



GOVERNMENT OF
WESTERN AUSTRALIA

Annual Report 2020-21

| Heritage Council of Western Australia

Financials and Performance Indicators





Auditor General

INDEPENDENT AUDITOR'S OPINION 2021 Heritage Council of Western Australia

To the Parliament of Western Australia

Report on the audit of the financial statements

I have audited the financial statements of the Heritage Council of Western Australia (Council) which comprise:

- the Statement of Financial Position at 30 June 2021, and the Statement of Comprehensive Income, Statement of Changes in Equity, Statement of Cash Flows and Summary of Consolidated Account Appropriations for the year then ended
- Notes comprising a summary of significant accounting policies and other explanatory information.

In my opinion, the financial statements are:

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

Basis for opinion

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

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

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

Responsibilities of the Council for the financial statements

The Council is responsible for:

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

In preparing the financial statements, the Council is responsible for:

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

Auditor's responsibilities for the audit of the financial statements

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

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

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

Report on the audit of controls

Opinion

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

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

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

The Council's responsibilities

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

Auditor General's responsibilities

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

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

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

Limitations of controls

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

Report on the audit of the key performance indicators

Opinion

I have undertaken a reasonable assurance engagement on the key performance indicators of the Heritage Council of Western Australia for the year ended 30 June 2021. The key performance indicators are the Under Treasurer-approved key effectiveness indicators and key efficiency indicators that provide performance information about achieving outcomes and delivering services.

In my opinion, in all material respects, the key performance indicators of the Heritage Council of Western Australia are relevant and appropriate to assist users to assess the Council's performance and fairly represent indicated performance for the year ended 30 June 2021.

The Council's responsibilities for the key performance indicators

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

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

Auditor General's responsibilities

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

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

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

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

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

Other information

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

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

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

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



Patrick Arulsingham
Acting Assistant Auditor General Technical and Audit Support
Delegate of the Auditor General for Western Australia
Perth, Western Australia
24 September 2021

Certification of financial statements

For the reporting period ended 30 June 2021

The accompanying financial statements of the Heritage Council of Western Australia have been prepared in compliance with the provisions of the *Financial Management Act 2006* from proper accounts and records to present fairly the financial transactions for the reporting period ended 30 June 2021 and the financial position as at 30 June 2021.

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



Hon. John Cowdell AM

Chair

Heritage Council of Western Australia

24 September 2021



Richard Offen

Member

Heritage Council of Western Australia

24 September 2021



Jeremy Kwong

A/Chief Finance Officer

Department of Planning, Lands and Heritage

24 September 2021

Statement of comprehensive income

For the year ended 30 June 2021

	Notes	2021 \$	2020 \$
COST OF SERVICES			
Expenses			
Supplies and services	2.2	164,125	168,590
Grants and subsidies	2.1	1,106,607	1,221,000
Other expenses	2.2	166,962	18,174
Total cost of services		1,437,694	1,407,764
Income			
<i>Revenue</i>			
Other revenue	3.2	33,592	163,194
Total revenue		33,592	163,194
Total income other than income from State Government		33,592	163,194
NET COST OF SERVICES		1,404,102	1,244,570
Income from State Government	3.1		
Service appropriation		1,377,000	1,390,000
Total income from State Government		1,377,000	1,390,000
SURPLUS/(DEFICIT) FOR THE PERIOD		(27,102)	145,430
OTHER COMPREHENSIVE INCOME			
Items not reclassified subsequently to profit or loss			
Changes in asset revaluation surplus		-	-
Total other comprehensive income		-	-
TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE PERIOD		(27,102)	145,430

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

Statement of financial position

As at 30 June 2021

	Notes	2021 \$	2020 \$
ASSETS			
Current Assets			
Cash and cash equivalents	5.1	952,912	950,962
Restricted cash and cash equivalents	5.1	7,733,214	6,801,774
Receivables	4.1	3,527	973
Total Current Assets		8,689,654	7,753,709
TOTAL ASSETS		8,689,654	7,753,709
LIABILITIES			
Current Liabilities			
Payables	4.2	-	-
Grants payable	4.3	1,212,147	249,100
Total Current Liabilities		1,212,147	249,100
TOTAL LIABILITIES		1,212,147	249,100
NET ASSETS		7,477,507	7,504,609
EQUITY			
Contributed equity		-	-
Accumulated surplus		7,477,507	7,504,609
TOTAL EQUITY		7,477,507	7,504,609

