity, Statement of Cash Flows, Schedule of Income and Expenses by Service, Schedule of Assets and Liabilities by Service, and Summary of Consolidated Account Appropriations and Income Estimates for the year then ended, and Notes comprising a summary of significant accounting policies and other explanatory information, including Administered transactions and balances.

In my opinion, the financial statements are based on proper accounts and present fairly, in all material respects, the operating results and cash flows of the Department of Transport for the year ended 30 June 2019 and the financial position at the end of that period. They are in accordance with Australian Accounting Standards, the *Financial Management Act 2006* and the Treasurer's Instructions.

Basis for Opinion

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

Responsibility of the Director General for the Financial Statements

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

Auditor's Responsibility for the Audit of the Financial Statements

As required by the *Auditor General Act 2006*, my responsibility is to express an opinion on the financial statements. The objectives of my audit are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with Australian Auditing Standards, I exercise professional judgment and maintain professional scepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. 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.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the agency's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Director General.
- Conclude on the appropriateness of the Director General's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the agency's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

I communicate with the Director General regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

Report on Controls

Opinion

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

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

In my opinion, in all material respects, the controls exercised by the Department of Transport 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 2019.

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 the controls, necessary to achieve the overall control objectives, were implemented as designed.

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

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

Limitations of Controls

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

Report on the Key Performance Indicators

Opinion

I have undertaken a reasonable assurance engagement on the key performance indicators of the Department of Transport for the year ended 30 June 2019. The key performance indicators are the key effectiveness indicators and the 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 Transport are relevant and appropriate to assist users to assess the Department's performance and fairly represent indicated performance for the year ended 30 June 2019.

The Director General's Responsibility 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 Responsibility

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

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

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

My Independence and Quality Control Relating to the Reports on Controls and Key Performance Indicators

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

Matters Relating to the Electronic Publication of the Audited Financial Statements and Key Performance Indicators

This auditor's report relates to the financial statements and key performance indicators of the Department of Transport for the year ended 30 June 2019 included on the Department's website. The Department's management is responsible for the integrity of the Department's website. This audit does not provide assurance on the integrity of the Department's website. The auditor's report refers only to the financial statements and key performance indicators described above. It does not provide an opinion on any other information which may have been hyperlinked to/from these financial statements or key performance indicators. If users of the financial statements and key performance indicators are concerned with the inherent risks arising from publication on a website, they are advised to refer to the hard copy of the audited financial statements and key performance indicators to confirm the information contained in this website version of the financial statements and key performance indicators.



CAROLINE SPENCER
AUDITOR GENERAL
FOR WESTERN AUSTRALIA
Perth, Western Australia
30 August 2019



Commuting across the Narrows Bridge

CERTIFICATION OF FINANCIAL STATEMENTS

For the year ended 30 June 2019

The accompanying financial statements of the Department of Transport 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 2019 and the financial position as at 30 June 2019.

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.



Peter Parolo
Chief Finance Officer
30 August 2019



Richard Sellers
Director General
30 August 2019

STATEMENT OF COMPREHENSIVE INCOME

For the year ended 30 June 2019

	Note	2019 \$ 000	2018 \$ 000
COST OF SERVICES			
<i>Expenses</i>			
Employee benefits expense	3.1	135 303	136 252
Supplies and services	3.4	114 713	107 528
Depreciation and amortisation expense	5.1,5.2,5.3	21 031	20 856
Accommodation expenses	3.4	17 977	16 844
Grants and subsidies	3.2	119 044	91 558
Loss on disposal of non-current assets	3.3	450	283
Other expenses	3.4	3 646	4 109
Total cost of services		412 164	377 430
Income			
<i>Revenue</i>			
User charges and fees	4.2	271 896	261 681
Sales		151	181
Grants and contributions	4.3	10 605	19 627
Interest revenue		581	689
Other revenue	4.4	56 350	54 310
Other income	4.5	-	78
Total revenue		339 583	336 566
<i>Gains</i>			
Other gains	4.6	2 526	-
Total gains		2 526	-
Total income other than income from State Government		342 109	336 566
NET COST OF SERVICES		70 055	40 864
Income from State Government		4.1	
Service appropriation		76 343	59 776
Assets (transferred)/received		(35)	147
Services received free of charge		1 841	1 710
Royalties for Regions Fund		40 624	36 649
Total income from State Government		118 773	98 282
SURPLUS FOR THE YEAR		48 718	57 418
OTHER COMPREHENSIVE INCOME			
<i>Items not reclassified subsequently to profit or loss</i>			
Changes in asset revaluation surplus	9.10	927	(345)
Total other comprehensive income/(deficit)		927	(345)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		49 645	57 073

See also the Schedule of Income and Expense by Service.

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

STATEMENT OF FINANCIAL POSITION

As at 30 June 2019

	Note	2019 \$ 000	2018 \$ 000
ASSETS			
<i>Current Assets</i>			
Cash and cash equivalents	7.1	51 631	31 005
Restricted cash and cash equivalents	7.1	105 239	78 143
Inventories	6.2	514	543
Receivables	6.1	8 513	15 203
Other current assets	6.4	3 824	5 088
Non-current assets classified as held for distribution to owners	9.9	7 757	7 757
Total Current Assets		177 478	137 739
<i>Non-Current Assets</i>			
Restricted cash and cash equivalents	7.1	1 607	1 025
Amounts receivable for services	6.3	256 291	236 457
Property, plant and equipment	5.1	148 510	148 578
Infrastructure	5.2	268 079	267 505
Intangible assets	5.3	40 418	36 184
Construction in progress	5.4	13 122	11 773
Total Non-Current Assets		728 027	701 522
TOTAL ASSETS		905 505	839 261
LIABILITIES			
<i>Current Liabilities</i>			
Payables	6.5	21 280	20 362
Employee related provisions	3.1	21 258	20 917
Other current liabilities	6.6	430	730
Total Current Liabilities		42 968	42 009
<i>Non-Current Liabilities</i>			
Employee related provisions	3.1	6 471	6 054
Total Non-Current Liabilities		6 471	6 054
TOTAL LIABILITIES		49 439	48 063
NET ASSETS		856 066	791 198
EQUITY			
	9.10		
Contributed equity		514 559	499 071
Reserves		2 830	1 903
Accumulated surplus		338 677	290 224
TOTAL EQUITY		856 066	791 198

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 2019

	Note	Contributed equity \$ 000	Reserves \$ 000	Accumulated surplus \$ 000	Total equity \$ 000
Balance at 1 July 2017		484 517	2 248	232 806	719 571
Surplus for the year		-	-	57 418	57 418
Other comprehensive income		-	(345)	-	(345)
Total comprehensive income for the year	9.10	-	(345)	57 418	57 073
Transactions with owners in their capacity as owners:					
Capital appropriations		18 287	-	-	18 287
Other contributions by owners					
• Regional Development Headworks Fund		3 488	-	-	3 488
• Department of Lands		49	-	-	49
Distribution to owners					
• Public Transport Authority		(7 270)	-	-	(7 270)
		14 554	-	-	14 554
Balance at 30 June 2018		499 071	1 903	290 224	791 198
Balance at 1 July 2018		499 071	1 903	290 224	791 198
Changes in accounting policy or correction of prior period errors	9.2	-	-	(265)	(265)
Restated balance at 1 July 2018		499 071	1 903	289 959	790 933
Surplus for the year		-	-	48 718	48 719
Other comprehensive income		-	927	-	927
Total comprehensive income for the year		499 071	2 830	338 677	840 579
Transactions with owners in their capacity as owners:					
Capital appropriations		20 634	-	-	20 634
Other contributions by owners					
• Regional Development Headworks Fund		1 606	-	-	1 606
Distribution to owners					
• Department of Planning Lands and Heritage		(52)	-	-	(52)
• Department of Treasury		(6 700)	-	-	(6 700)
		15 488	-	-	15 488
Balance at 30 June 2019		514 559	2 830	338 677	856 066

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 2019

	Note	2019 \$000	2018 \$000
CASH FLOWS FROM STATE GOVERNMENT			
Service appropriation		56 509	39 901
Capital appropriation		20 634	18 287
Cash transferred (to)/from other agencies		(6 700)	(7 270)
Royalties for Regions Fund		42 230	40 137
Net cash provided by State Government		112 673	91 055
Utilised as follows:			
CASH FLOWS FROM OPERATING ACTIVITIES			
<i>Payments</i>			
Employee benefits		(134 760)	(138 823)
Supplies and services		(112 197)	(109 710)
Accommodation		(16 804)	(17 720)
Grants and subsidies		(118 752)	(86 923)
GST payments on purchases		(26 859)	(23 114)
Other payments		(4 342)	(2 282)
<i>Receipts</i>			
Sale of goods and services		152	180
User charges and fees		270 397	261 809
Grants and contributions		16 791	12 986
Interest received		663	674
GST receipts on sales		7 937	7 361
GST receipts from taxation authority		19 959	15 642
Other receipts		57 652	53 498
Net cash (used in) operating activities	7.1.2	(40 163)	(26 422)
CASH FLOWS FROM INVESTING ACTIVITIES			
<i>Payments</i>			
Purchase of non-current assets		(24 296)	(25 421)
<i>Receipts</i>			
Proceeds from sale of non-current assets		90	89
Net cash (used) in investing activities		(24 206)	(25 332)
Net increase/(decrease) in cash and cash equivalents		48 304	39 301
Cash and cash equivalents at the beginning of the year		110 173	70 872
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	7.1.1	158 477	110 173

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

SUMMARY OF CONSOLIDATED ACCOUNT APPROPRIATIONS AND INCOME ESTIMATES

For the year ended 30 June 2019

	2019 Estimate \$ 000	2019 Actual \$ 000	Variance \$ 000	2019 Actual \$ 000	2018 Actual \$ 000	Variance \$ 000
DELIVERY OF SERVICES						
Item 76 Net amount appropriated to deliver services	77 301	71 180	(6 121)	71 180	54 250	16 930
Section 25 Transfer of service appropriation	-	4 269	4 269	4 269	4 269	-
Amount authorised by other statutes						
– Salaries and Allowances Act 1975	1 257	894	(363)	894	1 257	(363)
Total appropriations provided to deliver services	78 558	76 343	(2 215)	76 343	59 776	16 567
CAPITAL						
Item 120 Capital appropriations	17 489	20 634	3 145	20 634	18 287	2 347
ADMINISTERED TRANSACTIONS						
Item 77 Western Australian Coastal Shipping Commission	100	100	-	100	100	-
Total administered transactions	100	100	-	100	100	-
GRAND TOTAL	96 147	97 077	930	97 077	78 163	-
Details of expenses by service						
Strategic Transport Policy and Integrated Planning	102 880	91 091	(11 789)	91 091	63 832	27 259
Driver and Vehicle Services	209 741	199 028	(10 713)	199 028	195 178	3 850
Coastal Infrastructure	71 322	68 057	(3 265)	68 057	59 783	8 274
Marine Safety	26 754	28 692	1 938	28 692	30 437	(1 745)
On-demand Transport	25 455	25 296	(159)	25 296	28 200	(2 904)
Total cost of services	436 152	412 164	(23 988)	412 164	377 430	34 734
Less: Total income	336 741	342 109	5 368	342 109	336 566	5 543
Net cost of services	99 411	70 055	(29 356)	70 055	40 864	29 191
Adjustments ⁽ⁱ⁾	(20 853)	6 288	27 141	6 288	18 912	(12 624)
Total appropriations provided to deliver services	78 558	76 343	(2 215)	76 343	59 776	16 567

SUMMARY OF CONSOLIDATED ACCOUNT APPROPRIATIONS AND INCOME ESTIMATES

For the year ended 30 June 2019

	2019 Estimate \$ 000	2019 Actual \$ 000	Variance \$ 000	2019 Actual \$ 000	2018 Actual \$ 000	Variance \$ 000
Capital expenditure						
Purchase of non-current physical assets	32 405	24 296	(8 109)	24 296	25 421	(1 125)
Funding included in Department of Treasury Administered Item	(200)	-	200	-	-	-
Delivery of Services						
• Internal funds and balances	(6 937)	317	7 254	317	2 219	(1 902)
• Other	-	(2 373)	(2 373)	(2 373)	(5 865)	3 492
• Royalties for Regions	(7 779)	(1 606)	6 173	(1 606)	(3 488)	1 882
Capital appropriations	17 489	20 634	3 145	20 634	18 287	2 347

DETAILS OF INCOME ESTIMATES

Income disclosed as Administered Income	1 038 067	2 402 277	1 364 210	2 402 277	2 309 915	92 362
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(i) Adjustments comprise movements in cash balances and other accrual items such as receivables, payables and superannuation.

Note 9.13 'Explanatory Statement' and Note 10.2 'Explanatory Statement for Administered Items' provide details of any significant variances between estimates and actual results for 2019 and between actual results for 2019 and 2018.

NOTES TO THE FINANCIAL STATEMENTS

1. Basis of preparation

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

A description of the nature of its operations and its principal activities has 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 30 August 2019.

Statement of compliance

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

1. The *Financial Management Act 2006*
2. The Treasurer's Instructions
3. Australian Accounting Standards including applicable interpretations
4. Where appropriate, those accounting standard paragraphs applicable for not-for-profit entities have been applied.

The Financial Management Act and the Treasurer's instructions take precedence over Australian Accounting Standards. Several Accounting Standards are modified by the Instructions to vary application, disclosure format and wording. Where modification is required and has had a material or significant financial effect upon the reported results, details of that modification and the resulting financial effect are disclosed in the notes to the financial statements.

Basis of preparation

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

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

The financial statements are presented in Australian dollars and 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.

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 Treasurer's instruction 955 *Contributions by Owners made to Wholly Owned Public Sector Entities* and have been credited directly to Contributed Equity.

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

2. Department outputs

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:

	Note
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's mission is to plan and deliver transport solutions for the prosperity of Western Australians.

The Department is predominantly funded by user fees and charges determined by prevailing market forces. It is also funded by other controlled revenues and Parliamentary appropriations.

Services

The Department provides the following services:

Service 1: Strategic Transport Policy and Integrated Planning.

Contributes towards the provision of leadership for strategic transport management, development and protection of economic nodes and networks through the provision of a range of services.

Service 2: Driver and Vehicle Services

Contributes towards the provision of safe, accessible, sustainable and efficient transport services and systems through the provision of driver licensing and vehicle registration services.

Service 3: Coastal Infrastructure

Contributes towards the Department's outcome of an accessible and safe transport system through the provision of a range of coastal infrastructure services.

Service 4: Marine Safety

Contributes towards the safe and sustainable use of navigable waters through the provision of a range of marine safety regulatory and education services.

Service 5: On-demand Transport

Provides a regulatory environment that encourages competition and innovation in the on-demand transport industry to deliver safe, accessible and efficient on-demand transport services for our community.

2.2 Schedule of Income and Expenses by Service

For the year ended 30 June 2019

	Strategic Transport Policy &			
	Integrated Planning		Driver and Vehicle Services	
	2019	2018	2019	2018
	\$000	\$000	\$000	\$000
COST OF SERVICES				
<i>Expenses</i>				
Employee benefits expense	16 826	14 870	87 017	87 860
Supplies and services	10 675	7 486	62 212	57 220
Depreciation and amortisation expense	224	403	7 703	7 197
Accommodation expenses	549	637	11 572	12 162
Grants and subsidies	62 452	40 217	28 093	27 607
Loss on disposal of non-current assets	2	1	324	144
Other expenses	363	218	2 107	2 988
Total cost of services	91 091	63 832	199 028	195 178
<i>Income</i>				
User charges and fees	58 725	57 893	172 463	164 971
Sales	1	4	113	128
Grants and contributions	5 184	7 901	5 388	7 023
Interest revenue	44	48	227	273
Other revenue	201	486	28 619	26 270
Other income	-	-	-	-
Total Revenue	64 155	66 332	206 810	198 665
<i>Gains</i>				
Other Gains	-	-	210	-
Total Gains	-	-	210	-
Total income other than income from State Government	64 155	66 332	207 020	198 665
NET COST OF SERVICES	26 936	(2 500)	(7 992)	(3 487)
INCOME FROM STATE GOVERNMENT				
Service appropriation	9 487	6 755	49 441	38 675
Assets received	-	18	-	100
Services received free of charge	229	193	1 192	1 106
Royalties for Regions Fund	1 600	4 900	30 470	31 175
Total income from State Government	11 316	11 866	81 103	71 056
SURPLUS/(DEFICIT) FOR THE YEAR	(15 620)	14 366	89 095	74 543

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

Coastal Infrastructure		Marine Safety		On-demand Transport		Total	
2019	2018	2019	2018	2019	2018	2019	2018
\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
13 137	12 901	12 811	14 260	5 512	6 361	135 303	136 252
32 750	31 435	7 228	8 273	1 848	3 114	114 713	107 528
11 322	11 191	1 391	1 604	391	461	21 031	20 856
3 411	2 521	1 661	758	784	766	17 977	16 844
10 619	5 121	1 306	1 130	16 574	17 483	119 044	91 558
61	26	61	111	2	1	450	283
(3 243)	(3 412)	4 234	4 301	185	14	3 646	4 109
68 057	59 783	28 692	30 437	25 296	28 200	412 164	377 430
14 353	12 979	20 587	19 927	5 768	5 911	271 896	261 681
1	3	36	46	-	-	151	181
14	4 700	13	3	6	-	10 605	19 627
39	46	31	43	240	279	581	689
27 261	24 357	123	2 064	146	1 133	56 350	54 310
-	78	-	-	-	-	-	78
41 668	42 163	20 790	22 083	6 160	7 323	339 583	336 566
2 316	-	-	-	-	-	2 526	-
2 316	-	-	-	-	-	2 526	-
43 984	42 163	20 790	22 083	6 160	7 323	342 109	336 566
24 073	17 620	7 902	8 354	19 136	20 877	70 055	40 864
7 478	5 858	6 723	6 037	3 214	2 451	76 343	59 776
(62)	15	27	8	-	6	(35)	147
180	168	162	173	78	70	1 841	1 710
5 416	532	30	31	3 108	11	40 624	36 649
13 012	6 573	6 942	6 249	6 400	2 538	118 773	98 282
(11 061)	(11 047)	(960)	(2 105)	(12 736)	(18 339)	48 718	57 418

2.3 Schedule of Assets and Liabilities by Service

As at 30 June 2019

	Strategic Transport Policy & Integrated Planning			
	Driver and Vehicle Services			
	2019	2018	2019	2018
	\$000	\$000	\$000	\$000
Assets				
Current assets	22 061	15 565	114 935	89 117
Non-current assets	90 494	79 272	471 470	453 885
Total assets	112 554	94 837	586 405	543 002
Liabilities				
Current liabilities	5 341	4 747	27 826	27 180
Non-current liabilities	804	684	4 191	3 918
Total liabilities	6 145	5 431	32 017	31 098
NET ASSETS	106 409	89 406	554 388	511 904

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

Coastal Infrastructure		Marine Safety		On-demand Transport		Total	
2019	2018	2019	2018	2019	2018	2019	2018
\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
17 375	13 498	15 636	13 912	7 742	5 647	177 478	137 739
71 274	68 749	64 139	70 854	30 650	28 762	728 027	701 522
88 649	82 247	79 775	84 766	38 122	34 409	905 505	839 261
4 207	4 117	3 785	4 243	1 809	1 722	42 968	42 009
634	593	570	611	272	248	6 471	6 054
4 840	4 710	4 356	4 854	2 081	1 970	49 439	48 063
83 809	77 537	75 419	79 912	36 040	32 439	856 066	791 198

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:

	Note	2019 \$ 000	2018 \$ 000
Employee benefits expenses	3.1(a)	135 303	136 252
Employee related provisions	3.1(b)	27 729	26 971
Grants and subsidies	3.2	119 044	91 558
Loss on disposal of non-current assets	3.3	(450)	(283)
Other expenditures	3.4	136 336	128 481

3.1(a) Employee benefits expenses

	2019 \$ 000	2018 \$ 000
Wages and salaries	120 410	118 064
Termination benefits	1 385	4 499
Superannuation – defined contribution plans ^(a)	11 783	11 723
Other related expenses	1 725	1 966
Total employee benefits expenses	135 303	136 252

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

Wages and salaries: Employee expenses include all costs related to employment including: wages and salaries, fringe benefits tax, and leave entitlements.

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 financial year are discounted to present value.

Superannuation: The amount recognised in profit or loss of the Statement of Comprehensive Income comprises employer contributions paid to the GSS (concurrent contributions), the WSS, the GESBs, or other superannuation funds. The employer contribution paid to the Government Employees Superannuation Board (GESB) in respect of the GSS is paid back into the Consolidated Account by the GESB.

GSS (concurrent contributions) is a defined benefit scheme for the purposes of employees and whole-of-government reporting. It is however a defined contribution plan for agency purposes because the concurrent contributions (defined contributions) made by the Department to GESB extinguishes the Department's obligations to the related superannuation liability.

The Department does not recognise any defined benefit liabilities because it has no legal or constructive obligation to pay future benefits relating to its employees. The Liabilities for the unfunded Pension Scheme and the unfunded GSS transfer benefits attributable to members who transferred from the Pension Scheme, are assumed by the Treasurer. All other GSS obligations are funded by concurrent contributions made by the Department to the GESB.

3.1(a) Employee benefits expenses (continued)

The GESB and other fund providers administer public sector superannuation arrangements in Western Australia in accordance with legislative requirements. Eligibility criteria for membership in particular schemes for public sector employees vary according to commencement and implementation dates.

3.1(b) Employee related provisions

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

	2019 \$ 000	2018 \$ 000
Current		
<i>Employee benefits provision</i>		
Annual leave ^(a)	6 511	7 230
Long service leave ^(b)	14 515	13 402
Deferred salary scheme	3	-
	21 029	20 632
<i>Other provisions</i>		
Employment on-costs ^(c)	290	284
Purchased leave	(61)	1
Total current employee related provisions	21 258	20 917
Non-current		
<i>Employee benefits provision</i>		
Long service leave ^(b)	6 384	5 973
	6 384	5 973
<i>Other provisions</i>		
Employment on-costs ^(c)	87	81
Total non-current employee related provisions	6 471	6 054
Total employee related provisions	27 729	26 971

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

	2019 \$ 000	2018 \$ 000
Within 12 months of the end of the financial year	5 940	6 389
More than 12 months after the end of the financial year	571	841
	6 511	7 230

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

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

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.

3.1(b) Employee related provisions (continued)

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

	2019 \$ 000	2018 \$ 000
Within 12 months of the end of the financial year	5 000	4 306
More than 12 months after the end of the financial year	15 899	15 069
	20 899	19 375

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 financial year on national government bonds with terms to maturity that match, as closely as possible, the estimated future cash outflows.

- (c) 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 3.4 and are not included as part of the Department's 'employee benefits expense'. The related liability is included in 'Employment on-costs provision'.

