



GOVERNMENT OF
WESTERN AUSTRALIA

ANNUAL REPORT 2015–2016

Department of Water

Department of Water

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This publication is available at our website www.water.wa.gov.au or for those with special needs it can be made available in alternative formats such as audio, large print, or Braille.

ISBN 978-1-925174-89-2 (print) ISBN 978-1-925174-90-8 (online)

Statement of compliance

For the year ended 30 June 2016

Hon Mia Davies, MLA
Minister for Water

In accordance with section 63 of the *Financial Management Act 2006*, I hereby submit for your information and presentation to Parliament, the Annual Report for the Department of Water for the financial year ended 30 June 2015.

The Annual Report has been prepared in accordance with the provisions of the *Financial Management Act 2006*.



Mike Rowe
Director General

22 September 2016

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About the department

The Department of Water is the State Government agency responsible for Western Australia's water resources and how they are managed and used. Our vision is 'water for now and the future'.

We support liveable communities, enable prosperous businesses and protect water resources and environments, while recognising climate and social change, population increase and economic development.

Our expertise and great science are applied across a range of key water service policy and water resource management activities including licensing, water assessment, allocation and supply planning, urban water management and water industry regulation.

We establish and ensure compliance with water licences to take and use water, permit works to be undertaken and provide expert advice on water management

in accordance with legislation. We also regulate and provide advice to government on water service providers.

In collaboration with stakeholders, the department also delivers strategic priority projects that respond to opportunities and generate new and innovative solutions for water management.

OVERVIEW

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DEPARTMENT OF WATER: ANNUAL REPORT 2015-2016

From the Director General

The 2015-16 financial year has seen the department continue to support the critical role of water in growing and transforming the State.

We have progressed water knowledge and opportunities for irrigated agriculture with the \$40 million Water for Food program, made possible by Royalties for Regions funding and part of the \$350 million Seizing the Opportunity Agriculture initiative.

We also launched the \$20 million Royalties for Regions funded Regional Estuaries Initiative, a program to improve water quality and waterways health in six Western Australian estuaries, which works with local communities and industries to fund on-ground works and long-term change.

Our major program of groundwater investigations continued to expand our understanding of the State's water resources and identify options for sustainable access and use.

This has included building our knowledge of the Gngalara groundwater system – an essential source that provides water for Perth's drinking water supplies, supports wetlands, natural environments and urban green spaces, and provides water for businesses. This has helped guide the advice we provide to users of this system and has fed into planning programs underway for the Perth and Peel regions.

We have also continued to improve our online systems, making it easier to do business with us through an expanded customer portal, and easier access to water resource data, measurement and licensing information through improved mapping and database tools. Our expertise has continued to be in demand, with another record year for requests for advice.

Our science and water investigations have helped us better understand our drivers, such as a growing population and a changing climate, and the impacts on our water resources across the State.

In turn, this has allowed us to share our data and insights for collaborative and effective management of Western Australia's water resources, including providing input into policy, legislation and legislative reform.

We continued to work with our partners – across State and local government, industry, academia and the community to scope and evaluate innovative solutions to our water challenges. This has included planning for urban spaces that make the most of available, fit-for-purpose water and support vibrant communities with attractive, quality green spaces, while avoiding urban heat effects.

At the centre of all of these achievements are our staff. I thank and congratulate them on the high calibre of their work and their dedication in supporting the sustainable management of Western Australia's water resources.



Mike Rowe
Director General

Executive summary

In 2015-16, the department delivered its services against three new service delivery areas as part of a new outcomes based framework.

Water information and advice

The department enables investment decisions of regional and State significance through the provision of data and information on the quantity, quality, location of, and demand for, water across the State. The information also underpins policy advice for consideration by Government and supports other Government agencies and stakeholders in their planning for future economic growth and urban and rural development.

In 2015-16, the Department of Water:

- Modelled future demands for water in urban settings out to 2050 and mapped challenges and opportunities, in the *Water for Growth: Urban report*.
- Contributed strategic water advice to the State Government's Perth and Peel Green Growth Plan for 3.5 million.
- Advised on future demand trends and options for scheme water supplies in the South West region.
- Participated in the Cooperative Research Centre for Water Sensitive Cities and collaborated with Water Corporation, the Housing Authority and other industry and government partners to support water sensitive design and implementation.

- Increased collaboration with local government authorities in Perth, Mandurah and Greater Bunbury to identify and harness alternative water supply options for irrigating parks, gardens and recreation grounds.
- In partnership with Water Corporation, recognised three local government authorities (City of Bayswater, City of Swan and Shire of Toodyay) for their work in using non-drinking water supplies and improving irrigation efficiency.
- Designed drainage and water management plans to inform development and land planning for North East Baldivis and Birrega-Oaklands, in the Lower Serpentine area, and commenced work for similar guidance in the Punrak drain and Wungong catchments, and Greater Bunbury area.
- Partnered with Irrigation Australia to continue to improve the performance and efficiency of irrigation in Western Australia, particularly for rural irrigation.
- Assessed additional water supply options to support the expansion of the Ord Irrigation Area through phase 2 of the Ord-East Kimberley expansion water supply project.
- Expanded the Water Information Reporting portal and met more than 4500 requests for water information.
- Provided expert water advice to government decision-making agencies.

Water planning, allocation and optimisation

Water planning, allocation and optimisation ensures the sustainable management of water resources for the long-term benefit of the State and relies on good science. This includes planning and allocating water for sustainable productive use, protecting public drinking water sources, and ensuring the sustainability of water resources and their dependent ecosystems.

In 2015-16, the Department of Water:

- Launched the Regional Estuaries Initiative, a \$20 million program made possible by Royalties for Regions funding, to improve the health of six Western Australian estuaries.
- Investigated further development and diversification options for irrigated agriculture with the \$40 million Water for Food program, made possible by Royalties for Regions funding.
 - Commenced an aerial survey to identify potential new water sources in the Middle Gascoyne to define the scale and quality of water in the aquifers between Rocky Pool and the Kennedy Ranges.
 - Started groundwater investigations in the West Kimberley, installing three monitoring bores in the lower Fitzroy Valley and completing an electromagnetic survey of the Fitzroy catchment to determine the quantity, quality and availability of groundwater resources.
 - Began a groundwater investigation in the Myalup region, recording information about the scale and quality of the groundwater resources.

- Finished a comprehensive pump test of the Wallal aquifer, as part of the \$12.5 million Pilbara groundwater investigation of the West Canning Basin, made possible by Royalties for Regions funding, revealing that the aquifer can release large volumes of water quickly, over an extended period, for sustainable use.
- Completed the fourth year of the \$7 million Perth Region Confined Aquifer Capacity project to better understand the Gnangara groundwater system under Perth and worked with Water Corporation to advise on the locations for the most sustainable pumping across the system, as well as possible areas for groundwater recharge.
- Continued to support regional non-drinking water use for farms and towns, distributing more than \$1.4 million in rebates to dryland agriculture region farmers and providing grants to 10 shires in the Mid West, Wheatbelt and Great Southern regions.
- Assessed seagrass condition, composition and coverage in the Leschenault and Swan-Canning catchments to measure waterways health.
- Completed reports on nutrients and waterways health for Swan-Canning, Leschenault and Vasse-Wonnerup waterways.
- Finalised an investigation into the major aquifers in the South West and the region's seven rivers.
- Responded to more than 800 requests for advice to reduce flood risk for people and property across Western Australia.
- Assisted 18 self-supply dam owners to understand water supply reliability and manage their water take.
- Completed a series of management plans, advice and guidance documents to ensure informed, evidence-based decision making on the State's groundwater and surface water resources and drinking water areas.

Water regulation, licensing and industry governance

Responsible, proportional regulation ensures investment, growth and development is underpinned by sustainable management of the State's water resources for the long term benefit of the State. This service includes the management of water licensing. It also includes the management of the legislation governing the operations of water service providers.

In 2015-16, the Department of Water:

- Administered 12 851 licences and permits, covering 770 groundwater and 296 surface water resources.
- Authorised 89 private water entitlement trades.
- Made it easier for water licence holders to do business with the department, with a new online customer portal, as part of the \$14 million Water Online project.
- Reduced red tape for small business operators with water licence exemptions to increase the use of non-drinking water for irrigation.
- Supported class exemptions for 15 small local government sewerage and non-potable water supply service providers.



Operational structure

Responsible Minister

The Department of Water's responsibility from 1 July 2015 to 30 June 2016 was to the Minister for Water; Sport and Recreation; Forestry, the Hon Mia Davies MLA.

Administered legislation

Legislation administered by the Department of Water as at 30 June 2016:

- *Country Areas Water Supply Act 1947*
- *Metropolitan Arterial Drainage Act 1982*
- *Metropolitan Water Supply, Sewerage and Drainage Act 1909*
- *Plumbers Licensing Act 1995 (except part 5A which is administered by the Department of Commerce)*
- *Rights in Water and Irrigation Act 1914*
- *Water Agencies (Powers) Act 1984*
- *Water Corporations Act 1995*
- *Water Efficiency Labelling and Standards Act 2006*
- *Water Services Act 2012*
- *Waterways Conservation Act 1976*

Regulations and by-laws administered by the Department of Water as at 30 June 2016:

- Country Areas Water Supply By-laws 1957
- Country Areas Water Supply (Clearing Licence) Regulations 1981
- Metropolitan Water Supply, Sewerage and Drainage By-laws 1981
- Rights in Water and Irrigation Regulations 2000
- Water Agencies (Charges) By-laws 1987

- Water Agencies (Entry Warrant) Regulations 1985
- Water Agencies (Infringement) Regulations 1994
- Water Agencies (Water Use) By-laws 2010
- Water Services Regulations 2013
- Water Services (Water Corporations Charges) Regulations 2014
- Waterways Conservation Regulations 1981

Changes in 2015–16 to the legislation we administer

The Metropolitan Water Supply, Sewerage and Drainage By-laws 1981 and Country Areas Water Supply By-laws 1957 were amended to enable Noongar people to undertake some land-based customary activities, consistent with the State Government's proposed South West Native Title Settlement.