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

Statement of changes in equity

For the year ended 30 June 2021

	Accumulated surplus	Total equity
	\$	\$
Balance at 1 July 2019	7,359,179	7,359,179
Surplus	145,430	145,430
Other comprehensive income	-	-
Total comprehensive income for the period	145,430	145,430
Balance at 30 June 2020	7,504,609	7,504,609
Balance at 1 July 2020	7,504,609	7,504,609
Surplus	(27,102)	(27,102)
Other comprehensive income	-	-
Total comprehensive income for the period	(27,102)	(27,102)
Balance at 30 June 2021	7,477,507	7,477,507

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

Statement of cash flows

For the year ended 30 June 2021

Notes	2021 \$	2020 \$
CASH FLOWS FROM STATE GOVERNMENT		
Service appropriation	1,377,000	1,390,000
Net cash provided by State Government	1,377,000	1,390,000
Utilised as follows:		
CASH FLOWS FROM OPERATING ACTIVITIES		
Payments		
Supplies and services	(164,108)	(174,352)
Grants and subsidies	(109,968)	(1,825,769)
GST payments on purchases	(11,912)	(173,984)
GST payments to taxation authority	(3,170)	-
Other payments	(166,979)	(18,283)
Receipts		
GST receipts from taxation authority	12,528	194,322
Net cash (used in)/provided by operating activities	(443,610)	(1,998,066)
Net (decrease)/increase in cash and cash equivalents	933,390	(608,066)
Cash and cash equivalents at the beginning of the period	7,752,736	8,360,802
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	8,686,126	7,752,736
5.1		

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

Statement of consolidated account appropriations

For the year ended 30 June 2021

	2021 Estimate \$	2021 Actual \$	Variance \$	2021 Actual \$	2020 Actual \$	Variance \$
<u>Delivery of Services</u>						
Item 89 Net amount appropriated to deliver services	1,377,000	1,377,000	-	1,377,000	1,390,000	(13,000)
Total appropriations provided to deliver services	1,377,000	1,377,000	-	1,377,000	1,390,000	(13,000)
<u>Details of Expenses by Service</u>						
Cultural Heritage Conservation	1,917,000	1,437,694	(479,306)	1,437,694	1,407,764	29,930
Total Cost of Services	1,917,000	1,437,694	(479,306)	1,437,694	1,407,764	29,930
Less Total Income	-	(33,592)	(33,592)	(33,592)	(163,194)	129,602
Net Cost of Services	1,917,000	1,404,102	(512,898)	1,404,102	1,244,570	159,532
Adjustments	(540,000)	(27,102)	512,898	(27,102)	145,430	(172,532)
Total appropriations provided to deliver services	1,377,000	1,377,000	-	1,377,000	1,390,000	(13,000)

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

Notes to the financial statements

1. Basis of preparation

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

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

These annual financial statements were authorised for issue by the Chair of the Heritage Council on 24 September 2021

Statement of compliance

These general purpose financial statements are prepared in accordance with:

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

The *Financial Management Act 2006* and the Treasurer's Instructions take precedence over AASs. Several AASs are modified by the Instructions to vary application, disclosure format and wording. Where modification is required and has had a material or significant financial effect upon the reported results, details of that modification and the resulting financial effect are disclosed in the notes to the financial statements.

Basis of preparation

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

Judgements and estimates

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

Contributed equity

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

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

2 Use of our funding

Expenses incurred in the delivery of services

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

	Notes	2021 \$	2020 \$
Grants and subsidies	<u>2.1</u>	1,106,607	1,221,000
Other expenditure	<u>2.2</u>	331,087	186,764

2.1 Grants and subsidies

Heritage Grants Program		1,106,607	-
Heritage Grants Program - assistance for conservation work, development of conservation management plans or strategies.		-	1,221,000
		1,106,607	1,221,000

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.

Grant applications are checked and reviewed prior to being recognised as an expense at the date the application was authorised by the Minister. They include transactions such as: grants, subsidies, personal benefit payments made in cash to individuals, other transfer payments made to public sector agencies, local government, non-government schools, and community groups.