	2019 \$ 000	2018 \$ 000
Employment on-costs provision		
Carrying amount at the start of the year	365	400
Additional/ (reversals of) provisions recognised	(134)	(4)
Payments/other sacrifices of economic benefits	146	(31)
Carrying amount at the end of the year	377	365

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

	2019 \$ 000	2018 \$ 000
Aviation (Public Air Route) Subsidies	500	380
Bicycle Boulevards	3 472	3 896
CBD Transport Plan	2 229	2 228
Coastal Projects and Zone Management	1 057	757
Community Police	1 278	1 284
Country Age Pension Fuel Card Scheme ⁽ⁱ⁾	26 552	26 163
East Perth Multi Modal Transport Initiatives	-	1 749
Fare Subsidies (Pensioners)	1 566	1 465
Fremantle Port Rail Service	5 944	3 549
Local Projects – Local Jobs	699	1 405
Marine Communications	676	667
National Transport Reforms	316	309
On-Demand Transport – Regional Reform	390	-
On-Demand Transport – Transition Assistance Package ⁽ⁱⁱ⁾	-	2 245
Port Management (Port of Wyndham)	2 526	1 928
Public Transport Authority – CAT Bus Services ⁽ⁱⁱⁱ⁾	15 742	14 894
Recreational Boat Facilities	7 007	1 805
Regional Airport Development Scheme	7 576	2 059
Student Fare Concessions	1 316	1 399
Taxi User Co-payment ^(iv)	2 489	2 262
Taxi User Subsidy Scheme	10 560	9 932
Western Australian Bicycle Network ^(v)	26 074	9 515
Other Grants and Subsidies	1 075	1 667
	119 044	91 558

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 financial year in which they are paid or payable. They include transactions such as: grants, subsidies, personal benefit payments made in cash to individuals, other transfer payments made to public sector agencies, local government, non-government schools, and community groups.

- (i) The Country Age Pension Fuel Card provides support for the transport needs of age pensioners living in regional areas.
- (ii) The On-Demand Transport Transition Assistance Package consisted of the Hardship and Transition Adjustment Assistance grants. Both grants were one off payments made to Perth metropolitan taxi plate owners suffering financial hardship following industry changes and reform.
- (iii) The Central Area Transit (CAT) bus services grant provides for disbursements made to the Public Transport Authority from the Perth Parking Fund for administering and operating the free Central Area Transit and the Free Transit Zone services in Perth. (See note 9.7)
- (iv) The Taxi User Co-payment scheme provides taxi travel at a reduced rate for people who have a severe and permanent disability that prevent them using conventional public transport services.
- (v) The Western Australian Bicycle Network grants program provides funding to local government authorities in Western Australia for the design and implementation of bicycle network infrastructure and programs in accordance with State Government priorities set out in the Western Australian Bicycle Network Plan. Payments can contribute up to 50 percent of project costs.

3.3 Loss on disposal of non-current assets

	2019 \$ 000	2018 \$ 000
Net proceeds from disposal of non-current assets		
Property, plant and equipment	56	80
Infrastructure	35	-
Intangible assets	-	-
Carrying amount of non-current assets disposed		
Property, plant and equipment	(266)	(137)
Infrastructure	(118)	(147)
Intangible assets	(157)	(79)
Net gain/(loss)	(450)	(283)

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 in profit or loss in the statement of comprehensive income (from the proceeds of sale).

3.4 Other expenditures

	2019 \$ 000	2018 \$ 000
Supplies and services		
Communications	11 985	11 673
Consultants and contractors	40 079	37 232
Consumables	17 374	16 506
Commissions	26 261	22 953
Data processing	330	237
Drivers licence card production	1 105	1 046
Number plate production	2 522	2 416
Repairs and maintenance	12 834	12 839
Travel	1 379	1 236
Other	844	1 390
	114 713	107 528
Accommodation expenses		
Lease rentals	15 797	14 698
Cleaning	2 180	2 146
	17 977	16 844
Other expenses		
Employment on-costs	1 066	1 328
Audit cost ⁽ⁱ⁾	215	210
Catering	96	62
Corporate membership fees	268	391
Donations and sponsorship	8	22
Doubtful debts expense	-	67
Expected credit losses expense ^(iv)	(193)	-
Act of Grace payments	-	1
Impairment losses ⁽ⁱⁱ⁾	-	734
Revaluation decrement – Land	-	231
Storage and removal	146	92
Prior year expense ⁽ⁱⁱⁱ⁾	1 976	777
Other	64	194
	3 646	4 109
Total other expenditures	136 336	128 481

(i) Audit cost includes the 2019 fee. See also note 9.7 Remuneration of Auditor.

(ii) See also note 5.1 Property Plant and equipment; note 5.2 Infrastructure; note 5.3 Intangible assets; note 5.4 Construction in process; and note 9.9 Non-current assets classified as held for distribution to owners

(iii) Included within prior year expense is mainly refund of excess funding to the Royalties for Regions Account.

(iv) Expected credit losses were not measured in 2017-18.

3.4 Other expenditures (continued)

Supplies and services: Supplies and services are recognised as an expense in the financial year in which they are incurred. The carrying amounts of any materials held for distribution are expensed when the materials are distributed.

Repairs and maintenance: Repairs and maintenance costs are recognised as expenses as incurred, except where they relate to the replacement of a significant component of an asset. In that case, the costs are capitalised and depreciated.

Accommodation expenses: The Department holds operating leases for a number of branch office buildings, motor vehicles and office equipment. Operating lease payments are expensed on a straight-line basis over the lease term as this represents the pattern of benefits derived from the leased properties.

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

Doubtful debt expense: Doubtful debt expense was recognised as the movement in the allowance for doubtful debts. From 2018-19, expected credit losses expense is recognised as the movement in the allowance for expected credit losses. The allowance for expected credit losses of trade receivables is measured at the lifetime expected credit losses at each reporting date. The Department has developed 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. Please refer to note 6.1.1 Movement in the allowance for impairment of receivables.

Employee on-cost: Employee on-costs include 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 provision. Superannuation contributions accrued as part of the provision for leave are employee benefits and are not included in employment on-costs.

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:

	Note	2019 \$ 000	2018 \$ 000
Income from State Government	4.1	118 773	98 282
User charges and fees	4.2	271 896	261 681
Grants and contributions	4.3	10 605	19 627
Other revenue	4.4	56 350	54 310
Other income	4.5	-	78
Other gains	4.6	2 526	-

4.1 Income from State Government

	2019 \$ 000	2018 \$ 000
Appropriation received during the year:		
Service appropriation ^(a)	75 449	58 519
Amounts authorised by other statutes	894	1 257
	76 343	59 776
Assets transferred (to)/from other State government agencies during the year^(b):		
Infrastructure	(35)	-
Property, plant and equipment	-	147
	(35)	147
Services received free of charge from other State government agencies during the year:		
Department of Finance		
Accommodation	679	645
Landgate		
Provision of data	199	209
State Solicitor's Office		
Legal services	349	312
Main Roads Western Australia		
Accommodation	56	43
Secondments	327	-
Modelling services	5	69
Public Transport Authority		
Secondments	73	110
WA Treasury Corporation		
Advisory services	11	51
Department of Planning, Lands and Heritage		
Provision of data	137	271
Department of Primary Industries and Regional Development		
Advisory services	5	-
	1 841	1 710

4.1 Income from State Government (continued)

	2019 \$ 000	2018 \$ 000
Royalties for Regions Funds^(c)		
Country Age Pension Fuel Card Scheme	30 280	31 000
Broome Boating Facilities Upgrade	5 143	500
Geraldton Airport Runway	1 600	4 900
Regional Taxi Transition Fund	3 100	-
Other	501	249
	40 624	36 649
TOTAL INCOME FROM STATE GOVERNMENT	118 773	98 282

(a) **Service appropriation** is recognised as revenue at fair value in the year in which the Department gains control of the appropriated funds. The Department gains control of appropriated funds at the time those funds are deposited into the Department's bank account or credited to the Amounts receivable for services (holding account) held at held at Treasury.

Service appropriation funds the net cost of services delivered (as set out in note 2.2).

Appropriation revenue comprises the following:

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

(b) **Transfer of assets:** Discretionary transfers of assets (including grants) and liabilities between State Government agencies are reported under Income from State Government. Transfers of asset and liabilities in relation to a restructure of administrative arrangements are recognised as distribution to owners by the transferor and contribution by owners by the transferee under AASB 1004 in respect of net assets transferred. Other non-discretionary non-reciprocal transfers of assets and liabilities designated as contributions by owners under Treasurer's instruction 955 *Contributions by Owners Made to Wholly Owned Public Sector Entities* are also recognised directly to equity.

(c) **The Royalties for Regions Fund** is committed to various WA Regional projects and programs.

Royalties for regions funds are recognised as revenue at fair value in the year in which the Department obtains control over the funds. The Department obtains control of the funds at the time the funds are deposited into the Department's bank account.

4.2 User charges and fees

	2019 \$ 000	2018 \$ 000
Boat registration fees	19 260	18 779
Port charges	1 428	873
Small boat harbour fees	11 123	10 805
Other maritime fees	2 012	1 789
Motor drivers licence application fees	67 310	61 169
Motor vehicle recording, transfer, plate and inspection fees	103 374	102 021
Perth parking licence fees	58 723	57 890
Taxi licence fees	1 016	1 660
Other fees	7 650	6 695
	271 896	261 681

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

Revenue is received in the form of various registration, examination and licence fees (including Stamp Duty and Third Party Motor Vehicle Insurance). This revenue is received for services provided including undertaking inspections and/or issuing licences associated with the fees. Revenue is generally not refundable and is recognised at the time it is received.

The Treasurer may make a determination providing for prescribed receipts to be retained for services under the control of the Department. In accordance with the determination specified in the 2017-18 Budget Statements, the Department retained \$340 million in 2019 (\$337 million in 2018) from the following:

- Regulatory fees and fines
- Grants and contributions
- Sale of goods and services
- Taxation
- GST receipts
- Other receipts

4.3 Grants and contributions

	2019 \$ 000	2018 \$ 000
Commonwealth grants	777	1 034
General government grants	9 684	18 154
Other	144	439
	10 605	19 627

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

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

4.4 Other revenue

	2019	2018
	\$ 000	\$ 000
Commissions	26 302	24 355
Rents and leases	17 064	17 121
Recoups of operating expenses	4 891	1 872
Harbour utility charges	5 484	5 432
Service level agreements	2 112	3 849
Other	497	1 681
	56 350	54 310

Revenue from other operating activities, including rendering of services and the sale of assets is recognised when the Department has passed control of the goods or other assets or delivery of the service to the customer.

Recoupment of operating activities is recognised when invoiced.

4.5 Other income

	2019	2018
	\$ 000	\$ 000
Net assets (transferred)/received	-	78
	-	78

4.6 Other gains

	2019	2018
	\$ 000	\$ 000
Revaluation increment – Land	2 526	-
	2 526	-

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:

	Note	2019 \$ 000	2018 \$ 000
Property, plant and equipment	5.1	148 510	148 578
Infrastructure	5.2	268 079	267 505
Intangible assets	5.3	40 418	36 184
Construction in progress	5.4	13 122	11 773

5.1 Property, plant and equipment

	Cost/Fair value \$ 000	Accumulated depreciation \$000	Accumulated impairment losses \$ 000	Carrying amount \$ 000
2019				
<i>At fair value:</i>				
Land	126 206	-	9 786	116 420
Buildings	17 568	-	-	17 568
	143 774	-	9 786	133 988
<i>At cost:</i>				
Refurbishments, furniture and fittings	13 443	8 735	-	4 708
Plant and equipment	12 559	8 020	-	4 539
Computer hardware	15 503	12 088	-	3 415
Vehicles	1 226	707	-	519
Vessels	4 103	2 762	-	1 341
	46 834	32 312	-	14 522
Total	190 608	32 312	9 786	148 510
2018				
<i>At fair value:</i>				
Land	126 258	-	12 312	113 946
Buildings	18 033	11	-	18 022
	144 291	11	12 312	131 968
<i>At cost:</i>				
Refurbishments, furniture and fittings	13 050	8 842	-	4 208
Plant and equipment	12 063	7 339	-	4 724
Computer hardware	15 540	9 941	-	5 599
Vehicles	1 113	600	-	513
Vessels	4 009	2 443	-	1 566
	45 775	29 165	-	16 610
Total	190 066	29 176	12 312	148 578

5.1 Property, plant and equipment (continued)

Reconciliations of the carrying amounts of property, plant and equipment at the beginning and end of the financial year are set out in the table below.

	Carrying amount at start of year \$ 000	Additions \$ 000	Revaluation \$ 000	Impairment losses reversed \$ 000
2019				
Land	113 946	-	-	2 526
Buildings	18 022	-	927	-
Refurbishments, furniture and fittings	4 208	1 514	-	-
Plant and equipment	4 724	951	-	-
Computer hardware	5 599	97	-	-
Vehicles	513	130	-	-
Vessels	1 566	94	-	-
	148 578	2 786	927	2 526
2018				
Land	121 129	-	-	-
Buildings	20 009	187	(345)	-
Refurbishments, furniture and fittings	4 798	752	-	-
Plant and equipment	4 420	1 257	-	-
Computer hardware	7 431	661	-	-
Vehicles	357	295	-	-
Vessels	1 915	-	-	-
	160 059	3 152	(345)	-

Information on fair value measurements is provided in note 8.3.

Impairment losses \$ 000	Disposals \$ 000	Write-offs \$ 000	Transfers \$ 000	Depreciation \$ 000	Held for distribution to owners \$ 000	Carrying amount at end of year \$ 000
-	-	-	(52)	-	-	116 420
-	-	-	-	(1 381)	-	17 568
-	(58)	-	-	(956)	-	4 708
-	(169)	(2)	-	(965)	-	4 539
-	(39)	-	-	(2 242)	-	3 415
-	-	-	-	(124)	-	519
-	-	-	-	(319)	-	1 341
-	(266)	(2)	(52)	(5 987)	-	148 510
(231)	-	-	48	-	(7 000)	113 946
-	-	-	78	(1 387)	(520)	18 022
-	(94)	-	-	(1 162)	(86)	4 208
-	(24)	-	-	(918)	(11)	4 724
-	(14)	-	-	(2 479)	-	5 599
-	(5)	-	-	(134)	-	513
-	-	-	(8)	(341)	-	1 566
(231)	(137)	-	118	(6 421)	(7 617)	148 578

5.1 Property, plant and equipment (continued)

Capitalisation/expensing of assets

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

Initial recognition and measurement

Property, plant and equipment and infrastructure are initially recognised at cost. For items of property, plant and equipment and infrastructure acquired at no cost or for nominal cost, the cost is their fair value at the date of acquisition.

Subsequent measurement

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

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.

Where market-based evidence is not available, the fair value of land and buildings is determined on the basis of existing use. This normally applies where buildings are specialised or where land use is restricted. Fair value for existing use buildings is determined by reference to the cost of replacing the remaining future economic benefits embodied in the asset, i.e. current replacement cost.

Land assets were last revalued as at 1 July 2018 by the Western Australian Land Information Authority (Valuations and Property Analytics). The valuations were performed during the year ended 30 June 2019 and recognised at 30 June 2019. In undertaking the revaluation, fair value was determined by reference to market value: \$3,699,000 (2018: \$3,764,000). For the remaining balance, fair value of land was determined on the basis of comparison with market evidence for land with low level utility (high restricted use land).

Building assets were last revalued as at 1 July 2018 by the Western Australian Land Information Authority (Valuations and Property Analytics). The valuations were performed during the year ended 30 June 2019 and recognised at 30 June 2019. In undertaking the revaluation, fair value was determined by reference to market value: \$2,096,000 (2018: \$2,156,000). For the remaining balance, fair value of buildings was determined on the basis of current replacement cost.

When buildings are revalued, the accumulated depreciation is eliminated against the gross carrying amount of the asset and the net amount restated to the revalued amount. Fair value for restricted use land 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). Independent valuations of land and buildings are provided annually by the Western Australian Land Information Authority (Valuations and Property Analytics) and recognised annually to ensure that the carrying amount does not differ materially from the asset's fair value at the end of the financial year.

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

Information on fair value measurements is provided in note 8.3.

5.1 Property, plant and equipment (continued)

Derecognition

Upon disposal or derecognition of an item of property, plant and equipment, any revaluation surplus relating to that asset is retained in the asset revaluation surplus.

Asset revaluation surplus

The asset revaluation surplus is used to record increments and decrements on the revaluation of non-current assets.

5.1.1 Depreciation and impairment

Charge for the year

	2019 \$ 000	2018 \$ 000
Depreciation		
Buildings	1 381	1 387
Refurbishments, furniture and fittings	956	1 162
Plant and equipment	965	918
Computer hardware	2 242	2 479
Vehicles and vessels	443	475
	5 987	6 421

Finite useful lives

All non-current assets having a limited useful life are systematically depreciated over their estimated useful lives in a manner that reflects the consumption of their future economic benefits. The useful lives of key assets are reviewed annually.

Land and non-current assets classified as held for distribution to owners are not depreciated. Other assets are depreciated using the straight-line method at rates that are reviewed annually. Estimated useful lives for each class of depreciable asset are:

Buildings	20 to 40 years
Computer hardware	4 to 7 years
Refurbishments, furniture and fittings	3 to 20 years
Plant and equipment	4 to 20 years
Vehicles	5 to 20 years
Vessels	10 years

Impairment

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

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

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

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

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

5.1.1 Depreciation and impairment (continued)

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.

Please refer to note 5.3 for guidance in relation to the impairment assessment that has been performed for intangible assets.

5.2 Infrastructure

	2019 \$ 000	2018 \$ 000
Infrastructure		
At cost	435 936	426 091
Accumulated depreciation	(167 209)	(157 938)
Accumulated impairment losses	(648)	(648)
	268 079	267 505

Reconciliation

Reconciliations of the carrying amounts of infrastructure at the beginning and end of the financial year are set out below:

	2019 \$ 000	2018 \$ 000
Infrastructure		
Carrying amount at the start of the year	267 505	252 542
Additions	10 175	25 162
Disposals	(118)	(147)
Transfers	(34)	-
Depreciation	(9 449)	(9 178)
Impairment losses	-	(648)
Held for distribution to owners	-	(226)
Carrying amount at the end of the year	268 079	267 505

The Infrastructure policies are outlined in note 5.1.

5.2.1 Depreciation and impairment

Charge for the year

	2019 \$ 000	2018 \$ 000
Depreciation		
Infrastructure	9 449	9 178
	9 449	9 178
Impairment		
Infrastructure	-	648
	-	648

The Infrastructure policies are outlined in note 5.1.1.

Finite useful lives

Infrastructure assets are predominantly maritime infrastructure assets.

All infrastructure assets having a limited useful life are systematically depreciated over their estimated useful lives in a manner that reflects the consumption of their future economic benefits.

5.2.1 Depreciation and impairment (continued)

The expected useful lives for the Department's main types of infrastructure assets are:

Breakwaters and groynes	50 to 100 years
Jetties and boat pens	15 to 50 years
Navigation aids	5 to 50 years
Channel development	100 years

5.3 Intangible assets

	2019 \$ 000	2018 \$ 000
Software		
At cost	96 945	87 395
Accumulated amortisation	(56 527)	(51 211)
	40 418	36 184

Reconciliations of the carrying amounts of intangible assets at the beginning and end of the financial year are set out below.

	2019 \$ 000	2018 \$ 000
Software		
Carrying amount at the start of the year	36 184	30 232
Additions	9 986	11 288
Disposals	(157)	(79)
Transfers	-	-
Impairment losses	-	-
Amortisation expense	(5 595)	(5 257)
Carrying amount at the end of the year	40 418	36 184

Initial recognition

Intangible assets, both externally acquired and internally generated, costing \$5,000 or more are capitalised. The cost of utilising the assets is expensed (amortised) over their useful lives. Costs incurred below this threshold are immediately expensed directly to the Statement of Comprehensive Income.

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

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

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

Costs incurred in the research phase of a project are immediately expensed.

5.3 Intangible assets (continued)

Subsequent measurement

The cost model is applied for subsequent measurement of intangible assets requiring the asset to be carried at cost less any accumulated amortisation and accumulated impairment losses.

Computer software

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

5.3.1 Amortisation and impairment

Charge for the year

	2019 \$ 000	2018 \$ 000
Amortisation		
Intangible assets	5 595	5 257
	5 595	5 257
Impairment		
Intangible assets	-	-
	-	-

As at 30 June 2019 there were no indications of impairment to intangible assets.

The Department held no goodwill or intangible assets with an indefinite useful life during the financial year. Intangible assets with finite lives are amortised over the year of the expected benefit (estimated useful life) on the straight-line basis using rates which are reviewed annually. All intangible assets controlled by the Department have a finite useful life and zero residual value.

The expected useful life for intangible assets is 3 to 20 years.

Impairment of intangible assets

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

The policy regarding testing for impairment is outlined in note 5.1.1.

5.4 Construction in progress

	2019 \$ 000	2018 \$ 000
At cost:		
Vehicles and vessels	364	270
Computer hardware	286	229
Buildings and refurbishments	117	248
Intangibles	7 896	7 997
Infrastructure	4 459	3 029
	13 122	11 773

Reconciliations of the carrying amounts of construction in progress at the beginning and end of the financial year are set out below.

	2019 \$ 000	2018 \$ 000
Carrying amount at the start of the year	11 773	25 638
Expenditure during the year	23 746	24 017
Transfers	-	155
Non-current assets commissioned during the year	(22 397)	(37 918)
Amounts expensed	-	(119)
Carrying amount at the end of the year	13 122	11 773

Assets under construction are not depreciated until commissioned.

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:

	Note	2019 \$ 000	2018 \$ 000
Receivables	6.1	8 513	15 203
Inventory	6.2	514	543
Amounts receivable for services	6.3	256 291	236 457
Other current assets	6.4	3 824	5 088
Payables	6.5	(21 280)	(20 362)
Other current liabilities	6.6	(430)	(730)

6.1 Receivables

	2019 \$ 000	2018 \$ 000
Current		
Receivables	6 861	13 049
Allowance for impairment of receivables	(1 641)	(1 633)
	5 220	11 416
Goods and Services Tax receivable	3 063	3 442
Interest receivable	99	181
Staff debtors	41	74
Other debtors	90	90
	8 513	15 203

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

6.1.1 Movement of the allowance for impairment of receivables

	2019 \$ 000	2018 \$ 000
Reconciliation of changes in the allowance for impairment of receivables:		
Balance at the start of the year	1 633	1 644
Remeasurement under AASB 9	265	-
Restated balance at start of period	1 898	-
Doubtful debt expense	-	64
Expected credit losses expense	(193)	-
Amounts written off during the year	-	(75)
Amount recovered during the year	-	-
Balance at end of the year	1 641	1 633

The maximum exposure to credit risk at the end of the financial year for receivables is the carrying amount of the asset inclusive of any allowance for impairment as shown in Note 8.1 Financial Instruments disclosure.

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

6.2 Inventories

Closing Inventory comprises:

	2019 \$ 000	2018 \$ 000
Motor vehicle plates (at cost)	514	543
Total Inventories	514	543

Inventories are measured at the lower of cost and net realisable value.

6.3 Amounts receivable for services (Holding Account)

	2019 \$ 000	2018 \$ 000
Non-current	256 291	236 457

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

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

The Department receives funding on an accrual basis. The appropriations are paid partly in cash and partly as an asset (holding account receivable). The accrued amount receivable is accessible on the emergence of the cash funding requirement to cover leave entitlements and asset replacement.