The Water Services (Water Corporation Charges) Regulations 2014 and Water Services Regulations 2013 prescribe the water charges and miscellaneous charges for the water supply, sewerage, drainage and irrigation services of the three water corporations (Busselton Water Corporation, Bunbury Water Corporation and the Water Corporation). Following the repeal of the *Clean Energy Act 2011* (Commonwealth) on 1 July 2014, both these regulations were amended to enable the water corporations to pass on the reduced customer charges associated with the carbon tax's removal. The same regulations were further amended to implement price increases approved by the State Government, effective 1 July 2015.

Other key legislation affecting our activities

In the performance of its functions, the department complies with the following written laws:

- *Aboriginal Heritage Act 1972*
- *Auditor General Act 2006*
- *Contaminated Sites Act 2003*
- *Corruption and Crime Commission Act 2003*
- *Disability Services Act 1993*
- *Equal Opportunity Act 1984*
- *Financial Management Act 2006*
- *Freedom of Information Act 1992*
- *Government Employees Housing Act 1964*
- *Industrial Relations Act 1979*
- *Long Service Leave Act 1958*
- *Minimum Conditions of Employment Act 1993*
- *Native Title Act 1993 (Cth)*
- *Occupational Safety and Health Act 1984*
- *Public Interest Disclosure Act 2003*
- *Public Sector Management Act 1994*
- *Salaries and Allowances Act 1975*
- *State Records Act 2000*
- *State Supply Commission Act 1991*
- *Workers' Compensation and Injury Management Act 1981*

Organisational structure



Mike Rowe Department of Water, Director General

Mike Rowe was appointed Director General of the Department of Water on 21 June 2016. He is a highly experienced member of the Western Australian Government's senior executive service, having worked in a variety of leadership, policy, advisory and delivery roles across nine agencies since 1993.

Those agencies include Agriculture, Environment, Aboriginal Affairs, the Public Sector Commission, Premier and Cabinet and, most recently, Regional Development and Lands.

Mike holds a Bachelor of Environmental Science, with First Class Merit Honours, a Graduate Certificate in Public Sector Leadership and a Postgraduate Diploma in Social Research and Program Evaluation.

Policy and Innovation

Tadas Bagdon Executive Director



Before joining the department in November 2012, Tad held a senior water planning and policy role in Queensland's Department of Energy and Water Supply. His experience includes roles in water resources planning, water supply planning, demand management and water recycling.

He has extensive experience in both the public and private sectors across a range of areas including defence, transport, energy, advanced manufacturing technology and environmental management. Tad holds degrees in electrical engineering and economics.

Policy and Innovation leads and shapes water policy options by engaging with stakeholders and partners in Government, industry and the community sector. This approach ensures Western Australia is best positioned for the sustainable productive use of water today and for the future. The directorate analyses State, national and international trends and their application to water policy and agency practice. It is also responsible for policy frameworks and supporting the administration of legislation relating to the State's water service providers, to ensure effective and efficient delivery of water services.

Regional Delivery and Regulation

Paul Brown Executive Director



Paul has been an Executive Director with the Department of Water for five years. He has extensive experience in regulation and management in water, environment, planning referrals and industry regulation in the public sector and, during this time, has taken a strategic

approach to delivering key Government initiatives.

He has more than 30 years' experience working across a number of Western Australian Government agencies including forestry, conservation and land management, environment and conservation, and environment.

Paul has a Master of Business Administration and a Bachelor of Science (Forestry).

Regional Delivery and Regulation ensures on-ground delivery of water licensing, regulation, integration of land use and water planning, and water measurement across the State's six regions. The Regulation division ensures that water licensing, compliance and enforcement practices, and responses to statutory referrals are transparent, effective, logical, timely and consistent. The directorate provides advice to stakeholders delivering industry projects; works with Government agencies at a regional and State level to deliver regional benefits; and works collaboratively with industry and the community to deliver local water solutions.

Science and Planning

Greg Claydon Executive Director



Greg has more than 30 years' experience in the water sector and is passionate about leading positive change in water policy, planning, regulation and management. He joined the department in January 2013 from Queensland's Department of Natural Resources and Mines where he was Executive Director

Water Resources Strategy. He was awarded a Public Service Medal in the 2009 Australia Day Honours for outstanding public service in the areas of natural resources management and water reform and holds a Bachelor of Engineering (Agricultural).

Science and Planning is responsible for the department's water science and planning activities, leading water allocation and water supply planning for industry and the community through decisions based on the latest science and water information. It plans for the protection of drinking water sources across the State; provides expert scientific advice on the management of at-risk rivers and estuaries; advises on drainage, flood planning, water sensitive urban design, and alternative water sources; and integrates water planning into land use planning to achieve liveable, resilient, productive and sustainable cities and towns. This work includes extensive stakeholder consultation to enable population growth, economic development and sustainable productive use of available water resources.

Corporate Strategy and Reform

Geoff Gilbert Executive Director



Geoff has more than 30 years' experience working in mainly corporate services roles across a number of agencies, including senior executive service roles during the past 10 years.

In addition to leading corporate services functions, Geoff has led large cross-

government reform programs. Geoff is a PRINCE2 practitioner and has substantial experience in leading business improvement through LEAN/Six Sigma.

Geoff holds a Diploma of Public Administration, Graduate Certificate in Management (Distinction) and a Masters of Business Administration.

[Corporate Strategy and Reform](#) is responsible for managing the department's people, assets, finances and information.

Water for Food

Simon Skevington Project Director



Simon was appointed as Project Director Water for Food in October 2014. He is an engineer with more than 30 years' experience in delivering economic development projects, including senior executive level roles, across several Government agencies including Mines and Petroleum, State

Development, Industry and Resources, Commerce and Trade, and Agriculture and Food.

Simon has led and facilitated a range of high profile and complex economic development, infrastructure and reform projects such as the Ravensthorpe Nickel and Boddington Gold Mine infrastructure packages, the Australian Marine Complex and the Australian Resources Research Centre.

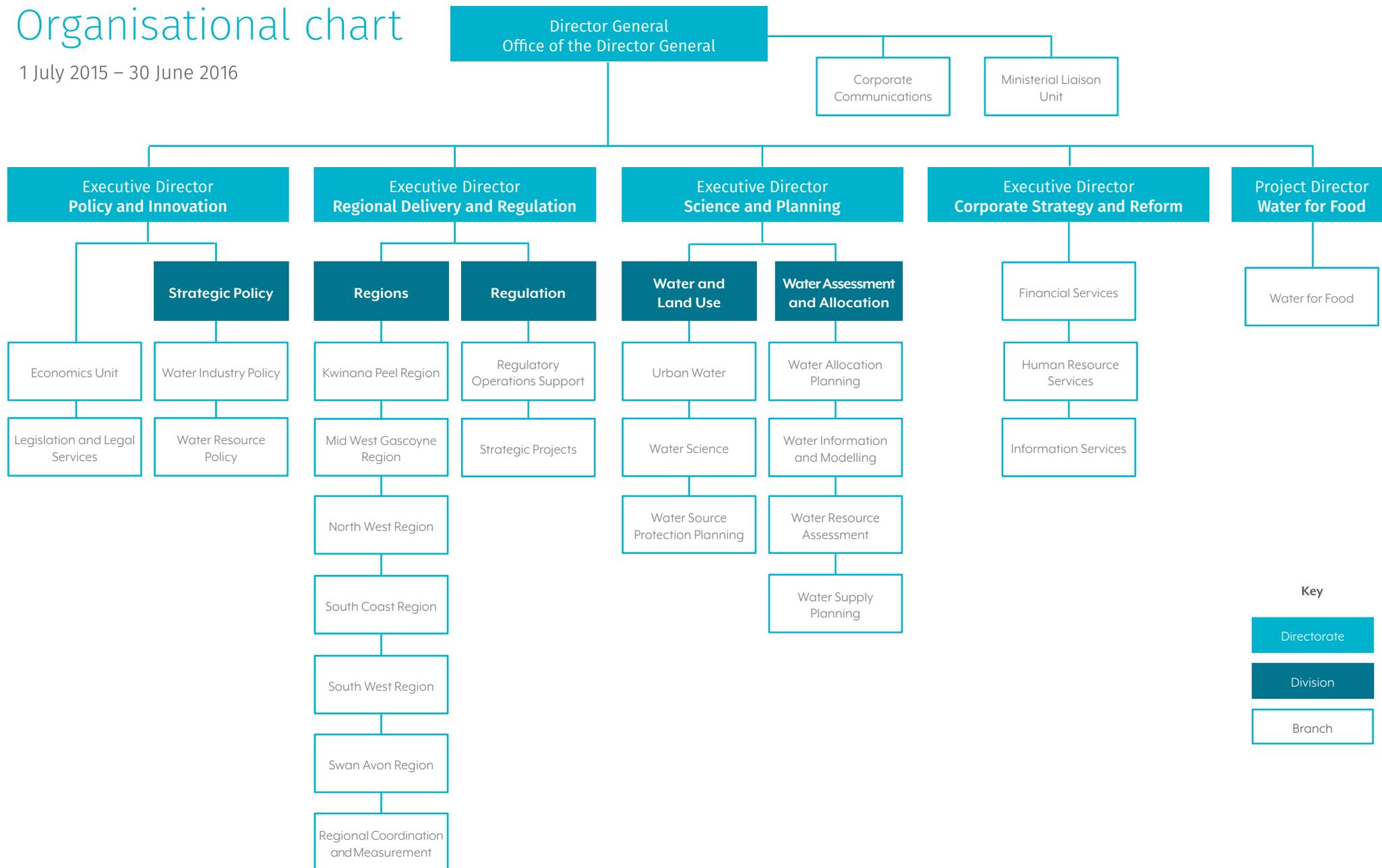
Water for Food is a \$40 million Royalties for Regions funded program to accelerate water investigations and optimise pastoral land tenure across Western Australia. It will create the potential for new irrigation precincts and the expansion of agricultural and pastoral opportunities in existing districts across the State.