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

2.2 Other expenditure

Supplies and Services

Committee sitting fees		149,341	152,134
Superannuation - defined contribution plans		14,188	15,341
Consumables		596	1,115
Total supplies and services		164,125	168,590

Other expenses

Lease rental & hire costs		-	448
Parry Street Precinct Project Management Costs ^(a)		146,000	-
Other		20,962	17,726
Total other expenses		166,962	18,174
Total other expenditure		331,087	186,764

Supplies and services:

Supplies and services are recognised as an expense in the reporting period in which they are incurred. Conservation works are recognised as expenses as incurred, except where they relate to the replacement of a significant component of an asset. In that case, the costs are capitalised and depreciated.

The Heritage Council of Western Australia has no direct staff or systems, all administrative and operational activities are undertaken by the Department of Planning, Lands and Heritage (DPLH) on the Council's behalf.

^(a) Project management costs for the pre-sale works to prepare eight houses in the Parry Street Precinct for sale on behalf of Department of Communities. A project manager employed by the Department of Planning, Lands and Heritage is required for completion of the project.

3 Our funding sources

How we obtain our funding

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

	Notes	2021 \$	2020 \$
Income from State Government	<u>3.1</u>	1,377,000	1,390,000
Other Revenue	<u>3.2</u>	33,592	163,194

3.1 Income from State Government

Appropriation received during the period:

Service appropriation ^(a)		1,377,000	1,390,000
		<u>1,377,000</u>	<u>1,390,000</u>
Total income from State Government		<u>1,377,000</u>	<u>1,390,000</u>

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

Appropriations fund the net cost of services delivered.

3.2 Other revenue

Annual variation for previous years Heritage Grant Program		33,592	163,194
		<u>33,592</u>	<u>163,194</u>

Until 30 June 2020, revenue was recognised and measured at the fair value of consideration received or receivable.

From 1 July 2020, revenue is recognised at the transaction price when the Council transfers control of the services to customers.

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

4 Other assets and liabilities

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

	Notes	2021 \$	2020 \$
Receivables	<u>4.1</u>	3,527	973
Payables	<u>4.2</u>	-	-
Grants payable	<u>4.3</u>	1,212,147	249,100
4.1 Receivables			
Trade receivables		304	304
GST receivable		3,223	669
		<u>3,527</u>	<u>973</u>

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

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

4.2 Payables

Current

Trade payables	-	-
Accrued expenses	-	-
Total current	<u>-</u>	<u>-</u>
Balance at end of period	<u>-</u>	<u>-</u>

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

4.3 Grants Payable

Current

Heritage Grants Program	1,212,147	249,100
Total current	<u>1,212,147</u>	<u>249,100</u>

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

Grants applications are checked and reviewed prior to being taken up into payables at the date the application was authorised by the Minister. They include transactions such as: grants, subsidies, personal benefit payments made in cash to individuals, other transfer payments made to public sector agencies, local government, non-government schools, and community groups.

5 Financing

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

	Notes	2021 \$	2020 \$
Cash and cash equivalents	<u>5.1</u>	8,686,126	7,752,736
5.1 Cash and cash equivalents			
Cash and cash equivalents		952,912	950,962
Restricted cash and cash equivalents:			
- Heritage Grants Program ^(a)		1,326,540	249,100
- Refund of Heritage Loan Scheme Subsidy Funds ^(b)		384,480	384,480
- Heritage Works Program ^(c)		6,022,194	6,168,194
		<u>7,733,214</u>	<u>6,801,774</u>
Balance at end of period		<u>8,686,126</u>	<u>7,752,736</u>

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

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

^(c) Funds restricted for future use by the Heritage Works Program.