6.4 Other current assets

	2019 \$ 000	2018 \$ 000
Prepayments	3 824	5 088

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

6.5 Payables

	2019 \$ 000	2018 \$ 000
Current		
Trade payables	20 027	19 338
Accrued expenses	809	613
Accrued salaries	444	411
	21 280	20 362

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

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

The accrued salaries suspense account (See Note 7.1.1 'Restricted cash and cash equivalents') consists of amounts paid annually, from Department appropriations for salaries expense, into a Treasury suspense account to meet the additional cash outflow for employee salary payments in financial years with 27 pay days instead of the normal 26. No interest is received on this account.

6.6 Other current liabilities

	2019 \$ 000	2018 \$ 000
Current		
Accruals	186	184
Income received in advance	244	440
Other liabilities	-	106
	430	730

7. Financing

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

	Note
Cash and cash equivalents	7.1
Reconciliation of cash	7.1.1
Reconciliation of operating activities	7.1.2
Commitments	7.2
Capital commitments	7.2.1
Other expenditure commitments	7.2.2
Non-cancellable operating lease commitments	7.2.3
Minimum lease revenue commitments	7.2.4

7.1 Cash and cash equivalents

7.1.1 Reconciliation of cash

	Note	2019	2018
		\$ 000	\$ 000
Cash and cash equivalents		51 631	31 005
		51 631	31 005
Includes cash received as capital contributions remaining unspent at year-end of \$10,260,000 (2018: \$3,984,000).			
Restricted cash and cash equivalents	8.1		
Current			
Perth Parking Licensing Account ⁽ⁱ⁾		93 435	54 093
Taxi Industry Development Account ⁽ⁱⁱ⁾		4 153	12 269
Royalties for Regions ⁽ⁱⁱⁱ⁾		7 559	11 703
Indian Ocean Territories Service Delivery Program ^(iv)		77	63
Commonwealth Paid Parental Leave Scheme ^(v)		15	15
		105 239	78 143
Non-current			
Accrued salaries suspense account ^(vi)		1 607	1 025
		1 607	1 025
Balance at the end of the year		158 477	110 173

(i) Funds held to meet the costs of administering the *Perth Parking Management Act 1999* (see note 9.7).

(ii) Funds held to meet the costs of administering the *Taxi Act 1994* such as board members' remuneration, the cost of taxi plates surrendered to the Minister, and research grants for research, promotion and development of projects benefitting the taxi industry (see note 9.7).

(iii) Unspent funds are committed to project and programs in WA regional areas.

(iv) Funds held to provide services to the Indian Ocean Territories (see note 9.12).

(v) Funds to facilitate the access by eligible employees to Paid Parental Leave.

(vi) Funds held in suspense account for meeting the 27th pay that occurs every 11th year.

For 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.

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

	Note	2019 \$ 000	2018 \$ 000
Net cost of services		(70 055)	(40 864)
Non-cash items:			
Depreciation and amortisation expense	5.1, 5.2, 5.3	21 031	20 856
Doubtful debt expense	3.4	-	67
Expected credit losses	3.4	(193)	-
Loss on disposal of non-current assets	3.3	450	283
Services received free of charge	4.1	1 841	1 710
Impairment losses	3.4	-	734
Assets assumed/(transferred)	4.5	-	(78)
Asset revaluation decrement – Land	3.4	-	231
Other gains	4.6	(2 526)	-
(Increase)/decrease in assets			
Current inventories		29	14
Current receivables ⁽ⁱ⁾		6 311	(5 921)
Other current assets		1 264	469
Increase/(decrease) in liabilities			
Current payables ⁽ⁱ⁾		918	(1 054)
Current provisions		341	(1 941)
Other current liabilities		(300)	(43)
Non-current provisions		417	(596)
Net GST receipts/payments ⁽ⁱⁱ⁾		1 038	(111)
Change in GST in receivables/payables ⁽ⁱⁱⁱ⁾		(729)	(178)
Net cash used in operating activities		(40 163)	(26 422)

(i) 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.

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

(iii) This reverses out the GST in receivables and payables.

The Department is not exposed to changes in liabilities arising from financing activities, including changes arising from cash flows and non-cash changes.

7.2 Commitments

7.2.1 Capital expenditure commitments

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

	2019 \$ 000	2018 \$ 000
Within one year:	14 059	5 579
Later than one year but not later than five years	28 271	94
	42 330	5 673
Bandy Creek weir reinstalment project	144	347
Beadon Creek training wall upgrades	3 923	-
Hillarys Boat Harbour and Two Rocks Marina upgrade	-	4 612
Information technology assets	37 255	55
Property fit out	553	508
Recreational boating facilities	-	151
Transforming Bunbury's Waterfront	455	-
	42 330	5 673

7.2.2 Other expenditure commitments

Other expenditure commitments (inclusive of GST) contracted for at the end of the financial year but not recognised as liabilities, are payable as follows:

	2019 \$ 000	2018 \$ 000
Within one year:	137 039	18 329
Later than one year but not later than five years	13 504	2 401
	150 543	20 730
The other expenditure commitments include amounts for:		
Fremantle Port Rail service support	1 788	2 897
Freight Logistics Council	-	200
Human Resource Management initiatives	233	692
Information technology systems	18 213	3 935
On-demand Transport initiatives	3 240	442
Port Hedland Spoilbank Marina	1 568	-
Recreational boating facilities	3 082	-
Regional airport facility grants	-	11 697
Regional Taxi Transition Scheme	3 100	-
Regulated Regular Public Transport Air Service	550	550
Voluntary Taxi Plate Buy-back Scheme	118 620	-
Your Move Service Platform	-	122
Other minor commitments	149	195
	150 543	20 730

7.2.3 Non-cancellable operating lease commitments

Commitments in relation to leases contracted for at the end of the financial year but not recognised in the financial statements are payables as follows:

	2019 \$ 000	2018 \$ 000
Within one year:	13 302	12 082
Later than one year but not later than five years	37 401	36 530
Later than five years	26 795	35 886
	77 498	84 498

Judgements made by management in applying accounting policies operating lease commitments

The Department has entered into a number of leases for buildings for branch office accommodation. Some of these leases relate to buildings of a temporary nature and it has been determined that the lessor retains substantially all the risks and rewards incidental to ownership. Accordingly, these leases have been classified as operating leases.

7.2.4 Minimum lease revenue commitments

Future minimum rentals under non-cancellable operating leases are receivable as follows:

	2019 \$ 000	2018 \$ 000
Within one year	15 270	15 612
Later than one year but not later than five years	54 891	53 804
Later than five years	142 110	142 119
	212 271	211 535

8. Risks and Contingencies

This section sets out the Department's key risk management policies and measurement techniques.

	Note
Financial risk management	8.1
Contingent assets	8.2.1
Contingent liabilities	8.2.2
Fair value measurements	8.3

8.1 Financial risk management

Financial instruments held by the Department are cash and cash equivalents (restricted and non-restricted), receivables and payables. The Department has limited exposure to financial risks and its 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.

The maximum exposure to credit risk at the end of the financial year in relation to each class of recognised financial asset is the gross carrying amount of those assets inclusive of any allowance for impairment as shown in the table at Note 8.1(c) 'Financial instruments disclosures' and note 6.1 'Receivables'.

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. At the end of the financial year 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 drawdowns 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).

Other than as detailed in the interest rate sensitivity analysis table at Note 8.1(e) Financial instruments disclosures, the Department is not exposed to interest rate risk as it has no borrowings, and cash and cash equivalents are non-interest bearing (apart from certain restricted cash accounts).

8.1 Financial risk management (continued)

(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 financial year are:

	2019 \$ 000	2018 \$ 000
Financial Assets		
Cash and cash equivalents	51 631	31 005
Restricted cash and cash equivalents	106 846	79 168
Receivables ⁽ⁱ⁾	5 449	11 761
Amounts receivable for services	256 291	236 457
	420 217	358 391
Financial Liabilities		
Payables	21 280	20 362
Other current liabilities	186	184
	21 466	20 546

(i) Receivables excludes GST recoverable from the ATO (statutory receivable).

(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					
	Total \$ 000	Current \$ 000	< 30 Days \$ 000	31-60 Days \$ 000	61-90 Days \$ 000	>90 Days \$ 000
30 June 2019						
Expected credit loss rate		1.34%	4.1%	20.1%	84.4%	96.5%
Estimated total gross carrying amount at default ⁽ⁱ⁾	7 091	4 705	640	168	38	1 540
Expected credit losses	(1 641)	(63)	(26)	(34)	(32)	(1 486)
1 July 2018 (Remeasurement)						
Expected credit loss rate		1.62%	1.31%	12.8%	80.7%	92.2%
Estimated total gross carrying amount at default ⁽ⁱ⁾	13 394	4 633	6 699	194	109	1 759
Expected credit losses	(1 898)	(75)	(88)	(25)	(88)	(1 622)

(i) Total gross carrying amount at default excludes GST recoverable from the ATO (statutory receivable).

8.1 Financial risk management (continued)

(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 amount of each item.

Interest rate exposures and maturity analysis of financial assets and financial liabilities

	Interest rate exposure			
	Weighted Average Effective Interest Rate %	Carrying Amount \$ 000	Variable Interest Rate \$ 000	Non-Interest Bearing \$ 000
2019				
<i>Financial Assets</i>				
Cash and cash equivalents	2.08	51 631	17 066	34 565
Restricted cash and cash equivalents	2.08	106 846	4 153	102 693
Receivables ⁽ⁱ⁾	-	5 449	-	5 449
Amounts receivable for services	-	256 291	-	256 291
		420 217	21 219	398 998
<i>Financial Liabilities</i>				
Payables	-	21 280	-	21 280
Other current liabilities		186	-	186
		21 466	-	21 466

(i) Receivables excludes the GST recoverable from the Australian Taxation Office (statutory receivable).

	Interest rate exposure			
	Weighted Average Effective Interest Rate %	Carrying Amount \$ 000	Variable Interest Rate \$ 000	Non-Interest Bearing \$ 000
2018				
<i>Financial Assets</i>				
Cash and cash equivalents	1.96	31 005	16 679	14 326
Restricted cash and cash equivalents	1.96	79 168	12 269	66 899
Receivables ⁽ⁱ⁾	-	11 761	-	11 761
Amounts receivable for services	-	236 457	-	236 457
		358 391	28 948	329 443
<i>Financial Liabilities</i>				
Payables	-	20 362	-	20 362
Other current liabilities		184	-	184
		20 546	-	20 546

(i) Receivables excludes the GST recoverable from the Australian Taxation Office (statutory receivable).

	Interest rate exposure		Maturity date			
	Nominal Amount \$ 000	Up to 1 month \$ 000	1-3 Months \$ 000	3 Months to 1 year \$ 000	1-5 Years \$ 000	More than 5 years \$ 000
	51 631	51 631	-	-	-	-
	106 846	106 846	-	-	-	-
	5 449	5 449	-	-	-	-
	256 291	-	-	-	256 291	-
	420 217	163 926	-	-	256 291	-
	21 280	21 280	-	-	-	-
	186	-	186	-	-	-
	21 466	21 280	186	-	-	-

	Interest rate exposure		Maturity date			
	Nominal Amount \$ 000	Up to 1 month \$ 000	1-3 Months \$ 000	3 Months to 1 year \$ 000	1-5 Years \$ 000	More than 5 years \$ 000
	31 005	31 005	-	-	-	-
	79 168	79 168	-	-	-	-
	11 761	11 761	-	-	-	-
	236 457	-	-	-	236 457	-
	358 391	121 934	-	-	236 457	-
	20 362	20 362	-	-	-	-
	184	-	184	-	-	-
	20 546	20 362	184	-	-	-

8.1 Financial risk management (continued)

(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 financial year on the surplus for the year and equity for a 1% change in interest rates. It is assumed that the change in interest rates is being held constant throughout the financial year.

	Carrying amount \$ 000	-100 basis point		+100 basis point	
		Surplus \$ 000	Equity \$ 000	Surplus \$ 000	Equity \$ 000
2019					
Financial Assets					
Cash assets	17 066	(171)	(171)	171	171
Restricted cash assets	4 153	(42)	(42)	42	42
Total Increase/(Decrease)	21 219	(213)	(213)	213	213
2018					
Financial Assets					
Cash assets	16 679	(167)	(167)	167	167
Restricted cash assets	12 269	(123)	(123)	123	123
Total Increase/(Decrease)	28 948	(290)	(290)	290	290

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 nominal value.

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

8.2.1 Contingent assets:

The Department has no contingent assets as at 30 June 2019.

8.2.2 Contingent liabilities:

The Department's policy is to disclose, as a contingency, any obligation which may arise due to special circumstances or events. At the date of this report, the Department is not aware of any potential future obligation:

Contaminated sites

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

The Department is not aware of any contaminated sites, and the Department has not reported any suspected contaminated sites to DWER during the financial year.

8.3 Fair value measurements

	Level 1 \$ 000	Level 2 \$ 000	Level 3 \$ 000	Fair value at end of year \$ 000
Recurring fair value measurements				
2019				
Non-current assets classified as held for distribution to owners (Note 9.9)	-	7 520	-	7 520
Land (Note 5.1)	-	3 699	112 721	116 420
Buildings (Note 5.1)	-	2 096	15 472	17 568
	-	13 315	128 193	141 508

Transfers into and transfers out of the fair value hierarchy level are recognised on the date of the event or change in circumstances that caused the transfer.

	Level 1 \$ 000	Level 2 \$ 000	Level 3 \$ 000	Fair value at end of year \$ 000
Recurring fair value measurements				
2018				
Non-current assets classified as held for distribution to owners (Note 9.9)	-	7 520	-	7 520
Land (Note 5.1)	-	3 764	110 182	113 946
Buildings (Note 5.1)	-	2 156	15 866	18 022
	-	13 440	126 048	139 488

There was a transfer of \$7,520,000 from Level 2 during 2018. This transfer related to the Welshpool Vehicle Examination Centre property which was assessed as surplus to requirements and was available for immediate distribution to owners. The property has been classified as Non-current assets held for distribution to owners.

Land and buildings classified as held for distribution to owners during the period are recognised at the lower of carrying amount and fair value less costs to distribute. The fair value of these assets has been determined by reference to market evidence of sale prices of comparable assets.

Valuation techniques to derive Level 2 and Level 3 fair values

Land and buildings (Level 2 fair values)

Level 2 fair values of land and buildings are derived using the market approach.

Level 2 valuation inputs were used to determine the fair value of market type land and building assets.

Fair values have been derived from sale prices of comparable land and buildings after adjusting for differences in key attributes such as property size, assuming open and liquid market transactions and that the land is in a vacant and marketable condition. Adjustments are made for comparable utility. The most significant inputs into this valuation approach is price per square metre.

Land and buildings (Level 3 fair values)

Level 3 valuation inputs were used to determine the fair value of non-market or current use type land and building assets. Assets were valued at the Level 3 valuation hierarchy where there was no observable market evidence of sale prices for comparable sites or where significant Level 3 inputs were used on a recurring basis.

8.3 Fair value measurements (continued)

Land with public use restrictions have been categorised as Level 3 due to adjustments by Level 3 inputs to the market approach; including restoration costs (low restricted use land) and adjustments to recognise low level utility (high restricted use land).

Level 3 fair values of buildings are derived using the cost approach.

Fair values for existing use specialised buildings are valued at replacement cost and 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. While unit rates based on square metres can be supported from market evidence, other inputs (such as estimates of residual value, useful life, pattern of consumption and asset condition) required extensive professional judgement and impacted significantly on the determination of fair value, and have therefore been classified as having been valued using Level 3 valuation inputs.

There were no changes in the valuation techniques during the year.

Fair value measurements using significant unobservable inputs (Level 3)

The following table presents the changes in the fair value of assets measured using significant unobservable inputs (Level 3) for recurring fair value measurements.

	Land \$ 000	Buildings \$ 000
2019		
Fair value at start of year	110 182	15 866
Additions	-	-
Revaluation increments/(decrements) recognised in Profit or Loss	2 591	-
Revaluation increments/(decrements) recognised in Other Comprehensive Income	-	838
Transfers from/(to) Level 2	-	-
Disposals	(52)	-
Depreciation expense	-	(1 232)
Fair value at end of year	112 721	15 472
Total gains or losses for the year included in profit or loss, under 'Other gains'		
	2 591	-
2018		
Fair value at start of year	110 199	16 993
Additions	48	266
Revaluation increments/(decrements) recognised in Profit or Loss	(65)	-
Revaluation increments/(decrements) recognised in Other Comprehensive Income	-	(169)
Transfers from/(to) Level 2	-	-
Disposals	-	-
Depreciation expense	-	(1 224)
Fair value at end of year	110 182	15 866
Total gains or losses for the year included in profit or loss, under 'Other gains'		
	-	-

8.3 Fair value measurements (continued)

Information about significant unobservable inputs (Level 3) in fair value measurements

The following table summarises the quantitative information about the significant unobservable inputs used in Level 3 fair value measurement.

There were no significant interrelationships between the unobservable inputs.

Description	Fair value 2019 \$ 000	Fair value 2018 \$ 000	Valuation technique(s)	Unobservable inputs
Land	112 721	110 182	Market approach	Selection of land with similar approximate utility
Buildings	15 472	15 866	Current replacement cost	Consumed economic benefit/obsolescence of asset Historical cost per square metre floor area (m ²)

Valuation processes

An annual assessment of land and building fair values are undertaken by the Western Australian Land Information Authority (Valuations and Property Analytics) and are determined by professionally qualified valuers.

Generally, every four or five years (depending on location) a principle valuation calculation is performed by physical inspection or verification of the asset. In other years, fair values are determined by indexing the previous year's valuation amount by a factor which represents the analysis of the movement in valuation inputs from year to year. Changes in Level 2 and Level 3 fair values of land and buildings are analysed by the Department at the end of each financial year.

Basis of valuation

In the absence of market based evidence, due to the specialised nature of some land and buildings, 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 as authorised by legislation. Many of the Department's land and building assets have a restricted use for maritime purposes under the Marine and Harbours Act.

The main Level 3 inputs used are derived and evaluated as follows:

Selection of land with restricted utility

Due to the restricted nature and unique characteristics of some land, there is no observable market evidence of sale prices. Fair values for restricted use land is determined by comparison with market evidence for land with low level utility and adjustments made to the price per square metre. Relevant comparators of land with low level utility are selected by the Western Australian Land Information Authority (Valuations and Property Analytics).

Consumed economic benefit/obsolescence of assets

Represents the difference between the replacement cost of buildings and its current condition. This is estimated by the Western Australian Land Information Authority (Valuations and Property Analytics).

Historical cost per square metre floor area (m²)

The cost of constructing specialised buildings are obtained from actual construction costs per square metre of other similar or reference buildings, historical building costs, quantity surveyors and standard rates from construction guides.

9. Other disclosures

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

	Note
Services provided free of charge	9.1
Initial application of Australian Accounting Standards	9.2
Future impact of Australian standards issued not yet operative	9.3
Key management personnel	9.4
Related party transactions	9.5
Jointly controlled assets	9.6
Special purpose accounts	9.7
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Non-current assets classified as held for distribution to owners	9.9
Equity	9.10
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Indian Ocean Territories Service Level Agreement	9.12
Explanatory statement	9.13
Events occurring after the end of the financial year	9.14

9.1 Services provided free of charge

During the year the following services were provided to other agencies free of charge for functions outside the normal operations of the Department:

		2019	2018
		\$ 000	\$ 000
Department of Planning, Lands and Heritage	Technical review and support	100	200
Department of Primary Industries and Regional Development	Technical functionality	336	-
Department of Water and Environmental Regulation	Technical advice	-	100
Landcorp	Technical review	75	-
Office of the Environmental Protection Authority	Technical review	50	-
WA Conservation and Parks Commission	Technical advice	-	10
Western Australian Police Service	Provision of information	-	65
		561	375

9.2 Initial application of Australian Accounting Standards

AASB 9 Financial instruments

AASB 9 Financial instruments replaces AASB 139 Financial instruments: Recognition and Measurements for annual reporting periods beginning on or after 1 January 2018, bringing together all three aspects of the accounting for financial instruments: classification and measurement; impairment; and hedge accounting.

The Department applied AASB 9 prospectively, with an initial application date of 1 July 2018. The adoption of AASB 9 has resulted in changes in accounting policies and adjustments to the amounts recognised in the financial statements. In accordance with AASB 9.7.2.15, the Department has not restated the comparative information which continues to be reported under AASB 139. Differences arising from adoption have been recognised directly in Accumulated surplus.

9.2 Initial application of Australian Accounting Standards (continued)

The effect of adopting AASB 9 as at 1 July 2018 was, as follows:

	Adjustments	1 July 2018 \$ 000
Assets		
Trade receivables	(a),(b)	(265)
Total Assets		(265)
Total adjustments on Equity		
Accumulated surplus	(a),(b)	(265)
		(265)

The nature of these adjustments are described below:

(a) Classification and measurement

Under AASB 9, financial assets are subsequently measured at amortised cost, fair value through other comprehensive income, or fair value through profit or loss. The classification is based on two criteria: the Department's business model for managing the assets; and whether the assets' contractual cash flows represent 'solely payments of principal and interest' on the principal amount outstanding.

The assessment of the Department's business model was made as of the date of initial application, 1 July 2018. The assessment of whether contractual cash flows on financial assets are solely comprised of principal and interest was made based on the facts and circumstances as at the initial recognition of the assets.

The classification and measurement requirements of AASB 9 did not have a significant impact to the Department. The following are the changes in the classification of the Department's financial assets:

- Trade receivables as at 30 June 2018 are held to collect contractual cash flows and give rise to cash flows representing solely payments of principal and interest. These are classified and measured as Financial assets at amortised cost beginning 1 July 2018.
- The Department did not designate any financial assets as at fair value through profit and loss.

In summary, upon the adoption of AASB 9, the Department had the following reclassifications as at 1 July 2018:

	AASB 9 Category			
		Amortised cost \$ 000	Fair value through OCI \$ 000	Fair Value through P/L \$ 000
Assets				
Trade receivables*	11 761	11 496	-	-
Amounts receivable for services	236 457	236 457	-	-
Total Assets		247 953	-	-

*The change in carrying amount is a result of additional impairment allowance. See discussion on impairment below.

9.2 Initial application of Australian Accounting Standards (continued)

(b) Impairment

The adoption of AASB 9 has fundamentally changed the Department's accounting for impairment losses for financial assets by replacing AASB 139's incurred loss approach with a forward-looking expected credit loss approach. AASB 9 requires the Department to recognise an allowance for expected credit losses for all financial assets not held at fair value through profit or loss.

Upon adoption of AASB 9, the Department recognised an additional impairment on its Trade receivables of \$265,000 which resulted in a decrease in Accumulated surplus of \$265,000 as at 1 July 2018.

Set out below is the reconciliation of the ending impairment allowance in accordance with AASB 139 to the opening loss allowances determined with AASB 9.

	Impairment under AASB 139 at 30 June 2018 \$ 000	Remeasurement \$ 000	Expected Credit Loss under AASB 9 at 1 July 2018 \$ 000
Assets			
Receivables under AASB 139/ Financial assets at amortised cost under AASB 9	1 633	265	1 898
	1 633	265	1 898

9.3 Future impact of Australian standards issued not yet operative

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

Operative for financial years commencing after 1 Jan 2019

AASB 15 Revenue from Contracts with Customers

Nature of Change

This Standard establishes the principles that the Department shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from a contract with a customer. The mandatory application date of this Standard is currently 1 January 2019 after being amended by AASB 2016-7.