The program will support public and private sector investment decisions for new, large-scale irrigated agriculture precincts and the expansion of existing areas by identifying where water is available along with its quality and quantity.

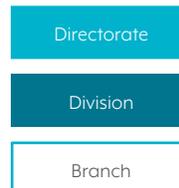


Organisational chart

1 July 2015 – 30 June 2016



Key



Performance management framework

Government goals and strategic outcomes and Department of Water outcomes and services

The Department of Water implemented a new performance management framework in 2015–16, incorporating a new strategic plan, a new business plan and new performance indicators.

The Strategic plan 2015–2020 incorporates a new vision and purpose, strategic directions, and values.

The new vision and purpose, strategic directions, and values are linked to the Government's goals as follows. 

Government goals:

Results-based service delivery

Greater focus on achieving results in key service delivery areas for the benefit of all Western Australians.

Financial and economic responsibility

Responsibly managing the State's finances through the efficient and effective delivery of services, encouraging economic activity and reducing regulatory burdens on the private sector.

Social and environmental responsibility

Ensuring that economic activity is managed in a socially and environmentally responsible manner for the long-term benefit of the State.

Stronger focus on the regions

Greater focus on service delivery, infrastructure investment and economic development to improve the overall quality of life in remote and regional areas.

State building – major projects

Building strategic infrastructure that will create jobs and underpin Western Australia's long-term economic development.

Vision:

Water for now and the future

Purpose:

Support Western Australia's community, economy and environment by managing water sustainably

Strategic directions:

The new era for the Department of Water, incorporating the new strategic plan, took effect from 1 July 2015 and includes the following six key strategic directions and values:

Excellent water information, science and communication

The department will accomplish this by:

- measuring, monitoring and studying water resources to continuously improve water planning and management
- using data to model the current water resources and predict the impacts of the State's growing population, changing climate and land use
- providing information that meets stakeholder needs.

Contemporary water policy and regulation

The department will accomplish this by:

- ensuring that legislation, policies and plans support effective water management and optimal water use
- developing policy that supports the efficient and effective use of water in Western Australia
- promoting innovation in the water services sector.

Effective and adaptive management and use of water

The department will accomplish this by:

- incorporating climate change in its decision making
- having a tailored approach to managing water factors based on science, knowledge and values
- developing policies and strategies that support innovative water efficiency, fit-for-purpose use and recycling.

Liveable communities and healthy water environments

The department will accomplish this by:

- integrating water management into land management and planning
- advising on water management to support sustainable development for towns and cities
- leading, advocating and facilitating good water quality outcomes in priority aquifers, rivers and estuaries.

Strong partnerships to champion better water outcomes and solutions

The department will accomplish this by:

- building partnerships and engagement strategies to develop new and innovative solutions for water management and use to achieve good water outcomes
- building water management capacity across industry, local government and the community.

Great customer service through capable people, systems and efficient business processes

The department will accomplish this by:

- adopting contemporary information systems and processes to support efficient service delivery and improve its ability to communicate with stakeholders
- supporting diversity of knowledge, skills and experience to make sure it has the right people to deliver on its customer and business needs.

Values:

People are our foundation and future – our business delivery is enhanced by the diversity, knowledge, experience, and abilities of our people. Our vibrant workplace generates engaged and effective people.

Work with integrity – we are open, honest, trustworthy and reliable. We make decisions based on evidence and procedural fairness.

Get things done – we are courageous in creating solutions and we deliver on our commitments.

Communicate effectively – we communicate to build relationships, do our jobs and increase understanding.

Work collaboratively – we build effective alliances and partnerships to build trust and achieve shared outcomes, better alignment and broader government objectives.

Changes from the 2014–15 reporting year

Approval was granted for the Department of Water to introduce a new outcome-based management framework in 2015–16, incorporating new performance indicators and three new service areas.

Shared responsibility with other agencies

The Department of Water did not share any responsibilities with other agencies in 2015–16.

New service areas for 2015–16:

- 1 Water information and advice
- 2 Water planning, allocation and optimisation
- 3 Water regulation, licensing and industry governance

Outcome based management framework



PERFORMANCE

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DEPARTMENT OF WATER: ANNUAL REPORT 2015–2016

Service 1: Water information and advice

The Department of Water enables investment decisions of regional and State significance through the provision of data and information on the quantity, quality, location of, and demand for, water across the State. The information also underpins policy advice for consideration by Government and supports other Government agencies and stakeholders in their planning for future economic growth and urban and rural development.

Water is a major enabler of liveable, progressive and sustainable towns and cities. Safe, reliable public drinking water and wastewater services are essential.

Efficient water use is also important for green parks and recreation spaces that are essential to liveability.

This is even more necessary in light of the drying climate in Western Australia's south-west and the variability in the north. This includes wastewater, stormwater and recharging of aquifers.

Increasing demand and competition for water, along with a drying climate, also means water management decisions are becoming more complex, particularly with the increasing number of fully-allocated systems.

The Department of Water is responding to these challenges on several fronts: working on developing contemporary legislation and policy, finding additional water resources, and incorporating cutting-edge science into water planning with a 30-year horizon.

Water for Growth: Urban

Released in June 2016, *Water for Growth: Urban* is a report on Western Australia's water supply and demand outlook to 2050. The report is based on projections from the department's new water supply-demand model, which was made possible by Royalties for Regions funding.

Water for Growth: Urban examines the current and future use of scheme and self-supplied water for households, parks and gardens and commercial purposes. The report provides the data and highlights opportunities for the urban development sector to analyse its particular challenges, plan for future water needs and collaborate to create water supply solutions.

The water supply-demand model supports a whole-of-government approach to planning and infrastructure coordination by aligning water supply and demand projections to population forecasts, economic modelling, major project proposals and land use planning by State Government agencies.



Water sensitive cities

The Department of Water, Housing Authority and the University of Western Australia are 'essential participants' in the Cooperative Research Centre for Water Sensitive Cities (CRCWSC) established in 2012. The CRCWSC's nine-year \$120 million program is delivering the interdisciplinary research, cross-sector collaboration and industry capacity required to advance towards water sensitive cities and towns.

A water sensitive approach to the planning and design of urban environments integrates the urban water cycle (including potable water, wastewater, groundwater and stormwater) into built and natural landscapes to provide multiple benefits to society. The department views this collaboration as a continuation of its ongoing work in urban water – such as in water sensitive urban design, living streams and drainage planning – during the past 20 years.

During 2015–16, key stakeholders from State and local governments, community groups, the development industry and consultancies participated in a CRCWSC workshop series to develop a vision, principles, and critical strategies and actions for advancing Perth as a water sensitive city.



Outcomes from this workshop series are captured in the report *Shaping Perth as a water sensitive city: outcomes and perspectives from a participatory process to develop a vision and strategic transition framework*.

The department is continuing to work with stakeholders and the CRCWSC to realise a liveable, sustainable, resilient and productive Perth metropolitan area.

During 2015–16, Perth was selected as a pilot city to benchmark the Water Sensitive Cities Index tool which will enable government and industry to better monitor and evaluate the performance of their water management practices. The Department of Water, Water Corporation, City of Swan and City of Subiaco have committed to piloting the tool and initial workshops have been held.

Perth is the first city worldwide to be benchmarked against the indicators of water sensitivity and the Water Sensitive Cities Index will highlight what Western Australia is already doing relatively well, while identifying opportunities and approaches for innovation and improvements in urban water management.

In 2015–16, the department was also a key participant in the CRCWSC's research projects including Hydrology and nutrient transport processes in groundwater/surface water systems and Protection and restoration of urban freshwater ecosystems: informing management and planning.



Urban water partnerships

New WATER Ways was formed in 2006 to enable excellence in integrated water cycle management and build the capacity of Government and industry practitioners. The program is a partnership between the Department of Water, Department of Planning, Department of Parks and Wildlife, Western Australian Local Government Association and Urban Development Institute of Australia (WA).