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

6 Financial instruments

	Notes	2021 \$	2020 \$
Financial instruments	6.1		

6.1 Financial instruments

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

Financial assets

Cash and cash equivalents	952,912	950,962
Restricted cash and cash equivalents	7,733,214	6,801,774
Financial assets at amortised cost	304	304
Total financial assets	<u>8,686,431</u>	<u>7,753,040</u>

Financial liabilities

Financial liabilities at amortised cost	1,212,147	249,100
Total financial liabilities	<u>1,212,147</u>	<u>249,100</u>

7 Other disclosures

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

	Notes
Events occurring after the end of the reporting period	7.1
Key management personnel	7.2
Related party transactions	7.3
Related bodies	7.4
Affiliated bodies	7.5
Remuneration of auditors	7.6
Supplementary financial information	7.7
Contingent assets and liabilities	7.8
Initial application of accounting standards	7.9
Explanatory statement	7.10

7.1 Events occurring after the end of the reporting period

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

7.2 Key management personnel

The Heritage Council has determined key management personnel to include responsible cabinet ministers and members of the Council. The Council does not incur expenditures to compensate Ministers and those disclosures may be found in the Annual Report on State Finances.

The total fees, salaries, superannuation, non-monetary benefits and other benefits for members of the Heritage Council for the reporting period are presented within the following bands:

Compensation Band (\$)	2021	2020
1 - 10,000	1	1
10,001 - 20,000	5	8
20,001 - 30,000	2	1
30,001 - 40,000	1	-
	\$	\$
Total compensation of members	168,417	167,543

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

7.3 Related party transactions

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

Related parties of the Heritage Council include:

- all cabinet ministers and their close family members, and their controlled or jointly controlled entities;
- all members and their close family members, and their controlled or jointly controlled entities;
- other Departments and statutory authorities, including related bodies, that are included in the whole of government consolidated financial statements (i.e. wholly-owned public sector entities);
- the Department of Planning Lands and Heritage (see note 2.1)
- associates and joint ventures of a wholly-owned public sector entity; and
- the Government Employees Superannuation Board (GESB).

Material transactions with other related parties

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

7.4 Related bodies

The Heritage Council had no related bodies during the financial year 2020-21 and 2019-20.

7.5 Affiliated bodies

The Heritage Council had no affiliated bodies during the financial year 2020-21 and 2019-20.

7.6 Remuneration of auditors

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

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

	2021	2020
	\$	\$
	<u>15,000</u>	<u>7,897</u>

7.7 Supplementary financial information

(a) Write-offs

During the financial year nil (2020: nil) was written off from the Heritage Council's receivables register.

(b) Losses through theft, defaults and other causes

There was no loss of public money and public and other property through theft, default and other causes during the financial year 2020-21 and 2019-20.

(c) Gifts of public property

There were no gifts of public property provided by the Heritage Council during the financial year 2020-21 and 2019-20.

7.8 Contingent assets and liabilities

The Heritage Council has no significant contingent liabilities or contingent assets as at 30 June 2021 and 30 June 2020.

7.9 Initial application of accounting standards

AASB 1059 Service Concession Arrangements: Grantors

AASB 1059 Service Concession Arrangements: Grantors came into effect for annual reporting periods beginning on or after 1 January 2020.

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 and there is no impact on the financial statements.

7.10 Explanatory statement

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

7.10.1 Statement of Comprehensive Income Variances

	Variance	Estimate	Actual	Actual	Variance between estimate and actual	Variance between actual results for 2021 and 2020
	Note	2021	2021	2020	actual	and 2020
		\$	\$	\$	\$	\$
Expenses						
Supplies and services	1	496,000	164,125	168,590	(331,875)	(4,465)
Grants and subsidies		1,221,000	1,106,607	1,221,000	(114,393)	(114,393)
Other expenses	A	168,000	166,962	18,174	(1,038)	148,788
Employee benefits	2	32,000	-	-	(32,000)	-
Total cost of services		1,917,000	1,437,694	1,407,764	(479,306)	29,930
Income						
<i>Revenue</i>						
Grants and Subsidies		-	-	-	-	-
Other revenue	3, B	-	33,592	163,194	33,592	(129,602)
Total Revenue		-	33,592	163,194	33,592	(129,602)
Total income other than income from State Government		-	33,592	163,194	33,592	(129,602)
NET COST OF SERVICES		1,917,000	1,404,102	1,244,570	(512,898)	159,532
Income from State Government						
Service appropriation		1,377,000	1,377,000	1,390,000	-	(13,000)
Total income from State Government		1,377,000	1,377,000	1,390,000	-	(13,000)
SURPLUS/(DEFICIT) FOR THE PERIOD		(540,000)	(27,102)	145,430	512,898	(172,532)
TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE PERIOD		(540,000)	(27,102)	145,430	512,898	(172,532)

Major Estimate and Actual (2021) Variance Narratives

1 Supplies and Services expenses are lower than budget estimate by \$0.3 million (67%) due to delays in delivering conservation works at the Parry Street Precinct.