Impact

The Department's income is principally derived from appropriations which will be measured under AASB 1058 and will be unaffected by this change. However, the Department has not yet determined the potential impact of the Standard on 'User charges and fees' and 'Sales' revenue. In broad terms, it is anticipated that the terms and conditions attached to these revenues will defer revenue recognition until the Department has discharged its performance obligations.

9.3 Future impact of Australian standards issued not yet operative (continued)

AASB 16 Leases

Nature of Change

This Standard introduces a single lessee accounting model and requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value.

Impact

Whilst the impact of AASB 16 has not yet been quantified, most of the Department's non-cancellable operating leases will be brought onto the Statement of Financial Position. Interest and amortisation expense will increase, and rental expense will decrease. This includes current year commitments.

AASB 1058 Income of Not-for-Profit Entities

Nature of Change

This Standard clarifies and simplifies the income recognition requirements that apply to not-for-profit (NFP) entities, more closely reflecting the economic reality of NFP entity transactions that are not contracts with customers. Timing of income recognition is dependent on whether such a transaction gives rise to a liability or other performance obligation (a promise to transfer a good or service), or a contribution by owners, related to an asset (such as cash or another asset) received by an agency.

Impact

The Department anticipates that the application will not materially impact appropriation or untied grant revenues.

AASB 2016-4 Amendments to Australian Accounting Standards – Australian Implementation Guidance for Not-for-Profit Public Sector Licensors

Nature of Change

This Standard amends AASB 15 to add requirements and authoritative implementation guidance for application by not-for-profit public sector licensors to transactions involving the issue of licences. There is no financial impact as the Agency does not issue licences.

AASB 2016-5 Amendments to Australian Accounting Standards Australian Implementation Guidance for Not-for-Profit Entities

Nature of Change

This Standard amends the mandatory effective date of AASB 1059 so that AASB 1059 is required to be applied for annual reporting periods beginning on or after 1 January 2020 instead of 1 January 2019. There is no financial impact.

AASB 2016-8 Amendments to Australian Accounting Standards – Deferral of AASB 1059

Nature of Change

This Standard inserts Australian requirements and authoritative implementation guidance for not-for-profit entities into AASB 9 and AASB 15. This guidance assists not-for-profit entities in applying those Standards to particular transactions and other events. There is no financial impact.

9.3 Future impact of Australian standards issued not yet operative (continued)

Operative for financial years commencing after 1 Jan 2020

AASB 1059 Service Concession Arrangements: Grantors

Nature of Change

This Standard addresses the accounting for a service concession arrangement (a type of public private partnership) by a grantor that is a public sector agency by prescribing the accounting for the arrangement from the grantor's perspective. Timing and measurement for the recognition of a specific asset class occurs on commencement of the arrangement and the accounting for associated liabilities is determined by whether the grantee is paid by the grantor or users of the public service provided. The Department has not identified any public private partnerships within scope of the Standard.

9.4 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 financial year are presented within the following bands:

	2019	2018
Compensation Band (\$)		
40 001 – 50 000	1	-
100 001 – 110 000	1	-
160 001 – 170 000	1	-
180 001 – 190 000	2	1
190 001 – 200 000	2	1
200 001 – 210 000	3	2
210 001 – 220 000	3	1
220 001 – 230 000	-	1
250 001 – 260 000	2	-
310 001 – 320 000	-	1
340 001 – 350 000	1	-
370 001 – 380 000	-	1
380 001 – 390 000	1	-
450 001 – 460 000	1	-
500 001 – 510 000	-	1
	2019	2018
	\$ 000	\$ 000
Short term employee benefits	3 126	1 989
Post employment benefits	381	220
Other long term benefits	344	205
Termination benefits	196	-
Total compensation of senior officers	4 047	2 414

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

9.5 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 agencies.

	Note	\$ 000
Such transactions include:		
Income from State Government	4.1	118 773
Equity contributions	9.10	22 240
Superannuation payments (GESB portion)	3.1(a)	10 532
Lease rentals payments to the Department of Finance (Government Office Accommodation and State Fleet) and the Department of Communities (Government Regional Officer Housing)	3.1 & 3.4	10 905
Insurance payments to the Insurance Commission and RiskCover fund	3.4	3 433
Remuneration for services provided by the Auditor General	9.8	186
Payments for repairs and maintenance, Government Campus Network and ICT to the Department of Finance	3.4	1 680
Transfer of excess On-demand Transport funding to the Department of Treasury	9.10	6 700
Recoupment of salaries and wages for seconded employees from the Department of Finance	3.1	93
Refund of prior years Royalties for Regions Revenue to Treasury	3.4	1 825
Western Australian Bicycle Network, National Transport Reforms, CBD Transport Plan, East Perth Multi Modal Transport grants provided to Main Roads Western Australia	3.2	19 260
Payments for Strategic Transport Modelling Review, Connected Portfolio Project, and repairs and maintenance to Main Roads Western Australia	3.4	1 245
Central Area Transit (CAT) bus service and Local Projects – Local Jobs grants provided to Public Transport Authority of Western Australia	3.2	15 760
Marine Communications and Community Police grants provided to Western Australia Police Service	3.2	1 954
Contribution for the Support and Maintenance of the WAPOL Biometric Facial Recognition System to Western Australia Police Service	3.4	168

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.

9.6 Jointly controlled assets

The following represents the Department's 50% ownership interest in the Marine Operations Centre with the Department of Primary Industries and Regional Development. The jointly controlled assets are included in the financial statements.

	2019 \$ 000	2018 \$ 000
Non-current assets		
Property, plant and equipment	3 565	3 412
Infrastructure	68	78
Total assets	3 633	3 490

9.7 Special purpose accounts

	2019 \$ 000	2018 \$ 000
Deposits		
Opening balance	4 378	4 330
Receipts		
Deposits – Bonds	60	193
Deposits – Trade Plates	160	162
Interest	75	18
	295	373
Payments		
Refunds – Bonds	(887)	(51)
Refunds – Trade Plates	(149)	(274)
	(1 036)	(325)
Closing balance	3 637	4 378

The Account holds deposits for performance bonds and motor vehicle trade plate deposits. These monies are held in a private trustee capacity, and in accordance with Treasurer's instruction 1101A Financial Reporting by Departments are only reported in these notes to the financial statements.

	2019 \$ 000	2018 \$ 000
Receipts in Suspense		
Opening balance	6 590	6 030
Receipts credited to the suspense account	6 201	7 523
Refunds and subsequent allocations	(5 909)	(6 963)
Closing balance	6 882	6 590

The purpose of this account is to hold funds pending identification of the purpose for which these monies were received. Upon identification, these funds are subsequently allocated to relevant revenue accounts or refunded to the customer.

9.7 Special purpose accounts (continued)

	2019 \$ 000	2018 \$ 000
Perth Parking Licensing Account		
Opening balance	54 093	23 257
Receipts		
Licence fees (see note 4.2)	58 723	57 890
	58 723	57 890
Payments		
Grants to State government agencies (see note 3.2)	(17 971)	(24 910)
Grants to local shires	-	(1 277)
Employee costs	(606)	(582)
Supplies and services	(804)	(285)
	(19 381)	(27 054)
Closing balance (see note 7.1.1)	93 435	54 093

This account was established in July 1999 under the *Perth Parking Management Act 1999* (the Act) to set aside funds to be used to encourage a balanced transport system for gaining access to the Perth city area. All licence fee revenue generated by the Perth Parking Levy is reinvested into transport services and infrastructure within the Perth Parking Management Area from which it is generated, to deliver a more balanced transport system, including the ongoing provision of the Perth CAT bus system, free public transport within the Free Transit Zone, an incident response service and clearway towing, and administration of the Act.

	2019 \$ 000	2018 \$ 000
Taxi Industry Development Account		
Opening balance	12 269	13 183
Receipts		
Service appropriation	1500	1 365
Licence fees	745	965
Interest income	271	256
Other revenue	5	68
	2 521	2 654
Payments		
Grants and subsidies	(2 314)	(1 163)
Consultants' fees	(128)	(791)
Employee costs	(1 188)	(1 296)
Other payments	(307)	(318)
Transfer to the Consolidated Fund	(6 700)	-
	(10 637)	(3 568)
Closing balance (see note 7.1.1)	4 153	12 269

The purpose of this Account is to hold funds received by the Department for the purposes of the *Taxi Act 1994*.

9.7 Special purpose accounts (continued)

	2019 \$ 000	2018 \$ 000
Taxi Fare Evasion Recoupment Account		
Opening balance	-	-
Receipts credited to the suspense account	1	1
Refunds and subsequent allocations	(1)	(1)
Closing balance	-	-

The purpose of this Account is to reimburse taxi drivers with monies collected from passengers who failed to pay their fare.

9.8 Remuneration of Auditor

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

	2019 \$ 000	2018 \$ 000
Auditing the accounts, financial statements and key performance indicator.	186	184

The expense is included in Note 3.4 Other expenses.

9.9 Non-current assets classified as held for distribution to owners

The following table represents a summary of assets held for distribution to owners:

	2019 \$ 000	2018 \$ 000
Opening balance		
Land	7 000	-
Buildings	520	-
Other plant, equipment and infrastructure	323	-
Less write-down to fair value less costs to distribute	(86)	-
	7 757	-
Assets reclassified as held for distribution to owners		
Land	-	7 000
Buildings	-	520
Other plant, equipment and infrastructure	-	323
Less write-down to fair value less costs to distribute	-	(86)
	-	7 757
Total assets classified as held for distribution to owners		
Land	7 000	7 000
Buildings	520	520
Other plant, equipment and infrastructure	323	323
Less write-down to fair value less costs to distribute	(86)	(86)
	7 757	7 757
Less assets distributed		
Land	-	-
Buildings	-	-
Other plant, equipment and infrastructure	-	-
Less write-down to fair value less costs to distribute	-	-
	-	-
Closing balance		
Land	7 000	7 000
Buildings	520	520
Other plant, equipment and infrastructure	323	323
Less write-down to fair value less costs to distribute	(86)	(86)
	7 757	7 757

The Welshpool Vehicle Examination Centre property has been assessed as surplus to requirements and is available for immediate distribution to owners. However, the Department of Planning, Lands and Heritage is undertaking due diligence in relation to the appropriate zoning of the property prior to marketing. A specialist selling agent will then be appointed, if required, to market the property with an expected sale date within the next twelve months.

The Department has classified this property as held for distribution to owners until the date of sale.

9.10 Equity

	2019 \$ 000	2018 \$ 000
CONTRIBUTED EQUITY		
Balance at the start of the financial year	499 071	484 517
<i>Contributions by owners</i>		
Capital contributions	20 634	18 287
Transfer of net assets		
• Regional Development Headwords Fund	1 606	3 488
• Department of Planning, Lands and Heritage	-	49
	22 240	21 824
<i>Distributions to owners</i>		
• Public Transport Authority	-	(7 270)
• Department of Treasury	(6 700)	-
• Department of Planning Lands and Heritage	(52)	-
	(6 752)	(7 270)
Balance at the end of the financial year	514 559	499 071
RESERVES		
<i>Asset Revaluation Surplus</i>		
Balance at the start of the financial year	1 903	2 248
Net revaluation increments/(decrements)		
• Buildings	927	(345)
Balance at the end of the financial year	2 830	1 903
ACCUMULATED SURPLUS		
Balance at the start of the financial year	290 224	232 806
Change in accounting policy	(265)	-
Restated balance at the start of the financial year	289 959	232 806
Result for the year	48 718	57 418
Balance at the end of the financial year	338 677	290 224
Total equity at the end of the financial year	856 066	791 198

9.11 Supplementary financial information

(a) Write-offs

Public and other property, revenue and debts due to the State were written-off in accordance with section 48 of the *Financial Management Act 2006* under the authority of:

	2019 \$ 000	2018 \$ 000
(i) Bad Debts		
The Accountable Authority	107	75
	107	75

Of the debts written off, \$0.105m had been previously provided for.

	2019 \$ 000	2018 \$ 000
(ii) Assets		
The Accountable Authority	2	-

(b) Losses through theft, defaults and other causes

The Department suffered no losses of public money or other property through theft, defaults or other causes during the current financial year.

(c) Gifts of public property

The Department provided no gifts of public property during the current financial year.

9.12 Indian Ocean Territories Service Level Agreement

The provision of services to the Indian Ocean Territories is recouped from the Commonwealth government.

	2019 \$ 000	2018 \$ 000
Balance at the start of the year	63	-
Receipts	809	947
Payments	(795)	(884)
Balance at the end of the year	77	63

9.13 Explanatory statement (Controlled Operations)

All variances between estimates (original budget) and actual results for 2019 and between the actual results for 2019 and 2018 are shown below. Narratives are provided for selected major variances which are generally greater than 5% and \$7,549,000 for the Statement of Comprehensive Income and Cash flows; and 5% and \$16,785,000 for the Statement of Financial Position.

Statement of Comprehensive Income Variances

	Variance note	Estimate 2019 \$ 000	Actual 2019 \$ 000	Actual 2018 \$ 000	Variance between estimate and actual \$ 000	Variance between actual result for 2019 and 2018 \$ 000
COST OF SERVICES						
<i>Expenses</i>						
Employee benefits expense		139 421	135 303	136 252	(4 118)	(949)
Supplies and services		122 062	114 713	107 528	(7 349)	7 185
Depreciation and amortisation expense		22 368	21 031	20 856	(1 337)	175
Accommodation expenses		18 597	17 977	16 844	(620)	1 113
Grants and subsidies	1, A	132 012	119 044	91 558	(12 968)	27 486
Loss on disposal of non-current assets		-	450	283	450	167
Other expenses		1 692	3 646	4 109	1 954	(463)
Total cost of services		436 152	412 166	377 430	(23 987)	34 736
Income						
<i>Revenue</i>						
User charges and fees		270 410	271 896	261 681	1 486	10 215
Sales		30	151	181	121	(30)
Grants and contributions	B	10 110	10 605	19 627	495	(9 022)
Interest revenue		296	581	689	285	(108)
Other revenue		55 895	56 350	54 310	455	2 040
Other income		-	-	78	-	(78)
Total revenue		336 741	339 583	336 566	2 842	3 017
<i>Gains</i>						
Other gains		-	2 526	-	2 526	2 526
Total gains		-	2 526	-	2 526	2 526
Total income other than income from State Government		336 741	342 109	336 566	5 368	5 543
NET COST OF SERVICES		99 411	70 055	40 864	(29 355)	29 193

9.13 Explanatory statement (Controlled Operations) (continued)

Statement of Comprehensive Income Variances (continued)

	Variance note	Estimate 2019 \$ 000	Actual 2019 \$ 000	Actual 2018 \$ 000	Variance between estimate and actual \$ 000	Variance between actual result for 2019 and 2018 \$ 000
INCOME FROM STATE GOVERNMENT						
Service appropriation	C	78 558	76 343	59 776	(2 215)	16 567
Assets received		-	(35)	147	(35)	(182)
Services received free of charge		1 989	1 841	1 710	(148)	131
Royalty for Regions Fund		42 914	40 624	36 649	(2 290)	3 975
Total income from State Government		123 461	118 773	98 282	(4 688)	20 491
SURPLUS FOR THE YEAR		24 050	48 718	57 418	24 667	(8 701)
OTHER COMPREHENSIVE INCOME						
Items not reclassified subsequently to profit or loss						
Changes in asset revaluation reserve		-	927	(345)	927	1 272
Total other comprehensive income		-	927	(345)	927	1 272
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		24 050	40 645	57 073	25 594	(7 429)

9.13 Explanatory statement (Controlled Operations) (continued)

Statement of Comprehensive Income Variances

Major Estimate and Actual (2019) Variance Narratives

1. Grants and Subsidies actual expenditure is less than estimate by \$13.0 million (-9.8%) primarily due to the deferral of Busselton-Margaret River Regional Airport Upgrade project (\$9.5 million), underspends associated with the Country Age Pension Fuel Card Subsidy (\$4.4 million); and delays to the Broome Boating Facilities Upgrade project (\$0.8 million).
This has been offset by increased Taxi User Subsidy Scheme (TUSS) payment (\$2.3 million) due to increased number of approved applications for participation in TUSS.

Major Actual (2019) and Comparative (2018) Variance Narratives

- A. Grants and Subsidies increased in 2019 by \$27.5 million (30.0%) mainly due to increased grants for Western Australian Bicycle Network (\$16.6 million); Geraldton Runway Renewal project funded from Royalties for Region funding (\$6.5 million); and increased rail subsidy for Fremantle Container Rail Service (\$1.9 million).
- B. Grants and Subsidies revenue decreased by \$9.0 million (46.0%) mainly due to the reduction in funding for Bike Boulevard (Safe Active Streets) of \$3.0 million in 2019 when compared to 2018, \$4.5 million decrease for Burswood Jetty provided by Public Transport Authority (PTA) on completion of project; and reduction of \$1.2 million, a result of the completion of Cockburn/Midland Licensing centres fit out.
- C. Service Appropriation increased by \$16.6 million (27.7%) mainly due to \$15.7 million for Principal Shared Paths being brought forward from 2020-21 to 2018-19; increased funding to Westport of \$2.0 million to complete Westport Strategy and preferred options (of which \$1.0 million was brought forward from 2020-21 to 2018-19); funding of Port Hedland Spoilbank Marina of \$3.0 million and supplementary funding of \$1.7 million for Taxi User Subsidy Scheme.

This increase has been mainly offset by Government Endorsed corrective/efficiency measures of \$4.3 million and reduced funding for travel survey of \$1.0 million.

9.13 Explanatory statement (Controlled Operations) (continued)

Statement of Financial Position Variances

	Variance note	Estimate 2019 \$ 000	Actual 2019 \$ 000	Actual 2018 \$ 000	Variance between estimate and actual \$ 000	Variance between actual result for 2019 and 2018 \$ 000
ASSETS						
<i>Current Assets</i>						
Cash and cash equivalents	1,A	13 108	51 631	31 005	38 523	20 626
Restricted cash and cash equivalents	B	93 425	105 239	78 143	11 814	27 096
Inventories		-	514	543	514	(29)
Receivables		9 063	8 513	15 203	(550)	(6 690)
Other current assets		6 281	3 824	5 088	(2 457)	(1 264)
Non-current assets classified as held for distribution to owners		-	7 757	7 757	7 757	-
Total Current Assets		121 877	177 478	137 739	55 601	39 739
<i>Non-Current Assets</i>						
Restricted cash and cash equivalents		871	1 607	1 025	736	582
Amounts receivable for services	C	256 332	256 291	236 457	(41)	19 834
Property, plant and equipment		152 358	148 510	148 578	(3 848)	(68)
Infrastructure	2	212 623	268 079	267 505	55 456	574
Intangible assets		28 670	40 418	36 184	11 748	4 234
Construction in progress	3	85 452	13 122	11 773	(72 330)	1 349
Total Non-Current Assets		736 306	728 027	701 522	(8 279)	26 505
TOTAL ASSETS		858 183	905 505	839 261	47 322	66 244
LIABILITIES						
<i>Current Liabilities</i>						
Payables		20 881	21 280	20 362	399	918
Employee related provisions		21 524	21 258	20 917	(266)	341
Other current liabilities		2 586	430	730	(2 156)	(300)
Total Current Liabilities		44 991	42 968	42 009	(2 023)	959
<i>Non-Current Liabilities</i>						
Employee related provisions		6 742	6 471	6 054	(271)	417
Total Non-Current Liabilities		6 742	6 471	6 054	(271)	417
TOTAL LIABILITIES		51 733	49 439	48 063	(2 294)	1 376
NET ASSETS		806 450	856 066	791 198	49 616	64 868
EQUITY						
Contributed equity		510 646	514 559	499 071	3 913	15 488
Reserves		2 248	2 830	1 903	582	927
Accumulated surplus	4,D	293 556	338 677	290 224	45 121	48 453
TOTAL EQUITY		806 450	856 066	791 198	49 616	64 868

9.13 Explanatory statement (Controlled Operations) (continued)

Statement of Financial Position Variances

Major Estimate and Actual (2019) Variance Narratives

1. Cash and cash equivalents are greater than estimate by \$38.5 million (293.9%) mainly due to underspend in Capital projects of \$10.3 million from project delays; \$6.0 million in grant revenue received from Main Roads WA for Safe Active Street – Bike Boulevard relating to prior years, underspend of \$4.3 million in employment costs due to delays in recruitment and reduction in leave liability; and general underspend in recurrent activities (including programs such as Westport, Big Data, Port Hedland Marina) and operating surplus from 2018 operations.
2. Infrastructure actual exceeded estimate by \$55.5 million (26.1%) primarily due to several infrastructure projects being finalised and commissioned in 2019.
3. Construction in progress trailed estimate by \$72.3 million (-84.6%) due to several projects being finalised and commissioned in 2018-19 (refer to note on Infrastructure).
4. Accumulated surplus in 2019 exceeds estimate by \$45.1 million (15.4%). \$20.7 million is due to increase in the opening surplus for 2018 operations; and \$24.4 million relates to accumulated surplus for 2019 mainly due to cost of services being less than estimate by \$24.0 million.

Major Actual (2019) and Comparative (2018) Variance Narratives

- A. Cash and cash equivalents in 2019 compared to prior year is greater by \$20.6 million (66.5%) primarily due to greater underspend in capital projects of \$6.3 million when compared to 2018; cash surplus in operating and investing activities in 2019 of \$9.0 million; and decrease in accounts receivables in 2019 of \$6.7 million.
- B. Restricted cash and cash equivalent increased by \$27.1 million (34.7%) primarily due to Perth Parking Fund increases in 2019 of \$39.3 million resulting from the completion of the CAT Bus Replacement in 2018 and Government initiated expenditure strategies in 2019.
The increase has been offset by reimbursement to Consolidated Account of \$6.7 million from Taxi Industry Development Account (TIDA) for funding received from appropriation to fund Transition Assistance Hardship payments and associated administrative costs; and utilisation of funds of \$4.9 million from Royalties for Region for Geraldton Airport Runway in 2019.
- C. Amounts receivable for services increased by \$19.8 million (8.4%) representing an increase in the non-cash component of service appropriation.
- D. 2019 accumulated surplus exceeds 2018 by \$48.5 million (16.7%). This variance relates to an increased surplus of \$48.7 million for 2018-19 mainly due to an additional \$39.4 million added to Perth Parking Fund, delay in administration of regional taxi grant and general underspend in recurrent activities (including programs such as Westport, Big Data and Port Hedland Marina).