The program's aim is to build water sensitive urban design capacity in government and industry to improve the delivery of urban water management and water sensitive cities.

In 2015–16, the department and program partners hosted a speaker series, held training in water sensitive urban design, developed guidelines and fact sheets and organised industry nights and study tours to highlight good water management practice.



Performance and efficiency of irrigation

The Department of Water works with Irrigation Australia (WA region) to improve the performance and efficiency of irrigation and promote best practice in water management.

During 2015–16, both parties:

- worked with major stakeholders including the Department of Agriculture and Food and the irrigation co-operatives (Gascoyne, Harvey, Preston Valley and Ord) to find opportunities to improve the performance of rural irrigation and add value to existing activities through the Rural Waterwise program
- increased professional development and built capacity in the irrigation industry by delivering training courses to irrigation operators, designers and managers
- ensured awareness of irrigation activities, innovation, research, and changes in legislation and regulations through the Irrigation Australia (WA region) journal, Overflow.

During 2015–16, the department had a representative on the Irrigation Australia (WA region) executive committee.

Ord-East Kimberley expansion water supply project

Through phase 2 of the Ord-East Kimberley expansion water supply project, the Department of Water has been assessing the additional water supply options to support expansion of the Ord Irrigation Area.

In collaboration with the Water Corporation, elements of the project the department has completed in 2015–16 include:

- a 'large to extreme' flood study for the Ord River Dam
- revised cost estimations of raising the spillway and main embankment
- review of current and future water demands
- agronomic assessment of sugarcane in the Ord
- enhancements to the water balance model to create a new operating platform, and an update of rainfall and catchment inflow data.

In 2016–17 the project will deliver model scenario outputs and analysis of water supply options for consultation with stakeholders.



Image courtesy of oxyimages.com

Securing water resources for the South West

Securing water resources for the South West outlines the current and projected situation for water resources and supplies in the South West region. Published in July 2015, it highlights the Department of Water's role in climate assessment, allocation planning, groundwater investigations and partnering with water service providers to secure town water supplies in a drying climate.

The demand for potable water in the South West is predicted to almost double during the next 50 years, from 23 billion litres per year to nearly 40 billion litres. The department has worked with the region's three water service providers (Water Corporation, Aqwest and Bunbury Water) to identify the scheme water needs of their customers and plan ahead for the time when supplies from existing water resources will no longer meet demand.

The demand for non-potable water for irrigating public open space, and supply options in addition to groundwater, are two areas of focus for collaborative activities in the South West. In response to the drying climate, alternative non-potable supplies will become increasingly important to make up the water supply mix for urban parks, gardens and sports grounds.



Strategic Assessment of the Perth and Peel Region

The Strategic Assessment of the Perth-Peel Region and Perth and Peel@3.5 Million are two integrated projects aiming to establish a benchmark for streamlining urban-based environmental approval processes and delivering the best-possible integration of land use planning and environmental protection and management.

The draft *Perth and Peel Green Growth Plan*, which the Government released for public consultation in December, is the largest urban-based strategic assessment ever undertaken in Australia.

The strategic assessment will deliver long-term certainty for both developers and the environment as the Perth and Peel regions expand to a forecast population level of 3.5 million in the coming decade.

The Department of Water provided extensive information and specialist advice on water resources and is currently assisting the Department of the Premier and Cabinet to assess public submissions on the draft *Perth and Peel Green Growth Plan* – with a view to submitting the plan to the Commonwealth Minister for the Environment in 2016-17.

Waterwise Councils and Waterwise Golf Courses

In partnership with Water Corporation, the Department of Water recognised three local government authorities, the City of Bayswater, City of Swan and Shire of Toodyay, for their work in using non-drinking water supplies and improving irrigation efficiency as part of the Waterwise Councils program.

These councils have employed water saving techniques and technologies to create efficiencies and improvements in the irrigation of parks and ovals, and of water use in council-run facilities.

Twenty-eight councils across the State have now been designated Waterwise, with another 31 working towards endorsement.

The Waterwise Councils program, which started in 2009, encourages better water use management and builds cooperative working relationships with local governments to improve water use efficiency within their own operations, as well as their communities.

Waterwise Golf Courses is an initiative to recognise and promote excellence in responding to the challenge of managing water sustainably in the golf industry.

Golf is an important sport and recreational pastime in Western Australia; it is estimated that more than 110 000 people play golf on the State's courses each year – contributing an estimated \$275 million to the economy. The program aims to achieve long-term water use efficiency within the golf sector by focusing on factors such as operator training, irrigation design, water budgeting, soil and turf management practices and the use of alternative water sources.

At present five golf courses are actively participating in the Waterwise Golf Course program.

Improving land planning – drainage plans

In response to land planning pressures in areas where water constraints exist (such as seasonal waterlogging and flooding), the Department of Water designs drainage and water management plans to facilitate the development of water sensitive communities in challenging areas. The plans are supported by technical studies, including flood modelling, groundwater modelling and scenario planning.

In 2015–16, the department published the North East Baldivis and Birrega-Oaklands flood modelling and drainage studies, both in the Lower Serpentine area, and prepared the drainage and water management plan for these catchments for public consultation.

In addition, the department began technical studies for the Punrak drain catchment and hydrology studies for the Wungong catchment, and completed a conceptual model for the Greater Bunbury groundwater studies.

Water legislation reform

Reforming water resources legislation is a key priority for the State Government and the Department of Water. The reform process formally began in March 2015 when the Government committed to drafting new Water Resources Management legislation.

Shale and tight gas and petroleum regulation

A landmark administrative agreement between the Department of Water and the Department of Mines and Petroleum signed in October 2015 places the department in a strong position to deliver on government and public expectations where development interacts with water resources.

Under the agreement, the department's role in onshore gas and petroleum regulation has been extended from licensing to advising the regulators on environmental plans to protect water sources.

The department has ensured there are provisions for water protection and has an ongoing role under the requirements of the Guide to the regulatory framework for shale and tight gas in WA: a whole-of-Government approach and the Administrative agreement for onshore petroleum and geothermal activities in Western Australia (July 2015).

Land use planning

The Department of Water continues to advise decision-making agencies and other stakeholders on managing impacts to the State's water resources from land planning and development proposals.

In October 2015, a planning advice function was added to the department's new online portal. The portal helps service hundreds of requests for advice and information made by various decision-making agencies and stakeholders every year.

In 2015–16, the department assessed and responded to 1 026 requests for advice from the Department of Planning and local governments, 199 of which related to mining and petroleum activities, and 67 of which came from the Environmental Protection Authority. The department also advised on 436 water management reports associated with land planning and mining activities.

Water Information Reporting

The department's award-winning Water Information Reporting portal has been operating successfully for the past two years.

Made possible by Royalties for Regions funding, the portal is an automated reporting tool that provides reliable, customised water information quickly and easily.

The information brings together millions of records about water resources that were previously held in legacy databases and in paper copies across the State – providing important and valuable information about water quantity, quality and location.

Now this free, fully automated online service provides instant access to more than 120 000 water monitoring sites and an additional 74 million new measurements each year.

Readily available water information is key to enable economic development, adjust to climate change and support population growth at the same time as responsibly managing water resources throughout the State.

2015–16 was the second year in a row with a record demand for water information. The department met more than 4 600 requests for information.

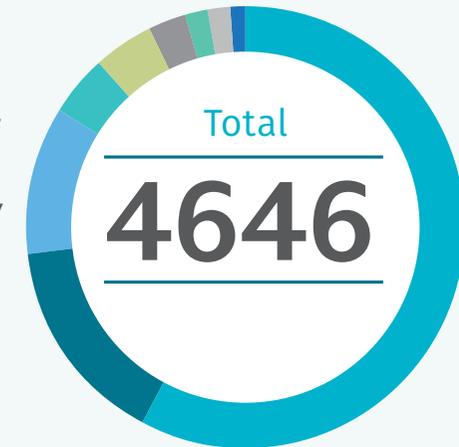
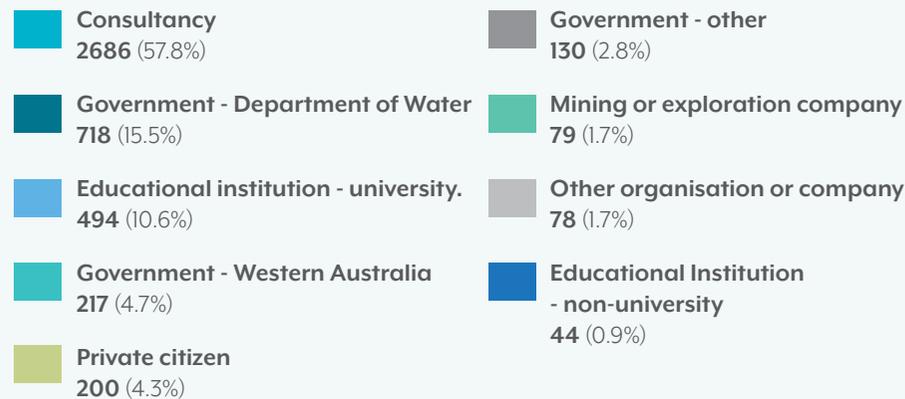
Requests emanated from the private sector, Government and the education and research sectors.

During the year, the department provided information for a record 500 000 water measurement sites held on water information databases.