2 Employee benefits expenses are lower than budget estimate by \$0.03 million (100%) due to committee member travel (and comparatives) mapped to other expenses.

3 Other Revenue is higher than budget by \$0.03 million (100%) due to the return of funds from unused grants paid from 2016-17.

Major Actual (2021) and Comparative (2020) Variance Narratives

A Other Expenses has increased by \$0.1 million (819%) due to conservation works at the Parry Street Precinct.

B Other Revenue has decreased by \$0.1 million (79%) as the return of unused grants in 2019-20 was higher.

7.10.2 Statement of Financial Position Variances

	Variance	Estimate	Actual	Actual	Variance between estimate and actual	Variance between actual results for and actual
Note	2021	2021	2020			
	\$	\$	\$	\$	\$	\$
ASSETS						
Current Assets						
Cash and cash equivalents		951,000	952,912	950,962	1,912	1,950
Restricted cash and cash equivalents		6,262,000	7,733,214	6,801,774	1,471,214	931,440
Receivables		1,000	3,527	973	2,527	2,554
Total Current Assets		7,214,000	8,689,654	7,753,709	1,475,654	935,945
TOTAL ASSETS		7,214,000	8,689,654	7,753,709	1,475,654	935,945
LIABILITIES						
Current Liabilities						
Payables		249,000	-	-	(249,000)	-
Grants payable	4, C	-	1,212,147	249,100	1,212,147	963,047
Total Current Liabilities		249,000	1,212,147	249,100	963,147	963,047
TOTAL LIABILITIES		249,000	1,212,147	249,100	963,147	963,047
NET ASSETS		6,965,000	7,477,507	7,504,609	512,507	(27,102)
EQUITY						
Contributed equity		(5,282,000)	-	-	5,282,000	-
Accumulated surplus		12,247,000	7,477,507	7,504,609	(4,769,493)	(27,102)
TOTAL EQUITY		6,965,000	7,477,507	7,504,609	512,507	(27,102)

Major Estimate and Actual (2021) Variance Narratives

4 Grants payable are higher than budget by \$1.2 million (100%) as the grant recipients for the 2021 program were only announced in May 2021 resulting in a large component of the committed grants unpaid.

Major Actual (2021) and Comparative (2020) Variance Narratives

C Grants Payable has increased by \$1 million (387%) as the 2021 grant recipients were only announced in May 2021 resulting in a large component of the committed grants unpaid.

7.10.3 Statement of Cash Flows Variances

	Variance	Estimate	Actual	Actual	Variance between estimate and actual	Variance between actual results for and actual
	Note	2021	2021	2020		
		\$	\$	\$	\$	\$
CASH FLOWS FROM STATE GOVERNMENT						
Service appropriation		1,377,000	1,377,000	1,390,000	-	(13,000)
Net cash provided by State Government		1,377,000	1,377,000	1,390,000	-	(13,000)
CASH FLOWS FROM OPERATING ACTIVITIES						
Payments						
Employee benefits	5	(32,000)	-	-	32,000	-
Supplies and services	6	(496,000)	(164,108)	(174,352)	331,892	10,244
Grants and subsidies	7, D	(1,221,000)	(109,968)	(1,825,769)	1,111,032	1,715,801
GST payments on purchases	E	-	(11,912)	(173,984)	(11,912)	162,072
GST payments to taxation authority		-	(3,170)	-	(3,170)	(3,170)
Other payments	F	(168,000)	(166,979)	(18,283)	1,021	(148,696)
Receipts						
Grants and subsidies		-	-	-	-	-
GST receipts on sales		-	-	-	-	-
GST receipts from taxation authority	G	-	12,528	194,322	12,528	(181,794)
Other receipts		-	-	-	-	-
Net cash provided by / (used in) operating activities		(1,917,000)	(443,610)	(1,998,066)	1,473,390	1,554,456
Net increase/(decrease) in cash and cash equivalents		(540,000)	933,390	(608,066)	1,473,390	1,541,456
Cash and cash equivalents at the beginning of the period		7,753,000	7,752,736	8,360,802	(264)	(608,066)
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD		7,213,000	8,686,126	7,752,736	1,473,126	933,390

Major Estimate and Actual (2021) Variance Narratives

5 Employee benefits are lower than budget estimate by \$0.03 million (100%) due to committee member travel (and comparatives) mapped to other expenses.