9.13 Explanatory statement (Controlled Operations) (continued)

Statement of Cash Flows Variances

	Variance note	Estimate 2019 \$ 000	Actual 2019 \$ 000	Actual 2018 \$ 000	Variance between estimate and actual \$ 000	Variance between actual result for 2019 and 2018 \$ 000
CASH FLOWS FROM STATE GOVERNMENT						
Service appropriation	A	58 683	56 509	39 901	(2 174)	16 608
Capital appropriation		17 689	20 634	18 287	2 945	2 347
Cash transferred (to)/from other agencies		(13 900)	(6 700)	(7 270)	7 200	570
Royalties for Regions Fund	1	50 693	42 230	40 137	(8 463)	2 093
Net cash provided by State Government		113 165	112 673	91 055	(492)	21 618
Utilised as follows:						
CASHFLOWS FROM OPERATING ACTIVITIES						
<i>Payments</i>						
Employee benefits		(139 065)	(134 760)	(138 823)	4 305	4 063
Supplies and services		(118 717)	(112 197)	(109 710)	6 520	(2 487)
Accommodation		(18 597)	(16 804)	(17 720)	1 793	916
Grants and subsidies	2, B	(132 012)	(118 752)	(86 923)	13 260	(31 829)
GST payments on purchases		(26 706)	(26 859)	(23 114)	(153)	(3 745)
Other payments		(3 048)	(4 342)	(2 282)	(1 294)	(2 060)
<i>Receipts</i>						
Sale of goods and services		30	152	180	122	(28)
User charges and fees		270 410	270 397	261 809	(13)	8 588
Grants and contributions		10 110	16 791	12 986	6 681	3 805
Interest received		296	663	674	367	(11)
GST receipts on sales		26 706	7 937	7 361	(18 769)	576
GST receipts from taxation authority		-	19 959	15 642	19 959	4 317
Other receipts		55 895	57 652	53 498	1 757	4 154
Net cash used in operating activities		(74 698)	(40 163)	(26 422)	34 535	(13 741)
CASH FLOWS FROM INVESTING ACTIVITIES						
<i>Payments</i>						
Purchase of non-current physical assets	3	(32 405)	(24 296)	(25 421)	8 109	1 125
<i>Receipts</i>						
Proceeds from sale of non-current physical assets		7 500	90	89	(7 410)	1
Net cash used in investing activities		(24 905)	(24 206)	(25 332)	699	1 126
Net decrease in cash and cash equivalents	4,C	13 562	48 304	39 301	34 742	9 003
Cash and cash equivalents at the beginning of the year	5,D	93 842	110 173	70 872	16 331	39 301
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR		107 404	158 477	110 173	51 073	48 304

9.13 Explanatory statement (Controlled Operations) (continued)

Statement of Cash Flows Variances

Major Estimate and Actual (2019) Variance Narratives

1. Royalties for Region fund is less than estimate by \$8.5 million (-16.7%) mainly due to delays to Transforming Bunbury Waterfront Stage 2 (\$6.2 million) caused by discovery of adverse geotechnical conditions during preliminary site inspections.
2. Grants and Subsidies payments were less than estimated by \$13.3 million (-10.0%) primarily due to the deferral of the Busselton-Margaret River Regional Airport Upgrade project (\$9.5 million), underspend associated with the Country Age Pension Fuel Card Subsidy (\$4.4 million); and delays to the Broome Boating Facilities Upgrade project (\$0.8 million). This has been offset by increased Taxi User Subsidy Scheme (TUSS) payments (\$2.3 million) due to increased number of approved applications for participation in TUSS.
3. Budget estimate for purchase of non-current physical assets is greater than actuals by \$8.1 million primarily due to delays in capital projects such as Transforming Bunbury's Waterfront Stage 2 due to adverse geotechnical conditions (\$4.2 million); underspend in Two Rocks Marina as a result of changes in scoping of works (\$1.1 million); and underspend in Driver and Vehicle Services Reform Program and Information Technology due to prioritisation of resources to On Demand Transport system enhancement (\$2.3 million).
4. The net increase in cash and cash equivalents of \$34.7 million (256.2%) is primarily due to reduced grant payments resulting from deferrals and underspend in 2019 (\$13.3 million); underspend in operating activities in 2019 (\$10.8 million); capital projects delays (\$8.1 million); expected transfer to Consolidated Account (\$7.2 million) that did not occur in 2019 because Welshpool Vehicle Examination Centre did not sell; and increase in grant receipts of (\$6.0 million) mainly from Main Roads WA for Safe Active Streets – Bike Boulevard relating to prior years.

This has been partially offset by reduced Royalties for Region funding (\$8.5 million) mainly due to deferral of \$4.2 million for Transforming Bunbury Waterfront Stage 2 to 2019-20 and underspend In Country Age Pension Fuel Card Scheme.
5. The increase in cash and cash equivalents at the beginning of the period exceeds estimate by \$16.3 million (17.4%) mainly due to receipt of \$6.0 million for Two Rocks Redevelopment; \$4.9 million for Geraldton Airport Runway from Royalties for Region and \$5.9 million for Capital carryover (including \$1.9 million for Bunbury Waterfront).

9.13 Explanatory statement (Controlled Operations) (continued)

Major Actual (2019) and Comparative (2018) Variance Narratives

A. Service Appropriation increased by \$16.6 million (41.6%) mainly due to \$15.7 million for Principal Shared Paths being brought forward from 2020-21 to 2018-19; increased funding to Westport of \$2.0 million to complete Westport Strategy and preferred options (of which \$1.0 million was brought forward from 2020-21 to 2018-19); funding of Port Hedland Spoilbank Marina of \$3.0 million and supplementary funding of \$1.7 million for Taxi User Subsidy Scheme.

This increase has been mainly offset by Government Endorsed corrective/efficiency measures of \$4.3 million and reduced funding for travel survey of \$1.0 million.

B. Grants and Subsidies increased in 2019 by \$31.8 million (36.6%) mainly due to increased grants for Principal Shared Path program (\$15.7 million); Geraldton Runway Renewal project (\$6.5 million) funded from Royalties for Region; Regional Airport Development Scheme grant payment (\$4.8 million); grant payment to local government for Recreational Boating Facilities Scheme (\$4.7 million); rail subsidy for Fremantle Container Rail Service (\$2.4 million) offset by reduction of On Demand Transport Reform hardship payments (-\$2.7 million) when compared to 2019 as these payments were completed in 2018.

C. The net increase in cash and cash equivalents of \$9.0 million (22.9%) in 2019 is primarily due to the increase in receipts from user fees and charges (\$8.6 million) and increase in grant and contribution receipts (\$3.8 million) mainly a result of payment from Main Roads for Safe Active Streets – Bike Boulevard.

D. The increase in cash and cash equivalents at the beginning of the period 2019 exceeds 2018 by \$39.3 million (55.5%) is mainly due to the increase in Perth Parking Licence Account of \$31.9 million.

9.14 Events occurring after the end of the financial year

There are no significant events occurring after the reporting date.

10. Administered disclosures

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

	Note
Disclosure of administered income and expenses by service	10.1
Explanatory statement for administered items	10.2
Administered assets and liabilities	10.3

10.1 Disclosure of administered expenses and income by service

	Strategic Transport Policy & Integrated Planning		Driver and Vehicle Services	
	2019 \$000	2018 \$000	2019 \$000	2018 \$000
Expenses				
Transfer Payments				
Consolidated Account	-	-	1 350 039	1 286 846
Department of Local Government, Sport and Cultural Industries	-	-	60	59
Insurance Commission of Western Australia	-	-	970 911	938 490
WA Coastal Shipping Commission	100	100	-	-
Federal and Interstate Agencies	-	-	-	1 351
Road Trauma Trust Account	-	-	76 526	79 837
Other expenses	-	-	-	421
Total administered expenses	100	100	2 397 536	2 307 004
Income				
For transfer to the Consolidated Account or Agencies				
Appropriations for transfer to the:				
WA Coastal Shipping Commission	100	100	-	-
Infringements				
Plate and transfer infringements	-	-	8 058	8 190
Speed and red-light infringements	-	-	105 468	108 502
Final demand traffic infringements	-	-	2 134	2 364
On-demand Transport Levy	-	-	-	-
Motor vehicle registrations				
Motor vehicle fees	-	-	60	59
Motor vehicle registrations	-	-	948 835	894 449
Stamp duty	-	-	361 494	354 463
Third party motor vehicle insurance premiums	-	-	735 396	710 903
Catastrophic Injury Support Scheme	-	-	235 515	227 587
Collection of interstate licencing fees	-	-	4	1 351
Collection of vessel survey fees	-	-	-	-
Total administered income	100	100	2 396 964	2 307 868

The Department does not administer receipts or payments on behalf of Service 3 (Coastal Infrastructure), and it is excluded from the note.

Marine Safety		On-demand Transport		Total	
2019	2018	2019	2018	2019	2018
\$000	\$000	\$000	\$000	\$000	\$000
-	-	-	-	1 350 039	1 286 846
-	-	-	-	60	59
-	-	-	-	970 911	938 490
-	-	-	-	100	100
-	1 949	-	-	-	3 300
-	-	-	-	76 526	79 837
-	-	-	-	-	421
-	1 949	-	-	2 397 636	2 309 053
-	-	-	-	100	100
-	-	-	-	8 058	8 190
-	-	-	-	105 468	108 502
-	-	-	-	2 134	2 364
-	-	5 213	-	5 213	-
-	-	-	-	60	59
-	-	-	-	948 835	894 449
-	-	-	-	361 494	354 463
-	-	-	-	735 396	710 903
-	-	-	-	235 515	227 587
-	-	-	-	4	1 351
-	1 947	-	-	-	1 947
-	1 947	5 213	-	2 402 277	2 309 915

10.2 Explanatory statement for Administered Items

All variances between estimates (original budget) and actual results for 2019 and between the actual results for 2019 and 2018 are shown below. Narratives are provided for key major variances, which are generally greater than 5% and \$20,761,000.

	Variance note	Estimate 2019 \$ 000	Actual 2019 \$ 000	Actual 2018 \$ 000	Variance between estimate and actual \$ 000	Variance between actual result for 2019 and 2018 \$ 000
Expenses						
Transfer Payments						
Consolidated Account	1	947 793	1 350 039	1 286 846	402 246	63 193
Department of Local Government, Sport and Cultural Industries		60	60	59	-	1
Insurance Commission of Western Australia	2	-	970 911	938 490	970 911	32 421
Western Australian Coastal Shipping Commission		100	100	100	-	-
Federal and Interstate Agencies		-	-	3 300	-	(3 300)
Road Trauma Trust Account		90 114	76 526	79 837	(13 588)	(3 311)
Other expenses		-	-	421	-	(421)
Total administered expenses		1 038 067	2 397 636	2 309 053	1 359 569	88 583
Income						
For transfer to the Consolidated Account or Agencies						
Appropriations for transfer to the:						
Western Australian Coastal Shipping Commission		100	100	100	-	-
Infringements						
Plate and transfer infringements		8 474	8 058	8 190	(416)	(132)
Speed and red-light infringements		113 142	105 468	108 502	(7 674)	(3 034)
Final demand fees – traffic infringements		2 469	2 134	2 364	(335)	(230)
On-demand Transport Levy		2 500	5 213	-	5 213	2 713
Motor vehicle registrations						
Motor vehicle fees		60	60	59	-	1
Motor vehicle registrations	A	911 322	948 835	894 449	37 513	54 386
Stamp duty	3	-	361 494	354 463	361 494	7 031
Third party motor vehicle insurance premiums	4	-	735 396	710 903	735 396	24 493
Catastrophic Injury Support Scheme	5	-	235 515	227 587	235 515	7 928
Collection of interstate licencing fees		-	4	1 351	4	(1 347)
Collection of vessel survey fees		-	-	1 947	-	(1 947)
Total administered income		1 038 067	2 402 277	2 309 915	1 364 210	92 362

10.2 Explanatory statement for Administered Items (continued)

Major Estimate and Actual (2019) Variance Narratives

1. Consolidated Account transfer payments exceeded estimates by \$402.2 million (42.4%) due to stamp duty on motor vehicle registrations collected on behalf of the Office of State Revenue and transferred to the Consolidated Account. This item is not reflected in the Department's budget statement.
2. Insurance Commission of Western Australia transfer payments totalled \$970.9 million from Third Party insurance premiums (\$735.4 million) and Catastrophic Injury Support Scheme (\$235.5 million) collected on behalf and transferred to Insurance Commission of Western Australia. This item is not reflected in the Department's budget statement.
3. Stamp Duty revenue collected amounted to \$361.2 million due to stamp duty on motor vehicle registration collected on behalf of the Office of State Revenue. This item is not reflected in the Department's budget statements.
4. Third Party Motor Vehicle Insurance premiums totalled \$735.4 million collected on behalf of, and transferred to the Insurance Commission of Western Australia. This item is not reflected in the Department's budget statement.
5. Catastrophic Injury Support Scheme totalled \$235.5 million collected on behalf of, and transferred to Insurance Commission of Western Australia. This item is not reflected in the Department's budget statement.

Major Actual (2019) and Comparative (2018) Variance Narratives

- A. Motor vehicle registration fee revenue increased by \$54.4 million (6.1%) due to an annual fee increase and growth in the number of registered vehicles.

10.3 Administered assets and liabilities

	2019 \$ 000	2018 \$ 000
Current assets		
Cash	19 294	13 559
Accounts receivable ⁽ⁱ⁾	5 689	6 750
Total current assets	24 983	20 309
Total administered assets	24 983	20 309
Current liabilities		
Payables	7 118	6 745
Accruals and interest payable	6 461	6 318
Total current liabilities	13 579	13 063
Total administered liabilities	13 579	13 063
(i) Notes to the Schedule of Administered Items – Accounts Receivable		
Current Receivables	15 607	16 471
Allowance for impairment of receivables	(9 918)	(9 721)
	5 689	6 750

CERTIFICATION OF KEY PERFORMANCE INDICATORS

For the year ended 30 June 2019

I hereby certify that the key performance indicators are based on proper records, are relevant and appropriate for assisting users to assess Department of Transport's performance, and fairly represent the performance of the Department of Transport for the financial year ended 30 June 2019.

A handwritten signature in black ink, appearing to read 'Richard Sellers', with a long horizontal flourish extending to the right.

Richard Sellers
Director General
30 August 2019

KEY PERFORMANCE INDICATORS

For the year ended 30 June 2019

DoT's Outcome Structure and links to the overall Government Goals

The transport function is integral to business and commerce and is important for social interaction and connecting communities. DoT's focus is on strategic transport policy and planning, regulation, and the delivery of safe and sustainable transport services and programs. This includes the licensing of drivers, vehicles, aircraft and vessels; developing and planning infrastructure; and setting and ensuring service and safety standards across the range of public and commercial transport systems in Western Australia.

Together with its portfolio partners, DoT has the expertise to deliver integrated transport plans and policy and high-quality services needed

to connect a complex, interrelated economic and social network. DoT connects people with goods and services through an intricate system of roads, railways, airports, ports and waterways and keeps people safe within those networks through an integrated approach to planning, licensing, and education and compliance strategies.

The breadth and diversity of DoT's functions and service means that DoT contributes to three of the Government's strategic goals outlined in the following table.

Under an Outcome Based Management Framework, DoT contributes to three of the Government's goals:

State Government Goals	DoT Outcomes	DoT Services
<p>Future Jobs and Skills: Grow and diversify the economy, create jobs and support skills development.</p>	<p>Outcome 1. Integrated transport systems that facilitate economic development.</p>	<p>Service 1. Strategic Transport Policy and Integrated Planning</p>
<p>Strong Communities: Safe communities and supported families.</p>	<p>Outcome 2. Vehicles and road users that meet established vehicle standards and driver competencies to deliver safe vehicles and safe drivers.</p>	<p>Service 2. Driver and Vehicle Services</p>
<p>Better Places: A quality environment with liveable and affordable communities and vibrant regions.</p>	<p>Outcome 3. An accessible and safe transport system.</p>	<p>Service 3. Coastal Infrastructure</p> <p>Service 4. Marine Safety</p> <p>Service 5. On-demand Transport</p>

Key Performance Indicators

The following table shows DoT's corporate KPIs and how they fit within the Department's Outcome Structure:

Departmental desired outcomes	Effectiveness indicators	Departmental services	Efficiency indicators
Outcome 1. Integrated transport systems that facilitate economic development.	Percentage of containerised freight transported via rail in relation to total metropolitan container movements to and from Fremantle Port	Service 1. Strategic Transport Policy and Integrated Planning	Average cost per policy hour for strategic transport policy development
	Percentage of regional Local Government Areas (LGAs) that have access to regular public transport air services between the LGA and Perth		Average cost per planning hour for integrated transport planning development
Outcome 2. Vehicles and road users that meet established vehicle standards and driver competencies to deliver safe vehicles and safe drivers.	Percentage of vehicle examinations completed in accordance with the Australian Design Rules (Safe Vehicles)	Service 2. Driver and Vehicle Services	Average cost per vehicle and driver transaction
	Percentage of driver licences issued that comply with the Graduated Driver Training and Licensing System (Safe Drivers)		Average cost per vehicle inspection performed by Vehicle Examination Centres
	Percentage of driver's licence cards issued within 21 days of completed application		Average cost per vehicle inspection delivered through Authorised Inspection Stations Average cost per driver assessment
Outcome 3. An accessible and safe transport system	Percentage of time maritime infrastructure is fit for purpose when required	Service 3. Coastal Infrastructure	Average cost per day per maritime infrastructure asset managed
	Rate of reported incidents (accidents) on the water per 10,000 registered recreational vessels	Service 4. Marine Safety	Average cost per private recreational vessel registration Cost to maintain Marine Pollution Response preparedness per registered vessel
	Percentage by which, the waiting time standard, for Metropolitan Area Taxis, is met	Service 5. On-demand Transport	Cost of regulation per taxi plate administered

Outcome 1: Integrated transport systems that facilitate economic development

DoT develops, integrates and regulates Western Australia's transport systems and infrastructure, which is integral to servicing the State's business and social communities.

DoT determines the location of major transport routes and infrastructure, their suitability for a range of transport services and how each route integrates into the broader transport system for boats, trains, aircraft and vehicles.

Providing regular and adequate public transport air services to key Western Australian regional communities is the responsibility of the Freight, Ports, Aviation and Reform Directorate.

DoT ensures all aircraft that carry passengers for regular public transport or charter purposes within the State are licensed annually.

DoT measures its effectiveness in meeting this outcome through the:

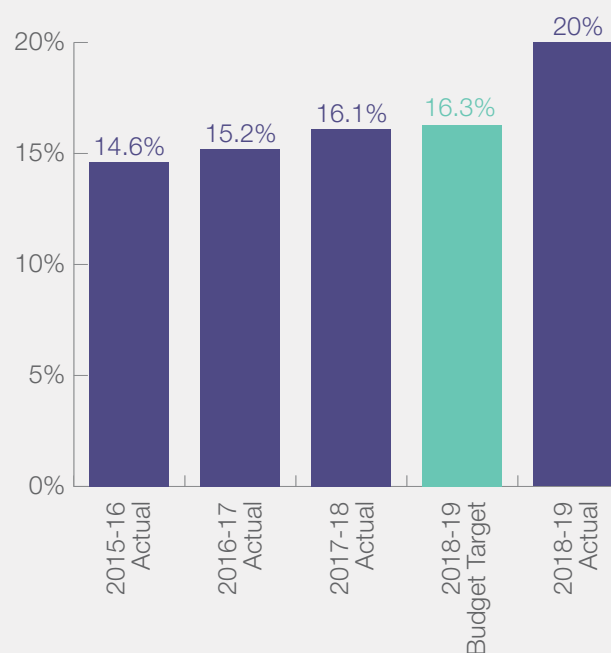
- Percentage of containerised freight transported via rail in relation to total metropolitan container movements to and from Fremantle Port.
- Percentage of regional Local Government Areas (LGAs) that have access to regular public transport air services between the LGA and Perth.

Percentage of containerised freight transported via rail in relation to total metropolitan container movements to and from Fremantle Port

This indicator informs how effectively DoT's container rail subsidy is shifting the transportation of containerised metropolitan freight from road to rail, thereby reducing heavy vehicle movement on arterial port roads. A significant proportion of metropolitan container movements occur on roads between the key freight precinct of Kewdale-Forrestfield and Fremantle Port.

The indicator compares the proportion of containers transported by rail through the North Quay Rail Terminal with the total number of containers moving through Fremantle Inner Harbour.

Percentage of containerised freight transported via rail in relation to total metropolitan container movements to and from Fremantle Port



Reason for significant variance

There was no significant variance between the 2017-18 Actual and the 2018-19 Budget Target.

The growth in Actual container rail volumes in 2018-19 compared to Budget Target was driven by State Government increasing the Container Rail Subsidy from \$30 per twenty-foot equivalent unit (TEU) to \$50 per TEU from January 2018 and an excellent grain harvest.

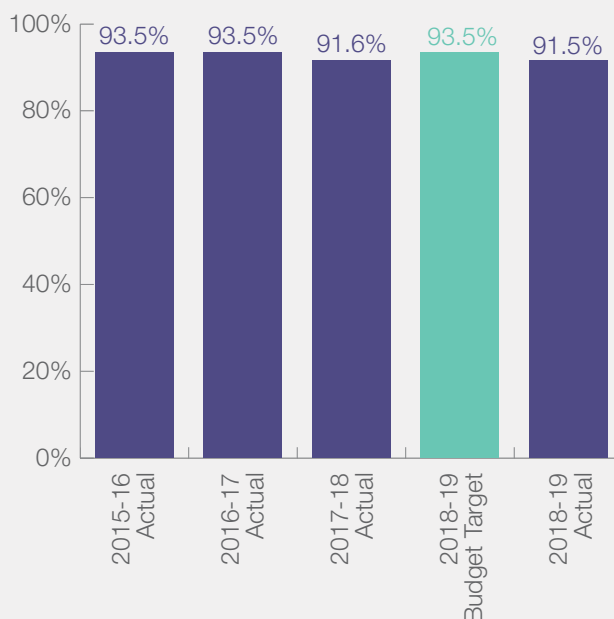
Percentage of regional Local Government Areas (LGAs) that have access to regular public transport air services between the LGA and Perth

This indicator measures DoT's effectiveness in meeting its responsibility in ensuring regional communities have access to regular public transport (RPT) air services to Perth for economic and social purposes.

The outcome of this indicator is measured by determining the percentage of Local Government Areas (LGAs) that have a population greater than 500 and are within 250 kilometres of an airport by sealed road which receives two or more RPT air services per week in each direction.

The high percentage achieved indicates that regional communities have access to RPT air services within 250 kilometres of the airport receiving two or more RPT air services per week. A reduction in the percentage of LGAs being serviced by RPT air services would indicate that services to remote communities are not being maintained.

Percentage of regional Local Government Areas (LGAs) that have access to regular public transport air services between the LGA and Perth



Reason for significant variance

There was no significant variance between the 2018-19 Budget Target and the 2018-19 Actual or between the 2017-18 Actual and the 2018-19 Actual.

A minor variance between the 2018-19 Budget Target and the 2018-19 Actual is due to an increase in the number of LGAs with a population greater than 500. In 2017-18 Mukinbudin and Mount Marshall LGAs population grew above 500. Both LGAs do not receive RPT air services within 250 km. This information wasn't available at the time of setting the 2018-19 Budget Target.

The 2018-19 Actual data was further adjusted to 91.5 per cent as a result of Wyalkatchem no longer having a population above 500 but maintaining access to RPT air services within 250km.