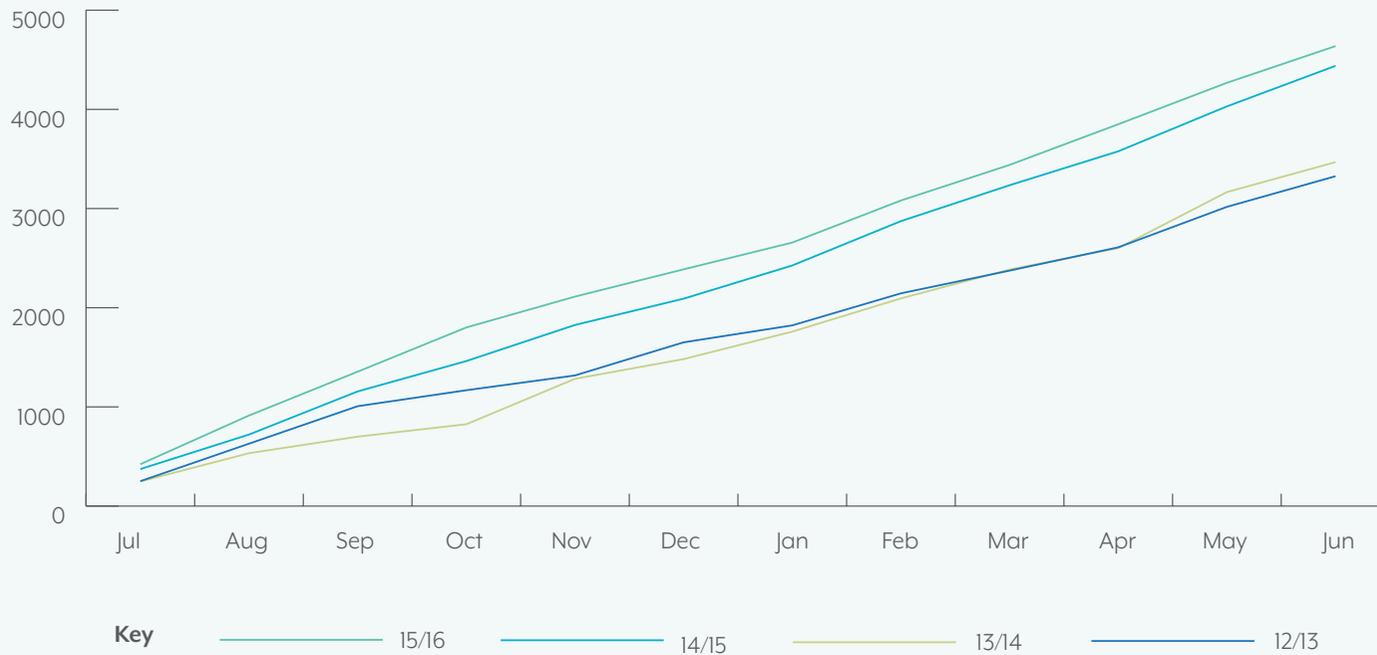
Data requests



By sector for 2015 to 2016



Cumulative data requests per Financial year



The Water Information Reporting portal delivered water data within an average time of 43 seconds to a wide range of water stakeholders including consultants, miners, land and property developers, farmers, infrastructure providers, Government departments, researchers and students.

Requests for water information covered much of Western Australia with most activity on the Swan Coastal Plain (north and south), Carnarvon, the Western Pilbara, Mid West, Albany and South Coast, the Goldfields, South West, and Kimberley regions.

An upgrade to the portal, made possible by Royalties for Regions funding, was released in May 2016. This provides further ease of use and more comprehensive filtering capability.



Strategic plan 2015–2020

A strategic plan to create a framework for the department's future operations was released in September 2015. The *Strategic plan 2015–2020* document outlines the focus of the department's role and clarifies its purpose in meeting the emerging challenges of the next five years.

Service 2: Water planning, allocation and optimisation

Water planning, allocation and optimisation ensures the sustainable management of water resources for the long-term benefit of the State and each of these rely on good science. This service includes planning and allocating water for sustainable productive use, protecting public drinking water sources, and ensuring the sustainability of water resources and the dependent ecosystems.

Population growth requires the continuous development of new areas for urban, industrial and fresh food production and in Western Australia, presents an ever-increasing challenge for water resource management.

Western Australia's geographic location, climate diversity and established freight transport corridors provide it with the opportunity to become a major high-quality food supplier for growing global markets. The Department of Water's Water for Food program directs investment into crucial areas of agriculture, including market development, science, infrastructure and maximising water for productive use.

The department also brings its leading-edge science to the table to inform multi-agency approaches to maintaining the health of the State's rivers, estuaries and catchments.

In 2015–16, the department undertook several initiatives to protect the State's waterways and catchments through river management and recovery programs.

Protecting drinking water resources is of the highest priority – safe, good-quality drinking water is of paramount importance to everyone.

Ensuring water resources, including drinking water sources, are not adversely affected by development is also an essential part of creating sustainable, liveable towns and cities for current and future generations.



**WATER
FOR
FOOD**



Water for Food

Launched in 2014, the \$40 million Water for Food program, made possible by Royalties for Regions funding, investigated further development and diversification opportunities throughout the 2015–16 reporting year.

The Water for Food program's primary objective is to identify water and land resources, as well as irrigation technologies, that can enable Western Australia's fresh food and animal protein production to increase its contribution to regional economies by at least 50 per cent by 2025.

It forms the core of the State's strategic approach to increasing productivity in agriculture, while building export supply chains and encouraging capital investment in regional industries.

The program supports public and private sector investment decisions for new, large-scale irrigated agriculture precincts and the expansion of existing areas by identifying where water is available, along with its quality and quantity.

Mowanjum irrigation trial

This project is a research agreement and funding partnership between the State Government and the Mowanjum Aboriginal Corporation, a 400 strong community located on the outskirts of Derby.

The trial is a demonstration model for other pastoral stations in the Kimberley. Crop research, irrigation data and herd analysis will be published and shared to enable growth of pastoral operations and capitalise on the world's expanding beef market.

In June 2014, State Government supported a business case to establish an irrigation trial on a 400 hectare diversification permit on Mowanjum station. A 38 hectare centre pivot irrigation system was commissioned in October 2015 to access underutilised groundwater sources and develop a stand and graze operation.

In March 2016, Mowanjum produced and cut more than 200 tonnes of hay and silage. This operation has helped diversify the station's cattle operation and create sustainable job and training opportunities. Mowanjum's first consignment of around 240 Brahman-cross cattle from the stand and graze operation was exported through Broome Port in April 2016.



Developing horticulture in the Kimberley

As part of the State Government's Seizing the Opportunity Agriculture initiative, a 680 hectare parcel of land near Broome has been opened to potential horticulture and agricultural pursuits.

The Skuthorpe Horticultural Area will meet the increasing demand for horticultural and agricultural land, creating business opportunities and jobs in the Kimberley region.

Expressions of interest were invited in November 2015 to unlock the potential of the State-owned land and diversify the local economy and, in June 2016, the proposal of Kimberley Asparagus Pty Ltd (a joint venture between local grower Rusty Dredge and the Western Australian branch of the Fresh Produce Group) was successful.

The proposal was chosen because of its clear vision for expanding horticultural opportunities in the Kimberley region and its associated job opportunities. It is expected that 55 jobs will be created, with flow-on benefits including revitalisation of the regional economy, purchase of technical services and investment in the community.

Searching for water

An aerial survey to identify potential new water sources in the Middle Gascoyne started during the year, aiming to define the scale and quality of the alluvial aquifers between Rocky Pool and the Kennedy Ranges.

In the West Kimberley, groundwater investigations in the lower Fitzroy Valley began with exploratory drilling and the installation on three monitoring bores on Mt Anderson Station to help confirm water availability. The initial investigations were followed by an electromagnetic survey of the Fitzroy catchment to determine the quantity, quality and availability of groundwater resources.

The search for new water sources also focused on the South West, with an electromagnetic survey and groundwater investigation of the Myalup region to record geological data, the depth of the groundwater table, salinity levels and the boundaries of the groundwater system.

Information conversion

Hard copy hydrogeological information that is currently difficult to access will be made available in digital format through the department's Water Information Reporting portal.

Up to 10 000 hard copy reports from the 1950s to the present day – containing information on as many as 100 000 bores across the State – will be captured electronically with support from the Water for Food program funding.

This will speed up the process for accessing base information for water supply investigations and assessments to underpin future agricultural developments.

Increasing water use from Wellington Reservoir

Wellington Reservoir is the State's second-largest reservoir but rising salinity has resulted in much of the annual water allocation of 85 gigalitres being under-utilised.

As part of the Myalup-Wellington Water for Food project, which is exploring water supply options to reduce reliance on groundwater supplies in the Myalup Irrigated Agricultural Precinct and the Collie River Irrigation District, expressions of interest were invited for the public to provide solutions to increase the availability and use of water from the reservoir.



Southern Forests irrigation schemes

The potential for an expanded irrigation scheme for the Warren-Donnelly and Southern Blackwood regions is being investigated. This would improve water availability and access and support the dramatic expansion in horticulture and agriculture expected during the next 15 years. The scheme would consist of pipeline and pumping infrastructure to enable water to be bought and sold and secure supplies for growth in irrigated agriculture.