6 Supplies and services are lower than budget estimate by \$0.3 million (67%) due to delays in delivering conservation works at the Parry Street Precinct.

7 Grants and subsidies are lower than budget estimate by \$1.1 million (91%) due to payments for 2020-21 Heritage Grants Program (HGP) announced in May 2021 and expected to be paid in 2021-22.

Major Actual (2021) and Comparative (2020) Variance Narratives

D Grants and subsidies decreased by \$1.7 million (94%) due to payments for 2020-21 HGP, announced in May 2021, expected in 2021-22. 2019-20 HGP of \$1.2 million was fully paid in 2019-20.

E GST payments on purchases decreased by \$0.1 million (93%) due to lower payments of taxable supplies.

F Other payments increased by \$0.1 million (813%) due to preliminary works in the Parry Street Precinct.

G GST receipts from taxation authority decreased by \$0.2 million (94%) due to lower GST amount on the grant payments.

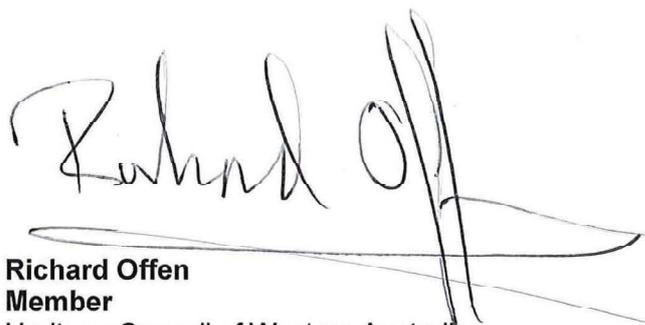
Key performance indicators

Certification of key performance indicators

We hereby certify that the key performance indicators are based on proper records, are relevant and appropriate for assisting users to assess the Heritage Council of Western Australia's performance, and fairly represent the performance of the Heritage Council of Western Australia for the financial year ended 30 June 2021.



Hon. John Cowdell AM
Chair
Heritage Council of Western Australia
24 September 2021



Richard Offen
Member
Heritage Council of Western Australia
24 September 2021

The Heritage Council's desired outcome and key performance indicators

For the year ended 30 June 2021

Relationship to Government Goals

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

Through the desired outcome and service listed below, the Heritage Council contributes to the Government's goal for "Better Places: A quality environment with liveable and affordable communities and vibrant regions".

GOVERNMENT GOAL	DESIRED OUTCOMES	SERVICES
Better Places A quality environment with liveable and affordable communities and vibrant regions	Conservation of cultural heritage places in Western Australia, for the benefit of present and future generations	1. Cultural Heritage Conservation Services

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

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

Outcome and Key Effectiveness Indicators

Heritage Council Desired Outcome:
Conservation of cultural heritage places in Western Australia,
for the benefit of present and future generations

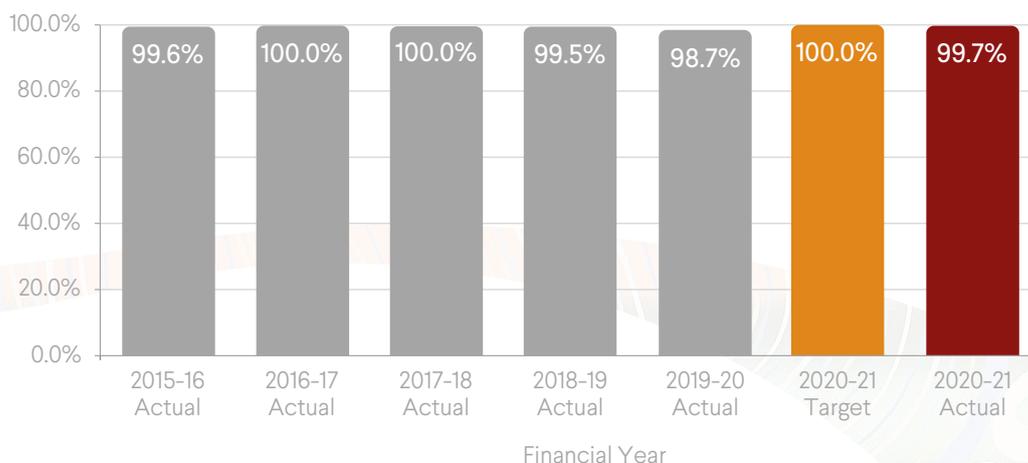
Effectiveness Indicator:
Extent to which development approvals issued for registered
places are consistent with the Council's advice to
decision-making authorities