Outcome 2: Vehicles and road users that meet established vehicle standards and driver competencies to deliver safe vehicles and safe drivers

Driver and Vehicle Services (DVS) is responsible for licensing the State's drivers and registering vehicles under the *Road Traffic (Authorisation to Drive) Act 2008*, *Road Traffic (Vehicles) Act 2012* and *Road Traffic (Administration) Act 2008*. Drivers must demonstrate that they are competent to drive a vehicle through complying with the requirements of Section 16 of the *Road Traffic (Authorisation to Drive) Regulations 2014*. Vehicles must be registered before they may lawfully be used on the road. The *Road Traffic (Vehicles) Regulations 2014* details the specific requirements for examination against the Australian Design Rules, which allow a vehicle to be deemed roadworthy.

DoT measures its effectiveness in meeting this outcome through:

- the percentage of vehicle examinations completed in accordance with the Australian Design Rules (Safe Vehicles).
- the percentage of driver licences issued that comply with the Graduated Driver Training and Licensing System (Safe Drivers).
- the percentage of driver's licence cards issued within 21 days of completed application.

Percentage of vehicle examinations completed in accordance with the Australian Design Rules (Safe Vehicles)

This indicator measures the extent to which vehicles meet established vehicle standards to deliver safe vehicles.

The data is derived from a sample of completed examination forms (Certificates of Inspection), which are reviewed by DoT's auditor.

The number of forms that pass the criteria are counted and divided by the total number of forms audited. The results are then expressed as a percentage.

The sample audit is conducted on a weekly basis. The system is based on using automated (HYPERION) reports that provide details of vehicles that passed examinations in the last week as recorded in Transport Executive Licensing Information System (TRELIS), of which 10 samples are selected at random to a total of 100 per quarter.

The Certificates of Inspection created by TRELIS and/or the Vehicle Inspection System for each identified record are then checked and compared against the data in TRELIS to determine that all relevant sections of the examination have been completed and integrity of data maintained.

Percentage of vehicle examinations completed in accordance with the Australian Design Rules (Safe Vehicles)



Reason for significant variance

There was no significant variance between the 2018-19 Budget Target and the 2018-19 Actual or between the 2017-18 Actual and the 2018-19 Actual.

Percentage of driver licences issued that comply with the Graduated Driver Training and Licensing System (Safe Drivers)

This indicator measures the extent to which the licensing processes of drivers establish levels of competencies that will deliver safe drivers.

A sample of all driver licences issued under the Graduated Driver Training and Licensing System (GDT&LS) are reviewed by DoT's auditor and the number of licences that complied with each key component in the GDT&LS are recorded and divided by the total number of licences assessed. The resulting figure is then expressed as a percentage.

The sample audit is conducted on a weekly basis. The system is based on using automated (HYPERION) reports that provide the driver licences issued in the last week, of which 10 samples are selected at random to a total of 100 per quarter. All process components related to the GDT&LS are then checked to determine that compliance with each criterion is met.

Percentage of driver licences issued that comply with the Graduated Driver Training and Licensing System (Safe Drivers)



Reason for significant variance

There was no significant variance between the 2018-19 Budget Target and the 2018-19 Actual or between the 2017-18 Actual and the 2018-19 Actual.

Percentage of driver's licence cards issued within 21 days of completed application

DoT is committed to issuing driver's licence cards in a timely manner to provide an effective service to its customers.

This measure is calculated by dividing the total number of licence cards issued within the timeframe (21 days) by the total number of licence cards issued (multiplied by 100), to determine the percentage.

This indicator demonstrates that DoT is providing an effective service to its customers by issuing all driver's licence cards within 21 days of completed application.

Percentage of driver's licence cards issued within 21 days of completed application



Reason for significant variance

There was no significant variance between the 2018-19 Budget Target and the 2018-19 Actual or between the 2017-18 Actual and the 2018-19 Actual.

Outcome 3: An accessible and safe transport system

Under the *Transport Coordination Act 1966* (the Act), the *Jetties Act 1926* and the *Shipping and Pilotage Act 1967*, DoT is responsible for coordinating and planning the accessibility and safety considerations for the transport system.

A range of business units are involved in ensuring the accessibility and safety across the transport system. DoT's Coastal Infrastructure business unit is responsible for accessibility to marine related infrastructure and waterways while its Marine Safety business unit provides regulation, education, training and compliance monitoring to ensure safety of marine vessels and their users.

DoT's On-demand Transport business unit is responsible for ensuring an adequate taxi service is provided to the public of Western Australia. Vehicle and driver safety in taxis is the responsibility of Driver and Vehicle Services in its role in administering road laws, as defined in the *Road Traffic (Administration) Act 2008*.

This is covered under Outcome 2 of DoT's outcome structure: 'Vehicles and road users that meet established vehicle standards and driver competencies to deliver safe vehicles and safe drivers'. However, safety for taxi operators and passengers, not related to use of vehicles on the road (for example, speeding or careless driving), is the responsibility of the Western Australia Police in its community safety role.

The effectiveness indicators below measure transport system accessibility and safety for DoT.

Accessibility

- Percentage by which the waiting time standard, for Metropolitan Area Taxis is met.
- Percentage of time maritime infrastructure is fit for purpose when required.

Safety

- Rate of reported incidents (accidents) on the water per 10,000 registered recreational vessels

Effectiveness key performance indicators – Accessibility

Percentage by which the waiting time standard, for Metropolitan Area Taxis is met

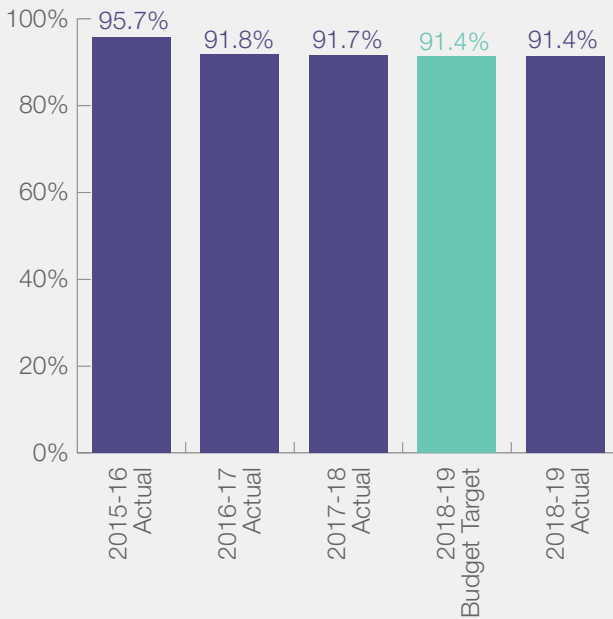
Following the 1999 National Competition Policy Review of the Perth Metropolitan Taxi Industry, the then Department for Planning and Infrastructure introduced performance standards for the industry. Performance standards have been in place since 1 July 2000 and the taxi industry is required to meet these standards.

This indicator assists in identifying supply versus demand requirements for the taxi industry and its customers. The wait times for taxis, both pre-booked and requested 'as soon as possible', have been measured during both peak and off-peak times. Orders that meet the performance standard, as detailed in the table below, are determined and presented as a percentage against all bookings.

Booking type	Period	Target time
Pre-booked	Peak	5 min
Pre-booked	Off-peak	5 min
ASAP	Peak	20 min
ASAP	Off-peak	15 min

This assessment gives DoT the ability to provide the Minister for Transport with evidence-based policy recommendations and, therefore, directly assists the regulatory function of DoT.

Percentage by which the waiting time standard, for Metropolitan Area Taxis is met



Reason for significant variance

There was no significant variance between the 2018-19 Budget Target and the 2018-19 Actual or between the 2017-18 Actual and the 2018-19 Actual.

Percentage of time maritime infrastructure is fit for purpose when required

DoT is responsible for the planning, creation, enhancement and management of new and existing land and water-based maritime facilities for small craft boats throughout WA.

DoT manages and maintains facilities at approximately 50 discrete locations throughout the State, including a variety of maritime infrastructure assets, such as jetties, boat launching facilities, pens and mooring areas, as well as associated navigational aids and access to facilities via dredged channels.

This indicator measures the percentage of time that these maritime facilities under DoT’s managerial control were accessible to the public throughout 2018-19.

The accessibility of four maritime facilities — pens, jetties, navigational aids and dredged channels — is individually calculated in terms of percentage. These individual percentages are then aggregated and divided by four to arrive at the indicator’s result.

The high percentage of availability achieved indicates that maritime facilities under DoT’s managerial control were appropriately maintained and accessible to the public.

Percentage of time maritime infrastructure is fit for purpose when required



Reason for significant variance

There was no significant variance between the 2018-19 Budget Target and the 2018-19 Actual or between the 2017-18 Actual and the 2018-19 Actual.

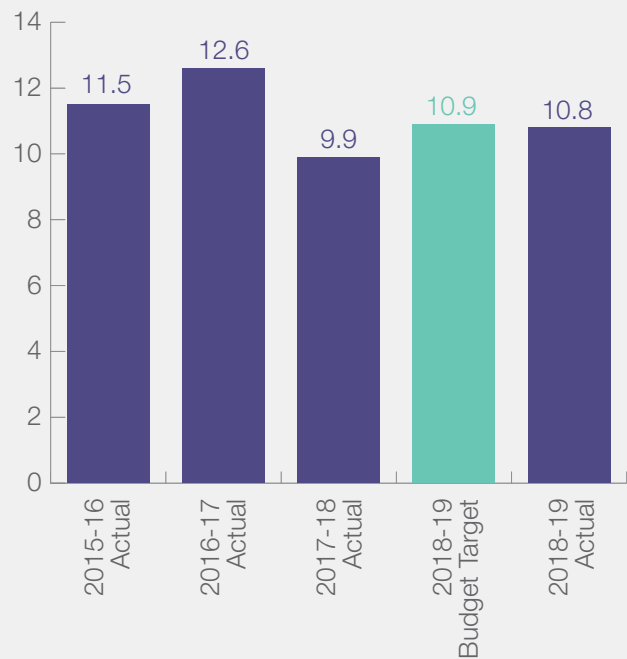
Rate of reported incidents (accidents) on the water per 10,000 registered recreational vessels

This indicator measures the effectiveness of DoT's safety initiatives on recreational boating behaviour.

The data for this indicator is sourced from DoT's recreational vessel registration and the marine incidents database. It is calculated by dividing the number of incidents by the number of registered recreational vessels (expressed as a rate).

Under the *Navigable Waters Regulations 1958*, all vessels that have a motor or have the capacity to have a motor fitted, must be registered to operate on navigable waters in Western Australia. In addition, it is a requirement under the *Western Australian Marine Act 1982* for people to report any accident or incident that results in serious injury or death, or the vessel being damaged enough to make it unseaworthy or unsafe.

Rate of reported incidents (accidents) on the water per 10,000 registered recreational vessels



Reason for significant variance

There was no significant variance between the 2018-19 Budget Target and the 2018-19 Actual.

The variance between the 2017-18 Actual and the 2018-19 Actual is due to an increase of incidents reported during 2018-19 driven by DoT actively promoting the need for insurance companies to report minor incidences.

Measures of efficiency

The measures of efficiency relate to the outputs (services provided) to the level of resource inputs required to produce them (e.g. cost per unit of output). Whilst the effectiveness indicators measure the success in achieving the Departmental desired outcomes, the efficiency indicators measure the efficiency (in most cases the cost per unit of the service delivered)

in providing the service that relates to the Departmental outcome.

When calculating cost measures of efficiency all costs involved with providing the service such as corporate, division and business unit overheads are included.

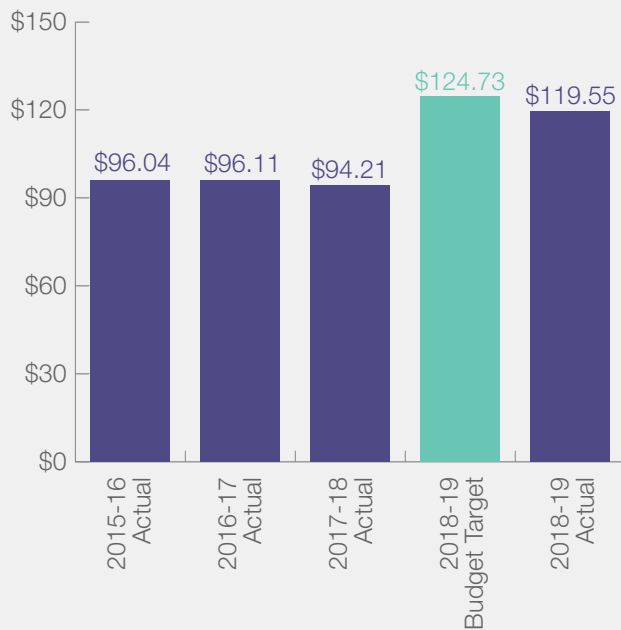
The measures of efficiency used for DoT and how they relate are as follows:

Service 1: Strategic transport policy and integrated planning

This service contributes to the provision of leadership for strategic management and development and protection of economic nodes and networks through the provision of a range of services including:

- analysis, planning and implementation of urban infrastructure projects and models to manage future travel demands;
- strategic policy development which supports the achievement of sustainable, effective and practical solutions for Western Australian transport networks and addresses capacity issues;
- policy advice and strategic transport solutions to Government;
- representation and negotiation, on behalf of the State Government, at national level transport-related forums to produce positive outcomes that promote and protect Western Australian interests;
- program management and delivery of major intermodal infrastructure planning and development activities that assists in economic development;
- quality assurance and assessment of the return on investment for government funds in transport projects; and
- monitoring industry and public demand-growth to provide best practice transport channels and access which alleviated environmental impacts.

Average cost per policy hour for strategic transport policy development



Reason for significant variance

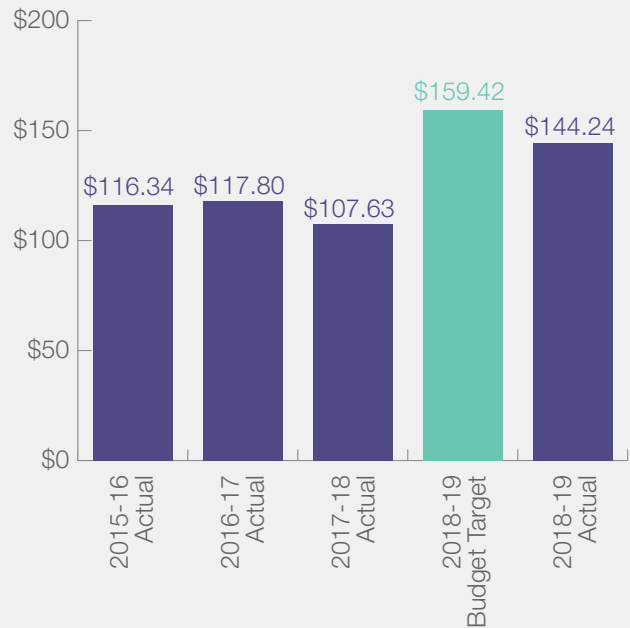
The variance between 2018-19 Budget Target and 2018-19 Actual is due to several factors resulting in reduced costs including:

- the transfer of resources from policy development to planning areas; and
- the realignment of the Policy, Planning and Investment Division.

The variance between 2018-19 Actual and 2017-18 Actual is due to an increase in costs associated with policy development attributable to:

- an increase in works associated with the Your Move Bassendean program; and
- the realignment of the Policy, Planning and Investment Division from a policy to a planning focus resulting in a reduction in policy hours.

Average cost per planning hour for integrated transport planning development



Reason for significant variance

The variance between 2018-19 Budget Target and 2018-19 Actual is due to several factors including:

- the realignment of the Policy, Planning and Investment Division resulting in reduced costs; and
- a significant increase in planning hours undertaken to facilitate the Westport project, which reduced the unit costs.

The variance between 2018-19 Actual and 2017-18 Actual is mainly due to an increase in costs associated with planning works including:

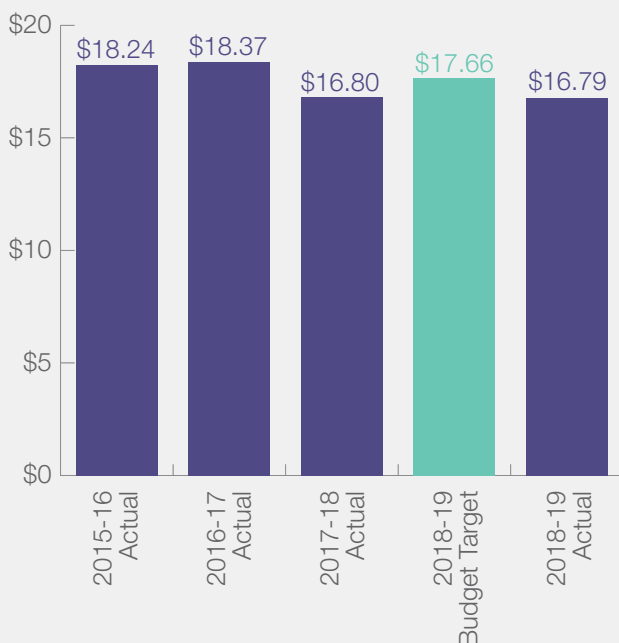
- the carryover of the Local Projects Local Jobs election commitment from 2017-18;
- expenses incurred for undertaking the evaluation of the Principal Shared Paths program; and
- an increase in planning works for the Westport project.

Service 2: Driver and Vehicle Services

This service contributes towards the provision of safe, accessible, sustainable and efficient transport services and systems through the provision of driver licensing and vehicle registration services for:

- setting motor vehicle standards in accordance with national and State Government requirements, examining motor vehicles for compliance with those standards and registering and transferring compliant motor vehicles;
- setting standards and requirements for the issue of a driver's licence in accordance with State Government legislation and national identity and security and privacy policies;
- assessing driver competency, issuing and renewing driver licences in accordance with national and State Government requirements and driver competency standards;
- securing and maintaining a database of registered vehicles and drivers and managing vehicle identification numbers to support the enforcement of road traffic and other relevant laws;
- collecting revenue on behalf of government; and
- informing and educating road users about driver licensing, vehicle registration and related requirements.

Average cost per vehicle and driver transaction

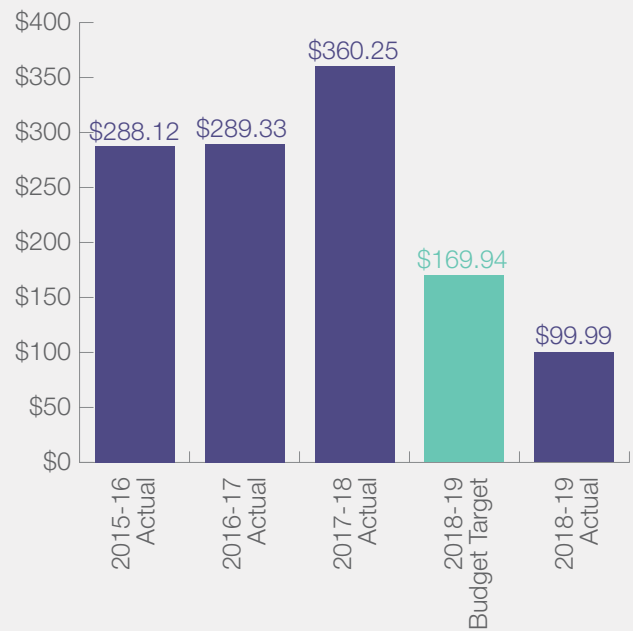


Reason for significant variance

The variance between 2018-19 Budget Target and 2018-19 Actual is due to the reduction in operating costs.

There was no significant variance between the 2017-18 Actual and 2018-19 Actual.

Average cost per vehicle inspection performed by Vehicle Examination Centres



Reason for significant variance

The variance between 2018-19 Budget Target and Actual is mainly due to the 64 per cent increase in transaction volumes, being 1,604 vehicle inspections above the Target. This is due to the increase in demand for specialised light and heavy vehicle inspections, a higher than anticipated number of re-inspections, work order inspections and inspections to grant WA vehicle licences for vehicles which were previously registered under the Federal Interstate Registration Scheme (FIRS).

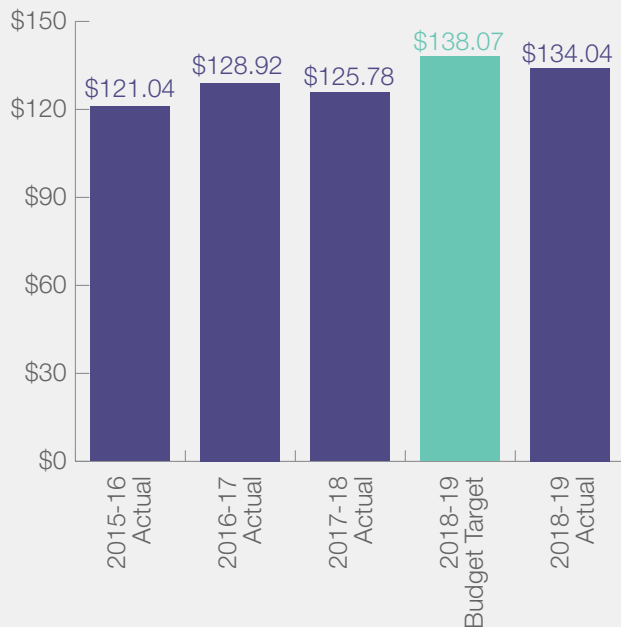
FIRS was previously established under the *Interstate Road Transport Act 1985* as an alternative to state-based registration for heavy vehicles weighing more than 4.5 tonnes for vehicles engaged solely in the interstate carriage of passengers or goods.

On 10 May 2018, the Federal Parliament passed the Interstate Road Transport Legislation (Repeal) Bill 2018 which closed FIRS to new applicants and renewals, resulting in vehicles which were previously exempt from holding a WA vehicle licence requiring a vehicle inspection to be performed.

The increase in inspections due to this change in federal legislation was not included within the Budget Target, resulting in a significant variance in inspections performed.

The variance between 2017-18 Actual and 2018-19 Actual is due to the expansion of the Authorised Inspection Stations (AIS) partnership model resulting in the shift of inspections from DoT's Vehicle Examination Centres (VEC) to AIS. In 2018-19 DoT's VECs only inspected highly specialised and modified light and heavy vehicles and vehicles that are high risk from a safety perspective, with all other inspections being undertaken by AIS.

Average cost per vehicle inspection delivered through Authorised Inspection Stations



Reason for significant variance

There was no significant variance between the 2018-19 Budget Target and the 2018-19 Actual or between the 2017-18 Actual and the 2018-19 Actual.