Calls for letters of intent from farmers and investors closed in mid-March and consultation and workshops with local farmers to identify their level of support have begun.

Community consultation in the Warren-Donnelly region began in December to explore the potential for a new irrigation scheme connecting existing and new dams. As part of the Southern Forests Water Futures: Manjimup-Pemberton project, the proposed project would provide up to an additional 12 gigalitres of water a year to meet the expansion plans of the Warren-Donnelly irrigation district.

Pilbara groundwater investigations

Unlocking potential underground water sources in the Pilbara moved a step closer with the completion of the most comprehensive pump test ever of the artesian Wallal aquifer north-east of Port Hedland.

Part of the \$12.5 million Pilbara groundwater investigation of the West Canning Basin, made possible by Royalties for Regions funding, the test has significantly increased knowledge about this groundwater system.

The results show large volumes of water can be discharged quickly and over an extended period, for sustainable use of the aquifer. Early estimates suggest the Wallal aquifer could provide future water supplies for Port Hedland, local communities, increased agricultural use, mining or industry in the area.

Irrigating the Midlands

The Irwin area near Dongara and the Dinner Hill area north of Dandaragan have been identified as potential locations for intensive irrigated agricultural precincts in the Midlands region.

The two locations were selected with input from community and industry bodies and will now undergo further water, infrastructure, soil and crop analysis to confirm their suitability for intensive irrigated agriculture. The project aims to prove up irrigated horticulture zones between Gingin and Dongara, one of the most economically promising irrigation areas in Western Australia. The department began distributing technical information to guide potential investors in May.

Regional Estuaries Initiative

Estuaries house diverse ecosystems; support businesses, recreational pursuits and tourism; and are central to the way of life we value. More than 80 per cent of Western Australia's population lives in or around estuaries. But a combination of environmental factors, historical land uses and a growing population is placing pressure on the South West's six major regional estuaries.

The Regional Estuaries Initiative, announced in April 2016 and made possible by Royalties for Regions funding, is the State government's biggest single investment to date for managing Western Australia's regional estuaries.

The initiative will support immediate action and develop strategies and mechanisms for long-term and sustainable improvements.

The initiative will fund a range of on-ground works – including soil and water testing, farm effluent management upgrades, fencing, revegetation and drainage – as well as new science and modelling, regional capacity, employment and training.

It will guide estuary management through collaborative partnerships with State and local government, catchment groups, industry, farmers, research groups and the community. A key focus will be to support training and employment opportunities for regional communities, connecting local practices to improve estuary condition.



The initiative – to be led by the Department of Water – is expected to transform how the following six regional estuaries are managed:

- Peel-Harvey estuary
- Leschenault estuary
- Vasse-Wonnerup and Geographe Bay
- Hardy Inlet
- Wilson Inlet
- Oyster Harbour.

Managing estuaries for the long term

Vasse Geographe water quality

A new Vasse Geographe Strategy was endorsed in August 2015 to guide the direction and types of improvement projects to be delivered during the next three years.

As part of the strategy, \$15 million over four years will be invested in water quality improvement projects in the Geographe waterways. The Revitalising Geographe Waterways project, made possible by Royalties for Regions funding, was launched in December by the Minister for Water and will be overseen by the Vasse Taskforce to improve water quality in the Geographe Bay catchment.

The targeted actions and collaborative projects identified as part of Revitalising Geographe Waterways will help to reduce the risks of algal blooms in the lower Vasse River and fish kills in the Vasse-Wonnerup wetlands.

A five-year evaluation of the *Vasse-Wonnerup wetlands and Geographe Bay water quality improvement plan* has indicated that declines in water quality have slowed and in some cases, halted or improved.

In May 2016, partnership agreements were signed to deliver key projects. These included a \$2 million agreement with GeoCatch, a \$175 000 agreement with the City of Busselton and a \$128 000 agreement with the Department of Parks and Wildlife. GeoCatch will begin projects to improve fertiliser and dairy effluent management to reduce nutrients entering catchments.

Seagrass indicators of estuary health

Seagrasses are a critical component of estuarine ecosystems, being valued for their role in increasing biodiversity and providing a habitat and food source for waterbirds. Seagrasses also remove harmful nutrients from the water, oxygenate the sediment and water during photosynthesis, and improve water clarity through reduced sediment resuspension. Seagrass success in estuaries is an important component of effective estuary management.

In 2015–16, seagrass condition was assessed in both the Leschenault and Swan-Canning estuaries. This continues work which began in 2011–12 with the Department of Parks and Wildlife (formerly Swan River Trust) to develop overall indicators of seagrass condition and a simple framework for reporting.

In the Leschenault estuary, seagrass condition was assessed at three locations and an estuary-wide survey of seagrass habitat undertaken.

In summer 2015–16, the project assessed seagrass composition, coverage and condition at six locations within the Swan-Canning estuary. This was the third year the data was collected and it will be used to refine seagrass indicator performance.

Catchment nutrient reports

Catchment nutrient reports summarise monitoring data for rivers and streams that run into ‘at risk’ estuaries.

Annual updates track river flows, rainfall, nutrient concentration, nutrient loads and nutrient status from year to year.

The reports are used by catchment groups, agency staff and other interested parties to understand changes over time and to track improvements from catchment works.

Five-year trend and condition reports were completed for the first time for 12 catchments in the Swan-Canning estuary, in addition to the 15 already reported on – for which annual summary reports were completed.

Catchment nutrient reports were also completed for the Leschenault and Vasse-Wonnerup catchments.

Boosting rural water supplies

The Rural Water Planning Program targets the State's dryland agricultural regions (those receiving less than 600 millimetres of annual rainfall). Any areas without access to a reticulated water service are given priority as they are the most vulnerable to serious water deficiencies.

The program increases self-sufficiency and optimises the efficient use of all available non-potable water supplies through improved water resource planning and the provision of rebates and grants to develop both on- and off-farm water supplies.

More than \$1.4 million worth of rebates was distributed in 2015–16 to support farmers whose water supplies are at risk from low rainfall.

Under the Farm Water Rebate Scheme farmers can apply for up to 50 per cent of the cost of approved infrastructure improvements such as dams and catchments, tanks, pipes and pumping systems.

The Department of Water's Community Water Supply Program is focused on boosting water capacity in regional areas with less than 600 millimetres average rainfall by working with local governments to drought-proof their communities.

In 2015–16, 10 shires across the Mid West, Wheatbelt and Great Southern regions had grants approved totalling \$748 365. This funding will help them reduce dependency on scheme water.

The projects, to be implemented during the 2016–17 financial year, will provide an important supply of water for emergency stock watering and firefighting, as well as for irrigated townscapes and ovals.



For the 2015-2016 financial year the program funded:

- Farm Water Rebate Scheme payments of \$1.4 million
- Community Water Supply Program project payments of \$596 956
- Rural Water Planning Program payments of \$71 000
- Pastoral Water Grants of \$138 000.

In December 2015 three shires in the southern Wheatbelt were granted Community Water Supply Program funding to establish emergency farm water supplies. These projects were fast-tracked and completed in the Shire of Kojonup, Shire of West Arthur and Shire of Boddington as a high need for water carting for livestock during summer 2015–16 was identified due to low winter rainfall and low water levels in farm dams.



Rural Water Plan projects completed in 2015–16

Shire	Rural Water Plan grant payments in 2015–16	Result
Beverley	\$75 000	The shire now has two stormwater retention basins with a combined capacity of 4 000 kilolitres to capture water from part of the town's street catchment. This will boost Beverley's non-potable water supply and provide up to 22 500 kilolitres of extra water per year for townscape irrigation and community emergency needs.
Coorow	\$34 663	Funding helped the shire develop a leach drain system to collect water from a sump approximately five kilometres north of Coorow. Four small submerged tanks and one 375-kilolitre tank stores the water, which is gravity fed to existing tanks in town. This harvested water will reduce scheme water use for irrigation by up to 10 000 kilolitres per year.
Jerramungup	\$42 600	The shire completed a project to upgrade the stormwater harvesting and wastewater reuse facilities in Jerramungup. The community dam catchment was improved to optimise stormwater collection to maintain a sustainable water source for irrigation. New pipework diverts the wastewater away from the stormwater catchment and this is now retained in a dedicated dam. A new chlorination treatment system will enable the shire to use this water as a backup water source during dry periods and diminished stormwater supplies.
Kulin	\$67 245	Funding assisted the shire to enlarge Dudinin dam from 12 000 kilolitres to 25 000 kilolitres and refurbish the catchment to optimise water harvesting. Installation of a 120-kilolitre tank and pump infrastructure will provide an important emergency non-potable farm and firefighting water supply.
Merredin	\$64 155	The shire has improved the efficiency of their aged stormwater harvesting facilities in Merredin. The project increased stormwater harvesting capture and distribution between town dams and improved water quality in Little Roy pond, a small retention basin. The upgraded system has resulted in an efficient, sustainable fit-for-purpose water supply and eliminates reliance on scheme water for irrigation.
Beacon	\$27 390	Funding helped the shire install new pipework and pumping infrastructure to improve the transfer of stormwater from the Beacon town dam and Beacon capture dam. Improved distribution between the two dams will optimise storage and reduce scheme use for irrigation by about 4 500 kilolitres each year.
Beacon	\$36 570	This project has further improved the stormwater harvesting facilities in Beacon. Refurbishment of the inlet channel to the 25 000-kilolitre Beacon town dam and removing silt from the dam entrance has improved water capture from the capture dam and town catchment. New pump and pipe infrastructure from the town dam to two existing 190-kilolitre storage tanks will optimise storage and reduce scheme water use to irrigate sporting ovals.