One of the Heritage Council's functions under the *Heritage Act 2018* is to provide advice to decision-making authorities on development or other proposals that may impact a registered place to ensure the place's cultural heritage significance is preserved.

If a development or change to a place listed on the State Register of Heritage Places is proposed, it is referred to the Heritage Council for advice, by the responsible decision maker. Development referrals are managed within strategic, legislative and policy frameworks that ensure the cultural heritage significance of the place is respected.

This key performance indicator measures the extent to which the Heritage Council is achieving its desired outcome.

Extent to which development approvals issued for registered places are consistent with the Council's advice to decision-making authorities



Effectiveness Indicator: Percentage of additional private investment generated from grant-assisted conservation projects

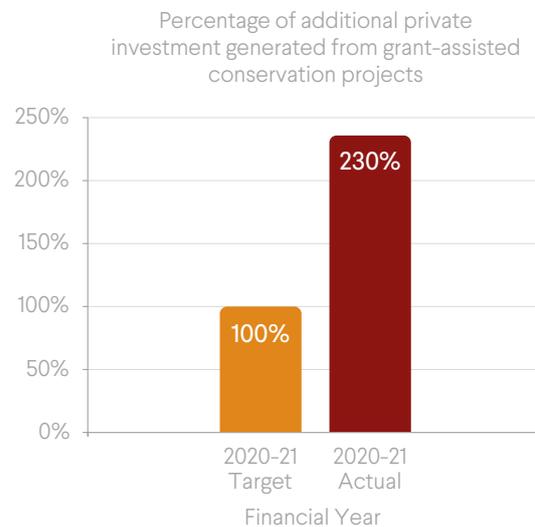
One of the Heritage Council's key objectives is that Western Australia's heritage places are conserved through sound heritage practice, and harmonious development, and that their full potential is realised. To promote this, the Council offers funding through its Heritage Grants Program for best practice conservation, and for projects that engage with community and interpret State Registered places. Grant recipients are generally required to contribute an equal or greater amount of their own resources.

This key performance indicator measures the value of resources applied to grant-funded projects by the recipients (including in-kind contributions) as a percentage of the total value of grants provided.

The measure for this key performance indicator has been revised, therefore a comparative against previous years is not provided.

Explanation for variance

The majority of Heritage Grants Program funding was offered under the State Heritage Grants program, which asks for a matched contribution as a minimum and also saw a reduction to the maximum grant for the first time in over a decade. The previous maximum grant was \$100,000, this year dropping to \$40,000. The target was set based on applicants scaling back total project values to match the funding offered, however this did not occur, with one project a significant outlier, contributing 13.6 times more than the grant provided.



Heritage Council Services: Service 1 - Cultural Heritage Conservation Services

Efficiency Indicator: Average number of days to make preliminary determinations

Under s. 39 of the *Heritage Act 2018*, the Heritage Council must make a preliminary determination as to whether a nomination for entry in the State Register of Heritage Places warrants review under s. 40(1). Under r. 30(2) of the *Heritage Regulations 2019*, the prescribed period is 60 days from the date the nomination is received.

This key performance indicator measures the Department's efficiency in meeting the new statutory requirement on behalf of the Heritage Council, and is calculated by totalling the number of days taken to make all preliminary determinations and dividing this by the total number of determinations made.

As this is a new key performance indicator, a comparative against previous years is not provided.

Explanation for variance

The 2020-21 result is significantly lower than target due mainly to the completion of two preliminary determinations in less than 20 days. The 60 day target is the statutory requirement which was used in this final year of implementation following the change in legislation in 2019. A review of average processing times over the last two years and available future resourcing will be undertaken to better define the target for 2021-22.