Average cost per driver assessment



Reason for significant variance

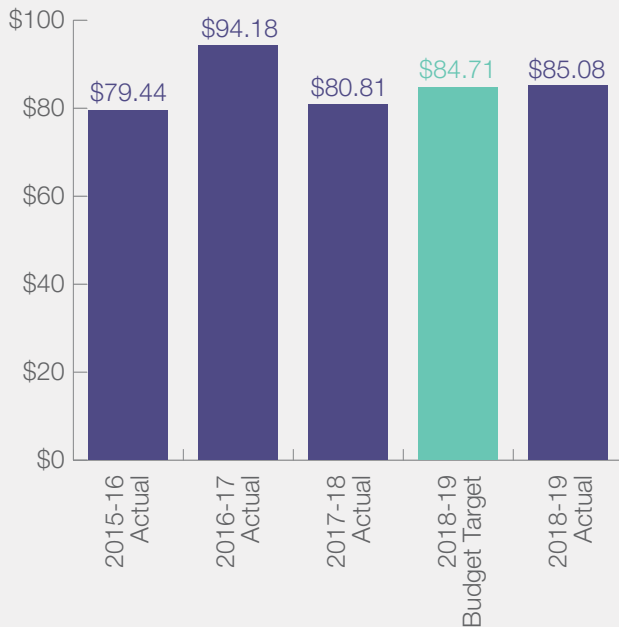
There was no significant variance between the 2018-19 Budget Target and the 2018-19 Actual or between the 2017-18 Actual and the 2018-19 Actual.

Service 3: Coastal Infrastructure

This service contributes towards the Department's outcome of an accessible and safe transport system through a range of coastal infrastructure services including:

- planning, building and managing new and existing land and water-based maritime facilities;
- the provision of coastal engineering advice and solutions for new and existing land and water-based maritime facilities; and
- the provision of oceanographic, cartographic and geographic information.

Average cost per day per maritime infrastructure asset managed



Reason for significant variance

There was no significant variance between the 2018-19 Budget Target and the 2018-19 Actual.

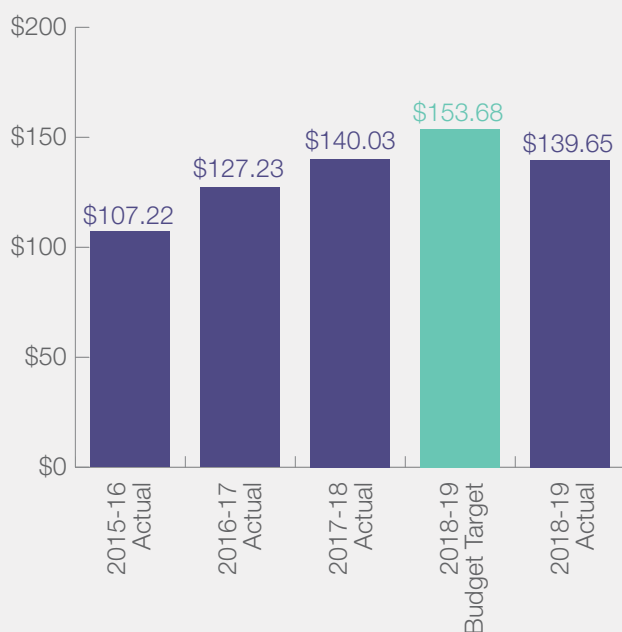
The variance between the 2017-18 Actual and the 2018-19 Actual is due to the decrease in a number of assets as a result of decommissioning pens in Two Rocks Marina as part of redevelopment works, partially offset by the release of new pens at Hillarys Boat Harbour.

Service 4: Marine Safety

This service contributes towards the safe and sustainable navigable waters through the provision of a range of marine safety regulatory and education services including:

- regulation and administration of marine industry services and safety standards, including on water compliance patrols;
- licensing of recreations vessel, marine safety education, navigational services and aids in accordance with relevant legislation; and
- marine protection through provision of a pollution response team.

Average cost per private recreational vessel registration

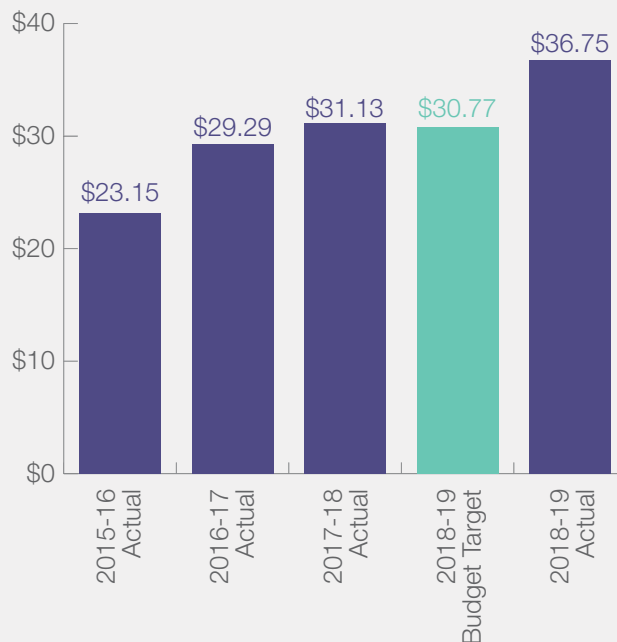


Reason for significant variance

The variance between the 2018-19 Budget Target and the 2018-19 Actual is due to the reduction in costs driven by a Business Unit realignment and moving from printing publications to digital technologies.

There was no significant variance between the 2017-18 Actual and the 2018-19 Actual.

Cost to maintain Marine Pollution Response preparedness per registered vessel



Reason for significant variance

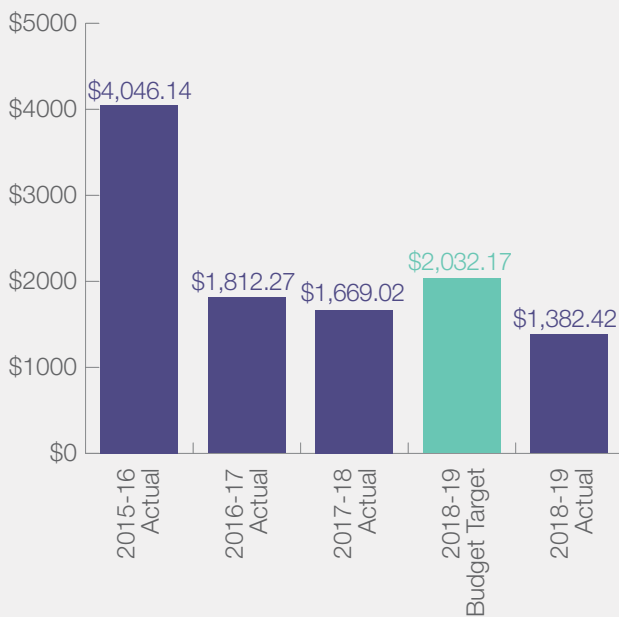
The variances between the 2018-19 Budget Target and the 2018-19 Actual and the 2017-18 Actual and 2018-19 Actual are due to an increase in one-off costs, such as training, travelling and equipment, to enhance DoT's ability to provide Maritime Environment Emergency Response as part of its Hazard Management Agency obligations.

Service 5: On-demand Transport

This service provides a regulatory environment that encourages competition and innovation in the on-demand transport industry to deliver safe, accessible and efficient on-demand transport services for our community through:

- collecting and analysing data to regulate new and existing taxi and omnibus providers in the industry through education and compliance;
- administering travel subsidies for taxi users, students and pensioners; and
- supporting government planning and policy development for on-demand transport services.

Cost of regulation per taxi plate administered



Reason for significant variance

The variance between the 2018-19 Budget Target and the 2018-19 Actual and the variance between the 2017-18 Actual and 2018-19 Actual is due to cost savings achieved through the implementation of efficiency measures.

MINISTERIAL DIRECTIVES

No Ministerial directives were received during the 2018-19 financial year.

OTHER FINANCIAL DISCLOSURES

Pricing policies of services provided

DoT reviews its fees and charges annually to reflect, where legally permissible, full cost recovery in the provision of its services pursuant to the departmental policy for costing and pricing.

The following gazettes contain variations to DoT's fees and charges for the 2018-19 financial year:

- *Western Australia Government Gazette No. 75 dated 25 May 2018*
- *Western Australia Government Gazette No. 76 (Special) dated 25 May 2018*
- *Western Australia Government Gazette No. 93 dated 22 June 2018*

Major capital projects

DoT's major capital projects, those over \$5 million, for the 2018-19 financial year are detailed in the table below.

Incomplete Capital Projects

Project Name	Expected Year of Completion	Capital Expenditure up to 30 June 2019 \$'000	Estimated Capital Cost to Complete \$'000	Estimated Total Capital Cost of Project \$'000
On-demand Transport Reform Business System	2020-21	5,868	8,432	14,300
Transforming Bunbury's Waterfront – Stage 2 (Jetty Road)	2019-20	4,886	8,034	12,920

Completed Capital Projects

Project Name	Year of Completion	Estimated Total Capital Cost of Project Reported in 2018-19 \$'000	Total Capital Cost of Project as at 30 June 2019 \$'000	Explanation for Significant Variances
Nil.				

Employment and industrial relations

Full-time equivalents (FTE) and headcount at 30 June 2019 are detailed in the table.

Status	Headcount	FTE
Permanent Full Time	1,059	1,059.00
Permanent Part Time	230	152.75
Senior Executive Service	15	15.00
Temporary Full Time	136	136.00
Temporary Part Time	18	11.68
	1458	1,374.43

Freedom of information

DoT's Freedom of Information (FOI) Coordinator is the initial contact point for all FOI related matters.

In accordance with the *Freedom of Information Act 1992* (the Act), DoT is required to respond to FOI access applications within 45 days of receipt, unless an extension of time is negotiated. The average time to process applications in 2018-19 was 22.2 days.

FOI fees and charges

FOI fees and charges are set under the Act. Apart from the application fee for non-personal information, all charges are discretionary. Details of fees and charges are listed below.

Application	Amount
Personal information about applicant	No fee
Application fee (for non-personal information)	\$30.00
Charge for time taken dealing with the application	\$30.00 per hour
Charge for access time supervised by staff	\$30.00 per hour
Charges for photocopying	\$30.00 per hour for staff time and 20 cents per copy

Rights of review

The Act allows dissatisfied applicants to request an internal review of the initial decision made by DoT. In accordance with Section 40 of the Act, a request for an internal review must be forwarded to the FOI Coordinator, in writing, within 30 days of the date of the initial decision.

Following an internal review, matters remaining in dispute can be submitted to the Office of the Information Commissioner for external review. Such applications must be submitted within 60 days from the date of internal review decision.

No fees or charges apply to internal or external reviews.

FOI statistics for 2018-19

FOI statistics for 2018-19, compared with previous years, are detailed in the table below.

Application	Amount 2015-16	Amount 2016-17	Amount 2017-18	Amount 2018-19
Total received (not including those transferred to another agency)	351	310	274	333
Internal reviews	15	13	15	10
External reviews	7	2	5	2
Transferred to another agency	10	2	9	8
Total	383	327	303	353

Customer feedback

DoT values customer feedback to assist in delivering excellent service to meet the changing needs of our community.

Customer feedback, including complaints, is managed via the Customer Feedback System (CFS), a fit-for-purpose workflow within Objective – DoT's electronic document and record management system (EDRMS).

DoT provides an accessible, fair and equitable complaints handling process in line with the Australian Standard on Complaints Handling (AS ISO 10002-2006).

In 2018-19 the following types of feedback were managed through the CFS.

Type of feedback		%
Complaints (including repeat complaints)	2,128	64.06
Compliments	109	3.28
Feedback and information	1,085	32.66
Total	3,322	100.00

Customer providing feedback at a Driver and Vehicle Services centre



A breakdown of customer feedback received by business unit in 2018-19 is shown below.

Business units	Complaints	Feedback, Information and Compliments	Total Customer Feedback	Total Customer Feedback by Percentage
Driver and Vehicle Services	1,805	991	2,796	84.17
Marine Safety	46	59	105	3.16
Coastal Infrastructure	10	27	37	1.11
Regional Services	118	29	147	4.43
On-demand Transport	128	44	172	5.18
Other**	21	44	65	1.96
Total	2,128	1,194	3,322	100.00

** all other DoT Business Units combined.

In 2018-19 there was a significant decrease in the number of complaints received relating to DoT's On-demand Transport business unit. Greater awareness and understanding of the on-demand transport reforms, which are now well underway with Stage 1 implementation complete, could be a contributing factor to this decrease.

There was also a significant decrease in the number of complaints received relating to DoT's Coastal Infrastructure business unit, which could be attributed to an ongoing focus on process and customer service improvements.

In 2018-19 DoT established a Customer Feedback Working Group to identify improvements to policies, processes and systems, including the Feedback Management Policy and supporting procedures, to improve outcomes for customers.

Creating a values-driven organisation

Building capability

People Managers Program

DoT continued to deliver its People Managers Program to empower managers to effectively lead and manage their people to support the achievement of DoT's strategic objectives.

The engaging and practical program, now in its sixth year; provides participants with the opportunity to obtain a nationally accredited Certificate IV in Leadership and Management.

In 2018-19, 28 people managers completed the program.

In 2019-20, DoT will introduce a choice of electives to ensure learning is aligned to business strategy and to capabilities required by the business. These electives will include project management, change management and data based decision-making.



L-R: Portfolio Emerging Leaders Program graduate with Acting Managing Director DoT Iain Cameron

Portfolio Emerging Leaders Program

The Portfolio Emerging Leaders Program, a collaboration between DoT, the PTA and Main Roads, was introduced to synergise the Portfolio's leadership practices and direction into the future.

The inaugural program was successfully completed by 10 participants from each agency in 2018-19 and will continue throughout 2019-20.

Performance Partnership Program

DoT's Performance Partnership Program (PPP) provides a framework for all employees and people managers to have ongoing discussions about performance objectives, measures and learning and development needs to ensure all employees are set up for success.

DoT continues to build on the success of the program by providing tailored solutions to optimise employee performance and potential. In 2018-19 DoT continued to focus on building capability across the organisation through meaningful conversations, participation and coaching and providing useful and effective feedback.

As at 30 June 2019, the PPP returned the following results:

- 100 per cent of DoT employees had a performance review in the past six months.
- 100 per cent of DoT employees have a current Individual Performance Plan.
- 100 per cent of DoT employees have a current Learning and Development Plan.
- 98 per cent of DoT employees have been assessed as meeting expectations.

Future Ready Workforce

As the transport industry continues to evolve and our customers become more sophisticated and technology enabled, DoT recognises that the complexity, scale and pace of these changes impacts its workforce.

In 2018-19 DoT embarked on a journey to identify these impacts in relation to the nature of work, workforce capability and composition and achieving strategic outcomes.

DoT's Future Ready Workforce is a program of work that will create a capable, adaptive and responsive workforce for the continued delivery of contemporary customer solutions, transport projects and future driven, sustainable solutions.

The mindset, capabilities and behaviours required to realise a future ready workforce were endorsed by DoT's Corporate Executive and representatives from across the Department were invited to participate in the program to ensure that the resulting outcomes are in line with the business requirements and meet the needs of our community.

The program of work which will deliver projects, systems and processes as enablers of the future ready workforce, will continue to be defined in 2019-20 as DoT explores natural business opportunities to implement the future ready workforce mindset, capabilities and behaviours.

By successfully enabling our people through the Future Ready Workforce program of work, DoT will continue to focus on creating meaningful experiences for its customers.

Diversity and Inclusion Plan 2016-2020

DoT recognises that a diverse and inclusive workforce helps us understand the needs of our diverse community as we strive to deliver the best transport services and solutions.

DoT's *Workforce Diversity Plan 2016-2020* aims to further improve outcomes for employees from diverse groups. The plan outlines initiatives to help raise awareness of the benefits of a diverse workforce and provide opportunities to diversity groups, specifically in relation to the employment and retention of Aboriginal and Torres Strait Islander peoples, people with disability and women in leadership.

In 2018-19, the following was implemented in support of the plan:

- All DoT employees were encouraged to participate in significant events such as National Reconciliation Week, Disability Awareness Week, Harmony Week, NAIDOC and International Women's Day.
- DoT invited Rishelle Hume AM, Manager of Aboriginal Engagement at Chevron and 2016 Western Australian of the Year Aboriginal Award winner, to present the key note speech during NAIDOC Week celebrations and work with DoT to develop its Aboriginal Employment and Engagement Strategy for 2019-20.
- DoT formed partnerships with two disability employment services providers Edge Employment and VisAbility to increase the visibility of vacancies.
- DoT brokered a partnership agreement with Job Access, created by the Commonwealth Government as the national hub for workplace and employment information for people with disability, employers and service providers.
- DoT continued to successfully participate in the Public Sector Commission Aboriginal Traineeship Program, with two trainees completing their Certificate III in Government (Administration).

- DoT continued to explore opportunities to take on interns through the Autism Academy and Australian Computer Society Foundation and Curtin University.
- Mandatory Cultural Awareness training continued to be part of the DoT induction and onboarding program. This training helps employees to work more effectively with colleagues and customers from diverse backgrounds. In addition, regional specific Cultural Awareness training is occurring with local providers.
- Online discrimination and harassment training remained mandatory and was included in the DoT induction and onboarding program to ensure all employees and managers are aware of their obligations in preventing and responding to behaviour of this kind.

Radars Awards program

DoT's reward and recognition program, the Radar Awards, continued to build a high performing, values-driven workforce by formally recognising individuals and teams who live the Department's values of Clear Direction, Fresh Thinking, Excellent Service and Great People.

In 2018-19 more than 30 nominations were received from employees wishing to recognise their peers for their outstanding contributions and achievements.



Director General Richard Sellers
with Radar Award winner

Employee Perception Survey

To continue to improve DoT's culture and employee engagement, the results of the Public Sector Employee Perception Survey informed four specific priority areas for the whole of DoT:

- Appropriate workplace behaviour;
- Fair recruitment and promotion;
- Effective people management; and
- Effective change management.

A comprehensive suite of strategies including improvements to communication, processes and training continue to be implemented and evaluated to address these priority areas.

In 2018-19 DoT conducted a pulse survey and ran focus groups to gather feedback from employees that will be used to shape future programs.

Personnel Management

Employee experience journey

DoT is proud to put its great people at the core of its business and in 2018-19 embarked on a journey to enhance the employee experience. The process of reviewing and redesigning various phases of the employee lifecycle, from on-boarding to off-boarding, commenced and several focus areas to support employees were identified.

In 2019-20, DoT will continue its employee experience journey by progressing initiatives related to the identified focus areas as well as aligning these to DoT's Future Ready Workforce program of work and investing in relevant tools to support employees.

People technology solutions

DoT continues to utilise people technology solutions to make personnel processes more efficient and effective. SharePoint is utilised to store distinct people data that workflows employment and payroll variation forms through the correct approval pathways before processing, standardising data inputs and saving time.

In 2018-19 an additional six manual personnel processes were mapped to this automated workflow solution and DoT reviewed its future people technology requirements in line with its Future Ready Workforce program of work.

Leave management

Through its values-driven culture and proactive approach to leave management, DoT continued to sustain low leave liability levels in 2018-19, with 85 per cent of employees remaining below the excess leave thresholds.

This assisted DoT to meet the revised Treasury Cap for leave liability of \$28.1 million set in January 2019, with DoT's liability at 30 June 2019 at \$27.4 million.

DoT will continue to proactively manage its leave liability in line with its commitment to good financial management and employee wellbeing and safety.



DoT continues to utilise people technology solutions to make personnel processes more efficient and effective.

GOVERNANCE DISCLOSURES

Unauthorised use of credit cards

DoT employees hold corporate credit cards (purchasing cards) where their functions warrant usage of this facility. Despite each cardholder being reminded of their obligations annually under the Department's purchasing card policy, 25 employees inadvertently utilised their purchasing cards in their personal capacity in 2018-19. None of these matters was referred for disciplinary action as the Chief Finance Officer noted that the nature of the expenditure was characteristic of an honest mistake.

The usage is detailed in the table below.

	2018-19
Number of instances the purchasing card has been used for personal use	36
Number of referrals for disciplinary action instigated during the reporting period	Nil
Aggregate amount of personal use expenditure for the reporting period	\$6,106
Aggregate amount of personal use expenditure settled by the due date (within 5 working days)	\$547
Aggregate amount of personal use expenditure settled after the period (after 5 working days)	\$5,559
Aggregate amount of personal use expenditure outstanding at balance date	-

Commuters on William Street, Perth

OTHER LEGAL REQUIREMENTS

Act of Grace payments

DoT made no Act of Grace payments during the financial year.

Advertising

As required under section 175ZE of the *Electoral Act 1907*, the following statement relates to advertising expenditure, which includes creative development, media placement, and direct mail.

Advertising agency	2018-19
The Brand Agency	\$3,500.00
Gatecrasher Advertising	\$13,123.00

Media advertising

Media advertising – non-campaign

Adcorp Australia Limited	\$728.53
Initiative Media Australia Pty Ltd	\$20,807.30
Facebook	\$2,128.00

Media advertising – campaign

Market research	Nil
Polling	Nil
Direct mail – Campaign Monitor	\$11.00

Total	\$40,297.83
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Notes:

The Brand Agency costs relate to the development of a campaign to promote PlatesWA. PlatesWA generates revenue for the State Government.

Gatecrasher Advertising costs relate to development and media placement of a campaign to raise community awareness and understanding of the on-demand transport reforms.

Disability Access and Inclusion Plan

DoT is committed to providing WA's diverse community, including people with disability, their families and carers, with access to its facilities, information and services in a fair and non-discriminatory manner.

This commitment is demonstrated in DoT's *Disability Access and Inclusion Plan (DAIP) 2017-22* which identifies key strategies to improve access and inclusion for all Western Australians. A number of actions and initiatives outlined in the DAIP were progressed in 2018-19.

DoT completed disability access audits of the principal pedestrian entrances at all metropolitan Driver and Vehicle Services centres, and completed a review of disability access and signage at all of its metropolitan offices to compare the physical environments with current disability legislation, codes and technical standards, to identify and evaluate any potential barriers for people with disability. DoT is working with the Department of Finance's Building Management and Works to implement the recommendations of the review.

To ensure appropriate signage is in place to meet the needs of people with disability, DoT continued to undertake regular site inspections of maritime facilities in consultation with relevant project delivery and asset management teams as well as external stakeholders. DoT also ensured its maritime facilities provide adequate disability parking bays that are line marked where the parking surface is bituminised through its annual maintenance program delivered by Portfolio partner Main Roads. In line with this, works were undertaken at the Batavia Coast Marina in Geraldton to add a disability parking bay and concrete wheel stops to ensure cars do not overshoot the carpark and restrict access to the pathway or the universal access fishing platform.



The use of a mobility scooter being assessed on speed bumps in an offline section of the Principal Shared Path network

DoT assessed the impact of speed bumps in an offline section of Perth's shared path network to ensure they are suitable for the use of wheelchairs and mobility scooters as well as vision impaired pedestrians ahead of the launch of trial of speed bumps in high-traffic areas.

DoT continued to ensure and improve access to interpreter services for people with disability by completing a review of its Language Service Policy and Procedures and providing feedback to the external service provider, ONCALL Interpreters & Translators. DoT continued to monitor complaints received to identify areas for improving accessibility for people with different needs. Further, DoT reviewed its Complaint Management Policy and Procedures to ensure they consider those with different needs and raised employee awareness of the importance of this.

Employee awareness of the need to ensure documents are produced in an accessible format for people with disability was also raised through educational workshops and guiding materials available for employees on the intranet.

DoT continued to review Departmental events to ensure they are inclusive and accessible to people with disability. This included ensuring invitations to workshops and other events provide attendees with the opportunity to advise if they need special assistance.

To create additional employment pathways for people with disability, DoT developed relationships with disability employment services

providers Edge Employment Solutions and VisAbility and continues to notify these providers of all external recruitment opportunities, including fixed term contracts.