Rural Water Plan projects completed in 2015–16 (continues)

Shire	Rural Water Plan grant payments in 2015–16	Result
Bencubbin	\$14 475	New pipework and pumping facilities have been installed to improve distribution of harvested stormwater from Bencubbin town dam to a new 230-kilolitre storage tank located at the sporting facilities. Completion of the project has reduced reliance on scheme water, providing approximately 2 000 kilolitres of fit-for-purpose water to irrigate Bencubbin's sporting facilities.
Bencubbin	\$21 163	The shire has installed new pipework and pumping facilities to improve distribution of stormwater between the Bencubbin railway dam and town dam. Improved distribution between the two dams will optimise storage and reduce scheme use for irrigation.
Wagin	\$19 800	The shire has established two new 250-kilolitre storage tanks in Wagin and laid pipework to transfer water between the UniGrain feed company and the tanks. UniGrain receives saline groundwater that is pumped from under Wagin to control groundwater rise in the town. UniGrain treats the water through reverse osmosis for its industrial needs and provides an additional 4 000 kilolitres that is piped back to the new tanks. The water is used to supplement scheme water for irrigation and provide a non-potable emergency supply for local farmers.
Woodanilling	\$31 350	Woodanilling has built on its stormwater harvesting facilities and now harvests water from the large recreational pavilion roof and stores this water in a new 250-kilolitre tank. Installation of a standpipe now provides an important fit-for-purpose emergency farm water supply. During high rainfall periods, excess water can now be pumped to existing tanks and used to supplement irrigation supplies.
Kojonup	\$12 950	The shire established a fast-flow standpipe connected to the disused 17 000-kilolitre Water Corporation dam. The standpipe now provides an important water supply for the Kojonup community that is easy to access for emergency livestock and firefighting needs.
West Arthur	\$19 363	New pumps, pipework and camlock fittings were established at two groundwater sites in West Arthur to provide emergency farm livestock supplies during dry seasons. Works were also carried out to improve truck access within the road reserve at one of the sites.
Boddington	\$33 007	The shire was given temporary access to the unused Water Corporation dam and installed a new pump, pipework and camlock fittings to provide emergency livestock water. The shire also installed a new 375-kilolitre tank in Boddington, to increase the storage capacity for the current groundwater irrigation supply system at the sporting facilities.

Water security for Carnarvon

A sustainable horticulture industry in Carnarvon is crucial to the local economy and also to food provision for the State.

The Department of Water supported the preparation of the Carnarvon Ministerial Advisory Committee's final report on governance arrangements, infrastructure coordination and long-term options for the Carnarvon Horticulture precinct, and is coordinating the State government's response and recommendations.

The department worked with the Department of Agriculture and Food Western Australia and the Gascoyne water cooperatives on the allocation of four gigalitres of new water for horticulture expansion, as part of the Gascoyne Food Bowl Initiative.

To improve the horticultural industry's long-term water security, a single irrigation-water supplier is expected to replace the two borefield operators currently supplying bulk water to the Gascoyne Water Co-operative. The change has come about in response to the Carnarvon Ministerial Advisory Committee's recommendation that a single entity be responsible for the governance and management of the town's irrigation water infrastructure, which will lead to a more efficient and sustainable horticulture industry.

Seasonal response

The 2015 winter was dry in Perth and across most of the South West, which meant that rivers, dams and aquifers had even less water available than that of previous years.

To build community awareness during winter, the Department of Water provided monthly online updates of rainfall and streamflow, as well as the streamflow probability for the remainder of the season.

South West residents, businesses, self-supply surface water and groundwater users, dryland farmers, irrigators, and water service providers used the information to respond to the below-average winter and to plan ahead to manage water supplies for the following summer.

The department's monthly updates track the rainfall, streamflow and storage levels at key locations in the South West from June to October, which are published on the website and Twitter feed.

Reliability for farm dams in the South West

Many businesses in the South West rely on farm dams. Using dam surveys and rainfall, runoff and streamflow data, the Department of Water has built a picture of the reliability of self-supply irrigation dams in the Whicher and Warren-Donnelly areas.

The award-winning Planning and Allocation Tool is now well-established in helping irrigators with on-stream farm dams to understand water supply reliability.

The tool is a valuable for:

- managing the water resource and the water available in a drying climate
- supporting water licensing decisions and effective water sharing under the Whicher and Warren-Donnelly surface water allocation plans
- informing 'variable take' water licensing for those irrigators needing to take advantage of good rainfall seasons to capture more water in the Warren-Donnelly areas
- enhancing growth in the Warren-Donnelly irrigation industry with detailed streamflow assessments to support the Water for Food Southern Forests water futures project.

We have now applied the model to 18 self-supply farm dam catchments in the South West.

Floodplain management advice

The strong demand for floodplain management advice from State and local governments, property developers and the community continued during 2015–16.

The Department of Water responded to more than 800 requests for technical advice, which helps to reduce flood risk to people and property through appropriate land use planning, development and flood emergency response activities.

Our flood mapping for major rivers and watercourses throughout the State is used by planning agencies, local governments, developers and the general community.

The maps and datasets are also provided to the Insurance Council of Australia (the peak body for national insurance companies) and in 2015–16 this information was made available through Geoscience Australia's Australian Flood Risk Information Portal at www.ga.gov.au.

Protecting drinking water

The Department of Water regularly reviews drinking water source protection reports (which include drinking water source protection assessments, plans and reviews) to ensure the latest drinking water source information is available for land use planning and development agencies across the State.

The reports consider new, or changing, water quality contamination risks and how to deal with them. They help deliver reliable, safe, good quality and lower-cost drinking water for consumers.

This year the department completed drinking water source protection reports for the Boyanup, Boyup Brook, Cane River, Calingiri, Condingup, Dandaragan, Nullagine and Ravensthorpe water reserves and the Donnelly River catchment area.

The department has the ongoing task of implementing 127 existing drinking water source protection reports, which involves the proclamation and abolition of public drinking water source protection areas, responding to development applications and mining or petroleum proposals within public drinking water source areas, and providing best management guidelines and advice for land use and transient activities within these areas.

South West Native Title Settlement

The South West Native Title Settlement is being negotiated between the State government and the South West Aboriginal Land and Sea Council, and will provide the Noongar people with long-term benefits and opportunities for developing their interests.

As part of the settlement, amendments to the by-laws were drafted during the year to enable Noongar people to carry out some land-based customary activities in public drinking water source areas. Amending these by-laws is one of the conditions that needs to be met before the settlement is finalised.

Recreation activities in water catchments

Removing unnecessary red tape associated with managing 13 water catchments from Perth to the Great Southern has cleared the way for increased recreation, tourism and Aboriginal customary activities to occur within them.

The increase in public activity is balanced by the continued protection of remaining drinking water source areas. The initiative follows a review of the State's water reserves and catchment areas in response to a parliamentary inquiry seeking to increase recreation opportunities in drinking water catchments.

Public drinking water sources identified in the review as being no longer required have now been abolished, or by-laws have been removed to open the way for increased activity.

Priority drinking water

Published in 2015–16, *Protecting public drinking water source areas in Western Australia* provides for the State's existing integrated land use planning and drinking water protection program to continue.

The 2016 water quality protection note 25: *Land use compatibility tables for public drinking water source areas* is also now available on the Department of Water's website.

The water quality protection note helps State and local governments to protect drinking water by preventing, minimising and managing development in sensitive areas. It also outlines land uses and activities that are appropriate in different areas based on the potential impacts to drinking water quality and public health.

Peel coastal groundwater allocation plan

The Kwinana-Peel region is growing fast. The unique groundwater resources along the coastal strip to the south of Mandurah add to the region's social and environmental fabric, and support many semi-rural lifestyles.

With saline water on either side of the coastal strip, and lower rainfall expected for the long-term, careful management is key to maintaining the fresh groundwater to support local use.

The groundwater extracted from the superficial and Leederville aquifers is mostly used to irrigate public open space, school grounds and domestic gardens, with some agriculture and commercial uses.

The *Peel coastal groundwater allocation plan*, released in October 2015, shows how groundwater resources will be managed, and how future water needs can be met through improved efficiency and alternative non-potable supplies, even with a drying climate.

Lower Collie surface water allocation plan

The Wellesley, Brunswick and lower Collie river catchments to the south of Harvey town are important areas for cattle grazing and horticulture. The local community and economy depend on reliable, good-quality water supplies from these rivers, along with the water supplied for irrigation from the nearby Wellington Reservoir. Water released from the reservoir feeds the network of open channels serving Harvey Water's Collie River Irrigation District and supports the environment of the lower Collie River.

The quantity and quality of the water from Wellington Reservoir is critical to Harvey Water's members and customers, yet rising water salinity has been limiting the potential of irrigated agriculture in the area.

The *Lower Collie surface water allocation plan*, released in August 2015, guides how water from the local rivers is allocated and licensed to provide a valuable water resource and healthy river environments.