DoT continued to consider the personal circumstances of its employees with disability or those who care for someone with disability and provide flexible work practices where practicable.

In 2018-19 DoT partnered with Job Access to further improve HR practices, determine additional learning and development strategies, and provide increased support for employees with disability.

People and Organisational Development team will be partnering with Job Access to improve HR practices for employees with disability, including awareness raising and support.

Reconciliation Action Plan

DoT is committed to increasing opportunities for Aboriginal and Torres Strait Islander peoples to participate in the State's economy.

This commitment is demonstrated in DoT's *Reconciliation Action Plan (RAP) 2017-19* which outlines strategies focusing on promoting awareness, strengthening relationships and providing employment and business opportunities for Aboriginal and Torres Strait Islander peoples.

A number of successes were achieved in 2018-19.

In early 2019 DoT participated in Reconciliation Australia's evaluation of their RAP program which has now been in operation for 12 years. DoT was one of 36 organisations from across Australia to participate in the evaluation, which included a small group interview with five of DoT's leaders and Yarning Sessions with metropolitan and regional employees.

The discussions were facilitated by Ernst and Young in collaboration with the Wollotuka Institute and findings will be presented to Reconciliation Australia and assist DoT in developing future RAPs.

DoT continued to raise employee awareness and understanding of reconciliation through its induction program, regular intranet content and the celebration of events such as National Reconciliation Week and NAIDOC week.

Culturally diverse DoT employees participated in DoT's Customer Experience Working Group and other process improvement committees, offering varied perspectives to benefit our diverse community. For example, Aboriginal trainees provided valuable input to improve the way in which services are delivered to Aboriginal communities in regional WA.

DoT continued to improve access to services and break down barriers associated with the driver licensing system in remote communities through the ongoing success of its Remote Services program.

In 2018-19 DoT officers conducted more than 180 visits to more than 60 remote locations.

Through these visits:

- 359 driver's licences were issued, reissued or transferred;
- 205 theory tests and 377 Practical Driving Assessments were conducted; and
- 252 learner's permits were issued or reissued.

Wendy Hayden at the Perth Stadium Jetty with her Aboriginal art installation



Through program partnerships, private industry, not for profit organisations, Aboriginal corporations and WA Police Force continued to deliver learner's permit theory testing, providing an alternate service delivery channel to ensure learner drivers have a full understanding of the road rules prior to getting behind the wheel. To date, more than 7,000 learner drivers have successfully completed the theory test through these partnerships.

In February 2019, DoT entered a partnership with the Department of Justice which allows Remote Services Officers to access the Department of Justice's Integrated Courts Management System. This gives Officers the ability to lift Licence Suspension Orders in real time, streamlining this process and addressing barriers to obtaining a driver's licence for remote customers.

In recognition of some customers in remote communities being unable to provide birth certificates when applying for a driver's licence or WA Photo Card, DoT continued to partner with the Registry of Births, Deaths and Marriages to pilot a program allowing both agencies to verify birth details in the Goldfields. Given its success, DoT will expand the pilot program to include the Pilbara, Mid-West and Kimberley regions in 2019-20.



To date, more than 7,000 learner drivers have successfully completed the theory test through program partnerships.

While still primarily focused on driver and vehicle licensing, Remote Services has broadened its scope of work to include other regional and remote transport issues.

DoT participated in the Clontarf Aboriginal College ID Forum and provided an information session on the process of obtaining a driver's licence to Aboriginal students from the college and other identified high schools. As a result, DoT issued learner's permits and learner log books to those who had completed the Keys4Life pre-driver program.

DoT worked in consultation with the Whadjuck Working Party to facilitate the installation of artwork by local Aboriginal artist Wendy Hayden at the Perth Stadium Jetty.

DoT continued to support Aboriginal businesses such as Kulbardi for the supply of office stationery and supplies. Further, DoT investigated the use of an Aboriginal business to provide temporary personnel and cultural awareness training. To allow for the direct engagement of Aboriginal businesses, DoT updated its procurement policies and raised staff awareness through its intranet.

In another demonstration of its investment in Aboriginal economic participation, DoT engaged Indigenous Management Services, a registered Aboriginal company, as its sole supplier of temporary employees.

In February 2019 DoT's Access and Inclusion Committee formed a working group to develop its next RAP for 2019-21. Both the Access and Inclusion Committee and the RAP working group include Aboriginal and Torres Strait Islander representatives.

DoT's new RAP, expected to be finalised in October 2019, will outline strategies to improve services, opportunities and outcomes for Aboriginal and Torres Strait Islander peoples.

Compliance with Public Sector Standards and ethical codes

DoT is committed to promoting and sustaining the highest standard of ethical behaviour in the workplace by all its employees. DoT has a number of initiatives, policies, processes and systems in place to ensure that the highest standard of ethical behaviour is adopted at all times.

During 2018-19, DoT's activities to achieve compliance with public sector standards and ethical codes included:

- conducting a pulse survey to gather feedback from employees to understand areas that affect organisational performance and culture;
- acting on employee feedback and other insights to evolve human resource management policies and procedures to provide an enhanced employee and customer experience;
- updating DoT's Code of Conduct;
- business units introducing targeted People Plans, incorporating desired values and behaviours;
- ongoing requirement for all employees to undertake the Accountable and Ethical Decision Making training online, with a 99 per cent completion rate as at June 2019;
- ongoing Equal Employment Opportunity training to enable a workplace free of discrimination and harassment; and
- addressing allegations of misconduct in a timely and responsible way.

Compliance issues

One Breach of Standard claims relating to the Employment Standard was received in 2018-19. The claim was considered and dismissed by the Public Sector Commissioner.

In 2018-19, 13 cases of non-compliance with the Code of Ethics/Code of Conduct were reported. Eleven cases resulted in disciplinary investigations.

Better recordkeeping

DoT is committed to continuously improving its recordkeeping culture, tools and practices to ensure compliance with the *State Records Act 2000* (the Act) and best business outcomes for the department. The following information is provided in accordance with the State Records Commission Standard 2, Principle 6.

Efficiency and effectiveness of DoT's recordkeeping systems

DoT's corporate Electronic Document and Records Management System (EDRMS) is Objective. All DoT staff have access to Objective, enabling them to capture and manage records in line with agency policies and procedures.

In 2018-19 DoT commenced a project to upgrade Objective to ensure ongoing version currency and enhance its functionality and usability.

In addition to Objective, business-specific systems are in place across DoT to capture both digital and hard copy records, enabling efficient and compliant recordkeeping throughout. DoT's Information Management Services (IMS) Branch works closely with business areas to provide advice and review process to ensure a fully digital recordkeeping environment.

In 2019-20, DoT will focus on implementing an information classification process to provide clear guidelines around the handling of DoT information according to sensitivity and the sharing of this information to support multi-agency service delivery.

Recordkeeping training and induction programs

DoT's online Recordkeeping Awareness Training (RAT) is mandatory for all staff and contractors and covers their obligations to comply with both internal recordkeeping policies and procedures and the Act.

All new employees, including contractors, are automatically enrolled in the course as part of DoT's on-boarding process. As at 30 June 2019, 95 per cent of those enrolled have completed the course.

Assessment of the course is integrated into the online module and feedback provided is monitored and reviewed. Course content is regularly assessed to ensure it continues to encompass prevailing operational and administrative practices and processes.

DoT's employee induction program also includes information on recordkeeping responsibilities and the use of Objective. This assists employees in understanding how to create, manage, maintain and use government records in line with DoT policies and procedures.

An Objective online training program is available to all staff and is complemented by face-to-face training sessions for individuals and groups where required.

Training effectiveness

The effectiveness of DoT's recordkeeping training is reflected in the use of Objective across all parts of the department. This is evidenced by the increasing number of corporate documents stored and managed in Objective and reinforced by positive feedback provided by employees.



DoT employee on the phone

GOVERNMENT POLICY REQUIREMENTS

Substantive equality

DoT is committed to ensuring the needs of the whole community are met by improving access and outcomes for people with different needs.

In 2018-19 DoT continued to implement actions to achieve equitable outcomes for all Western Australians consistent with the State's Substantive Equality Framework.

DoT worked closely with its Portfolio partners – the PTA and Main Roads – to develop a Transport Portfolio Access and Inclusion Policy. The policy demonstrates the Portfolio's commitment to ensuring its workplaces, information and services, (including employment) are inclusive and accessible to all Western Australians.

DoT continued to partner with North Metropolitan TAFE to place work experience students enrolled in the Settlement Language Pathways to Employment and Training program allowing them to gain on-the-job experience and transition to work in Australia.

DoT conducted usability testing with members of the public to understand how key user groups navigate DoT's website. DoT drew on its successful partnership with North Metropolitan TAFE to engage two students for whom English is second language to be involved in the testing. They were each allocated 15 tasks related to obtaining a learner's permit and driver's licence and provided feedback on how useful the website was in completing these tasks. They also shared their personal experience with WA's Graduated Driver Training and Licensing process.

The tests provided DoT with valuable data to improve the information and functionality of the learner and novice driver sections of the website and inform ongoing improvements to its website.



L-R: Website usability tester with DoT facilitator

The Practical Driving Assessment (PDA) online booking system was amended to allow customers subject to ongoing fitness to drive assessments, to book an available PDA within the period for which they have been assessed as fit to drive. Among others, this improvement benefits those required to satisfy DoT of their fitness to drive due to a medical condition. The online booking system is now more customer service centric, allowing all drivers online access to plan their licensing responsibilities and activities. The change still retains the safety and risk mitigation smarts to prevent a driver booking a PDA beyond a period in time for which they have been satisfactorily assessed.

DoT continued to raise employee awareness and understanding of substantive equality through its induction program, regular intranet content including employee profiles and the celebration of diversity events such as Harmony Day.

DoT will continue to implement strategies to improve access to services, facilities and information for the diverse Western Australian community in 2019-20 and beyond.

Audit and Risk Management Committee

The Audit and Risk Management Committee (ARMC) provides independent assurance on corporate governance and monitoring responsibilities in relation to reporting, internal control structure, risk management systems and internal audit functions.

The ARMC Chaired by the Director General includes the following members:

- Managing Director — Department of Transport;
- Director – Office of the Director General (ODG); and
- Executive Director— Finance and Commercial Services, Main Roads as the cross-Portfolio representative.

The Committee contains two ex-officio members, the Executive Director Finance and Procurement Services (Chief Finance Officer) and Manager Governance Review and Audit, Office of the Director General. A representative from the Office of the Auditor General also attends meetings as an independent member, and contracted internal auditors Ernst & Young attend as independent observers.

Project Director Westport and Project Director METRONET are guests to the Committee.

The Audit and Risk Management Committee met four times in 2018–19.

Internal Audit

The Internal Audit function operates under the approved Internal Audit Charter and provides an independent and objective assurance and consulting activity designed to add value and improve the operations of DoT. It assists DoT in accomplishing its objectives by bringing a systematic and disciplined approach to evaluate and improve the effectiveness of risk management, controls, and governance processes.

DoT's internal audits are conducted by Ernst & Young, in accordance with the *Financial Management Act 2006* and Institute of Internal Auditors International Standards for the Professional Practice of Internal Auditing.

The annual Internal Audit Plan is aligned with DoT's strategic objectives and risks and with a focus on core functions and controls.

Internal audits conducted in 2018–19 included:

- Freight Industry Grant Subsidy
- TRELIS Access Management
- Charter Vehicle Licences Inspection Process
- Travel (end-to-end process, including allowances)
- Capital Works in Progress
- Risk Management Frameworks
- Driver and Vehicle Services Transactions in Customer Support Services
- Data Governance
- Driver and Vehicle Services Development and Management of Vehicle Policy Standards
- Penetration Testing
- Aquatic Events Approvals Management

Recommendations from internal audits are managed and monitored through DoT's Audit Recommendation Management System. The status of implementation of recommendations are reported on a quarterly basis to the ARMC.

Risk Management

DoT is committed to ensuring a comprehensive risk management process that meets the requirements of Treasurer's Instruction 825, the Public Sector Commissioner's Circular: 2015-03 Risk Management and Business Continuity Planning and is aligned to the international standard AS/NZS ISO 31000:2018 Risk Management – Principles and Guidelines.

DoT's structured risk management approach is integrated into management, planning and operational processes, and assists DoT to achieve its desired outcomes by providing a transparent process that identifies what is essential to success and demonstrates the decision-making process regarding the acceptance of risks.

DoT's fraud and corruption risk management process is incorporated within DoT's risk management framework. DoT's Fraud and Corruption Control Plan sets out the relevant policies and obligations for all employees with respect to preventing, detecting and responding to incidents of fraud and corruption.

Occupational safety, health and injury management

DoT's executives, safety and health representatives and employees are committed to achieving a workplace environment that is free of work related injuries and disease and to achieving a standard of excellence in occupational safety and health management.

In accordance with the Public Sector Commissioner's Circular 2018-03: Code of Practice: Occupational Safety and Health in the Western Australian Public Sector (the Circular), DoT complies with the requirements of the Occupational Safety and Health Act 1984, the Workers' Compensation and Injury Management Act 1981 and the Circular.

DoT's Work Health and Safety (WHS) Strategy

DoT is committed to its corporate legislative responsibility to promote health and safety in the workplace.

In support of this commitment, DoT strives to promote and maintain a values-driven workplace that encourages employees to bring their passion for life to work and to nurture an environment where all employees can thrive.

In readiness for the new incoming Work Health and Safety (WHS) legislation, the Department rebranded its safety team from Occupational Health and Safety (OHS) to Work Health and Safety. DoT's 2018-2019 WHS Strategy is designed to provide a structured approach to WHS, for both proactive and reactive health and safety activities undertaken by the People and Organisational Development (POD) WHS Team. It is based on a partnering model with other POD areas of expertise and with DoT business units. It provides DoT with a structured and fit-for-purpose safety management system that addresses its legislative obligations and enables business units and line managers to actively manage safety.

The Department has an established injury management (IM) program, detailing the steps taken to assist injured employees to return to work as soon as medically appropriate. The procedure focuses on early intervention IM strategies to effectively allow the injured employee to remain at work or return to work at the earliest appropriate time. The Department's IM procedure is compliant with the requirements of the Workers' Compensation and Injury Management Act 1981 and the Code of Practice (Injury Management) 2005.

All employees can access the Department's WHS and IM information through DoT's WHS Management System on the intranet site. WHS and IM information is widely communicated through various training sessions designed for both employees (Employee Induction) and people managers (WHS and IM for Managers). WHS information is also provided through various WHS Subcommittees.

DoT has three WHS Subcommittees:

- Marine House and Regional Services;
- Driver and Vehicles Services and Business Information Systems; and
- 140 William Street and On-demand Transport.

Each committee is chaired by the Executive Director or General Manager of the relevant business unit.

DoT's Corporate Executive is strongly committed to WHS management in the workplace. This is demonstrated by its endorsement of The DoT WHS Policy Statement and the establishment of the Corporate WHS Management Committee on behalf of the Director General, DoT.

The Corporate WHS Management Committee supports the effective management of WHS at DoT. More specifically, it is responsible for identifying and implementing WHS initiatives and making recommendations on policy and strategy to the Corporate Executive. The members of the Corporate WHS Management Committee include the Executive Directors, General Managers and POD WHS (DoT WHS Team). The Committee is chaired by the Managing Director of DoT.

Consultation mechanisms

Management and employees are committed to improved and effective consultation in the workplace.

The three WHS Subcommittees include safety and health representatives and management representatives. They meet quarterly to discuss matters relating to workplace issues that affect the health and welfare of employees, as well as the continuous improvement of WHS performance. The agenda and meeting minutes for each of the WHS subcommittee meetings and the Corporate WHS Management Committee Meetings are displayed on dedicated WHS noticeboards across all DoT sites and via the DoT WHS Virtual Noticeboard on the intranet.

During the year, the Department discussed and resolved issues raised by employees; reviewed accident and incident forms to ensure that hazards were addressed to eliminate or reduce future issues; discussed injury trends; and identified preventative measures that promote a safe working environment, at the various committee meetings.

The safety and health representatives, in consultation with management, are responsible for updating the noticeboards. The effectiveness of the WHS Committee meetings is measured by member attendance rates, which subsequently forms part of the key performance indicators reported to Corporate Executive.

Workers' Compensation and IM

DoT has a strong focus on early intervention and return to work. People Managers are trained in the importance of good injury management and return to work procedures, all with the purpose of promoting a supportive, productive and positive workplace.

DoT has a dedicated Employee Experience team who manage the workers' compensation claims and supports the management of the non-work related injury management issues.

OHS Management System Audit and Results

The DoT WHS Management System was audited in 2016-2017 to ensure alignment with relevant health and safety management system specifications (including Australian Standard 4801), its core principles of relevant OHS legislation and DoT's risk profile. The audit was conducted by an external auditor from Ernst and Young, utilising an AS 4801 Audit Tool. The following actions were addressed and implemented:

- DoT has developed and implemented a formal and pro-active process to identify WHS risks across all sites. 626 job roles were risk assessed and risk rated accordingly. All roles that presented with a medium or high risk have been thoroughly reviewed and Safe Work Practices (SWPs) created.
- A DoT WHS Position Risk Register (electronic form) was then created and includes common public-sector hazards described in the Circular, such as aggression, manual handling, working in isolation, organisational change, inadequate workstations and inadequate work organisation. The register details the WHS risks associated with each of the 626 job positions within DoT. It also provides links to all the supporting SWPs and WHS procedures that are relevant to the position. All DoT employees have access to the register and all managers have been advised on how to best utilise the register. The DoT WHS Position Risk Register and supporting documentation facilitates a comprehensive risk management approach DoT.
- Each DoT workplace has a Site Specific Chemical Register. The register is used to document all chemicals brought into the workplace. The register is managed by both management and the safety and health representative of the site. POD WHS manages the DoT Chemical Register which contains the combined information from the site-specific registers. Every chemical at a DoT workplace has a corresponding Safety Data Sheet (SDS) that has been uploaded to the safety page on the intranet.

It is proposed that in the 2019-2020 financial year, the DoT WHS Management system will be audited again in readiness for the new incoming WHS legislation.

OHS training

In 2018-19, WHS and IM training programs were reviewed with the following results:

- POD WHS continued to roll out WHS and IM for Managers training sessions, with 87 per cent of managers trained in their WHS and IM responsibilities.
- POD WHS continued to roll out WHS and IM for Managers refresher training, which is required to be completed by DoT people managers every three years.
- Ergonomic training sessions were conducted throughout the year for all employees. Vehicle Ergonomics Training was also conducted in all regional offices and for the Remote Licensing Team, to promote good ergonomics on long distance driving.
- Manual Tasks, Ergonomics and WHS Induction one-hour training sessions were available to all employees. All new starters at DoT attend the Employee Induction Day, which includes the WHS Induction session.
- The Maritime Environmental Emergency Response (MEER) Safety Training session (available to all MEER responders) was introduced to educate the responders on their WHS responsibilities and requirements during an emergency response.

The above training was undertaken on site at each business unit and via video conferencing for the regional sites, allowing for a greater number of managers and employees to benefit from the sessions.

Other key achievements

In 2018-19, the following achievements and activities supported DoT's management of WHS in the workplace:

- The development and implementation of the DoT Maritime Environmental Emergencies Response (MEER) Safety Management System (SMS) which provides guidelines for the development of site WHS Plans for MEER / Marine Oil Pollution (MOP) Emergencies, in alignment with the relevant Occupational Safety and Health legislation.
- Successfully implementing the MEER SMS in two state MEER Exercises in Albany in September 2018 and Dampier in June 2019, involving approximately 200 responders from 23 organisations (both government and private industry). Responders were deployed for both shoreline clean up and marine based operational activities.
- Scheduling of DoT proactive site visits, to conduct workplace inspections, risk assessments, WHS audits and onsite training, as per the POD WHS Site Visits calendar for 2019.
- Development of the 'Fee for Service Contractor OHS Induction' process and checklist to ensure all non-DoT staff working within DoT workplaces are inducted accordingly and understand DoT's OHS requirements.
- Successful relocation to the new Success Business Centre. This included reviewing the office layout, ergonomics, emergency procedures, traffic management, risk assessments and first aid requirements.
- Collaborating with the Transport Portfolio WHS teams to share and align safety initiatives across the portfolio. DoT's WHS Team presented at the Main Roads Safety Champions Forum in February 2019.
- The implementation of the DoT Corporate Health strategy which includes flu vaccinations, an updated intranet page for wellbeing ideas, corporate gym memberships discounts, corporate health insurance discounts and the promotion of awareness of a number of Safe Work Australia National Priorities which include Mental Disorders, Asthma and Musculoskeletal disorders in the workplace to encourage physical activities and minimise sedentary behaviours through the '*Sit Less, Stand Up and Move More*' campaign.
- Successful roll out of the 2019 DoT Flu Vaccination Program. A total of 632 DoT employees were vaccinated, representing 43 per cent of the workforce.
- Empowering management and employees to adopt a culture of safety accountability within their day-to-day jobs as part of DoT's Future Ready Workforce program of work.
- Ensuring resilience programs form part of the DoT Change Management strategy. The WHS team is part of the Fremantle 2020 Change Squad, to assist the Marine Safety and Coastal Infrastructure business units to safely navigate through the move to the new Fremantle office and to embrace the agile working arrangements in the new building.

WHS and Injury Management performance

DoT's WHS and Injury Management performance is detailed in the table below.

Measure	2016-2017 ⁽¹⁾	2017-2018 ⁽¹⁾	2018-2019	Target	Comments towards targets
Number of fatalities	0	0	0	0 (zero)	Target achieved.
Lost time injury and/or disease incidence rate	1.2022	0.984	1.601 ⁽²⁾	0 or 10% reduction in incidence rate	Target not achieved There were 22 LTI claims in 2018-19 as compared to 13 LTI claims in 2017-18 and 19 LTI claims in 2016-2017.
Lost time injury and/or disease severity rate	0.00	23.0769	4.54 ⁽³⁾	0 or 10% reduction in severity rate	Target achieved Whilst there was an increase in the number of LTI claims in 2018-19, only one claim had greater than 60 days off work.
Percentage of injured workers returned to work within 13 weeks	100%	76.92%	95.45 ⁽⁴⁾	Actual target to be stated	95% achieved. 21 of the 22 LTI claims lodged in 2018-19 were returned to work within 13 weeks.
Percentage of injured workers returned to work within 26 weeks	100%	100%	100% ⁽⁵⁾	Actual percentage result	Target achieved. All 22 LTI claims lodged in 2018-19 were back at work within 26 weeks.
Percentage of managers trained in occupational safety, health and injury management responsibilities	84%	88%	87%	Greater than or equal to 80%	Target achieved

Notes:


(1) The results are sourced from DoT's Annual Reports 2016-2017 and 2017-18.

(2) There were 22 lost time injury (LTI) claims lodged in 2018-19, while the number of full time equivalents was 1374.33

(3) There was one workers compensation (WC) claim lodged in 2018-19 with greater than 60 days or more lost from work.

(4) There were 21 WC claims with registered LTIs that were returned to work within 13 weeks.

(5) All 22 WC claims with registered LTIs were returned to work within 26 weeks.



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