The plan also outlines how winter releases from the Wellington Reservoir will be improved. These changes will better moderate rising salinity in the reservoir, manage the reliability of the water supply and support a healthy environment in the lower Collie River.

The allocation plan also provides a foundation for future changes to how the Wellington Reservoir is operated, including any new water supply options from the Water for Food Myalup-Wellington project.

Adaptive management

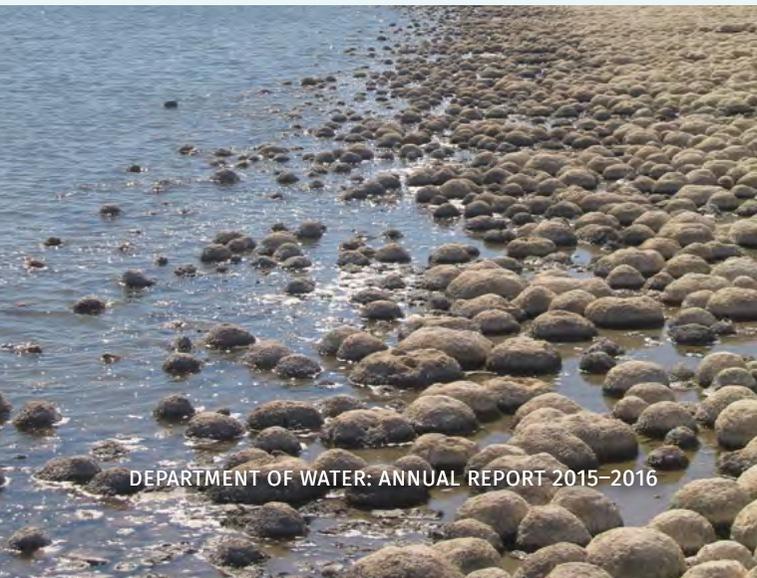
The Department of Water applies an adaptive approach to regulating and allocating water through an annual evaluation program. Once a particular allocation plan is in place, water allocation is managed through licensing processes and water monitoring to help evaluate whether the plan's objectives are being met.

Each year the department assesses whether and how management needs to be adjusted to meet the objectives.

In 2015–16, progress on the implementation of the State's 22 water allocation plans was evaluated, along with how the water resources in each plan area were responding to use, climate, and the management objectives.

Outcomes from the evaluation program are used to identify where change is necessary to resolve local water issues by improving licensing, monitoring and allocation, and/or management.

The department regularly publishes evaluation statements for each plan to ensure the management of water resources is transparent.



Investigating groundwater in the South West

Made possible by \$1.6 million of Royalties for Regions funds, the Department of Water has studied the relationship between the major aquifers of the South West and the region's seven iconic rivers. This work showed that one of its most recognised rivers, the Blackwood, is supplemented by natural groundwater flows which enable the river to flow year-round, supporting local industry, agriculture, tourism and the environment.

In 2015–16, the department discovered that the South West's rivers are an excellent indicator of how the groundwater systems are responding to reduced rainfall and increasing abstraction. The relationship between groundwater and river flow, and predicting likely declines in groundwater-to-river flow over the coming years, is being quantified at present.

Many businesses, communities and tourists rely on the rivers of the South West, making this sort of research an invaluable tool to understanding and managing the resource in a drying climate.

Perth Region Confined Aquifer Capacity study

The science from the department's deep drilling program, and partnerships with leading experts at the University of Western Australia and Curtin University, has significantly improved modelling capabilities, conceptual understanding of the Perth aquifers, and seawater interface monitoring capacity in the confined aquifers.

The findings are informing the development of the next groundwater allocation plan for Gngangara, and the Water Corporation's future water supply planning, including the best locations for managed aquifer recharge to the deep aquifers.

The \$6.9 million investment over four years in the Perth region confined aquifer capacity study has delivered the science to support optimal groundwater use from Perth's Leederville and Yarragadee aquifers while protecting connected environmental and social values, limiting landward movement of seawater into the deep aquifers and guiding future abstraction and replenishment for public water supply.

Evaluating the Gngangara Mound

The Department of Water's management strategies are having an effect across much of the Gngangara groundwater system.

The 2012–13 to 2014–15 triennial report to the Office of the Environmental Protection Agency showed, in some areas, that the rate of groundwater-level decline had slowed and even stabilised.

During this time the department has made some changes to groundwater abstraction in key locations near sensitive wetland areas, and the results showed that careful management can have positive benefits.

With the dry winter of 2015, however, groundwater levels towards the end of 2015–16 were the lowest on record and more interventions and actions will be needed to rebalance the system.

As well as being important to maintaining wetland health, groundwater levels at wetlands are a good indicator of the system's general robustness. If water levels get too low, poor water quality can result, affecting the suitability of groundwater for use.

Gngangara water allocation planning consultation

During 2015–16, the Department of Water moved from ongoing discussions about Gngangara groundwater management to more focused engagement with stakeholders to start planning for the next Gngangara groundwater allocation plan.

The department met with key water user groups to share information about the status of water resources and to discuss how water users can start adapting to a drier future. Participating in the discussions were local growers from Carabooda and the Swan Valley, peak bodies such as Vegetables WA, local governments, environmental groups, the Water Corporation and other government agencies.

The new Gngangara groundwater allocation plan is scheduled to be released for public comment in late 2017.

Service 3: Water regulation, licensing and industry governance

Responsible, proportional regulation ensures investment, growth and development is underpinned by sustainable management of the State's water resources for the long-term benefit of the State. This service includes the management of water licensing. It also includes the management of the legislation governing the operations of water service providers.

The State's economic and population growth, livelihoods and lifestyles rely on access to enough water of the right quality.

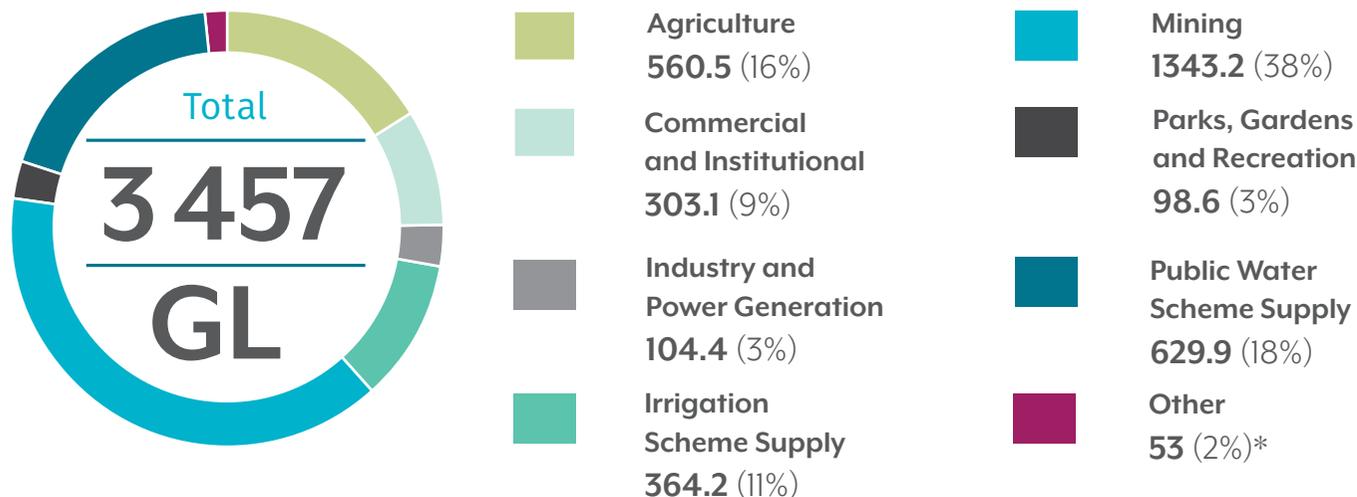
Western Australia's water use has almost doubled in the past three decades to 1 860 billion litres a year and projections show demand will double again by around 2050.

Mining and agriculture are the biggest consumers, accounting for more than half of all licensed water use, with associated benefits to the State's jobs and economy.

Rising demand is increasing competition for water in many parts of the State. This, coupled with the challenges presented by climate trends, is increasing the number of fully allocated resources and the complexity of the water resource management issues faced by the Department of Water and water-dependent businesses.

Licensing Data

Total combined licensed volumes by industry sector



Five year comparison



* 'Other' also includes water for stock and domestic use, and environment and conservation.

Note: This graph indicates the quantity of water licensed for use in Western Australia, not actual water usage.

Regulating for the sustainable productive use of water

Western Australia's growth and development depends on secure and sustainable water supplies. The department licenses water to private self-supply water users for mining, agriculture, horticulture, public parks, recreation spaces and other purposes that benefit business and the community.

More than 83 per cent of the State's licensed water supports industry and development while about 17 per cent is used in homes. Mining and agriculture are the biggest consumers, enabling growth and development for the economy and the community.

As at the 30 June 2016, the Department of Water administered 12 851 licences and permits across the State. These cover 770 groundwater and 296 surface water resources.

In 2015-16 a total of 3 457 GL was licensed for use. This comprised 2 553 GL from groundwater resources and 904 GL from surface water resources. Surface water figures contain licensed dam storage volumes that are not always available for use due to climate and inflows.

A total of 89 private water entitlement trades between licensed water users occurred during the year, comprising 53 permanent trades and 36 temporary trades.

Groundwater use

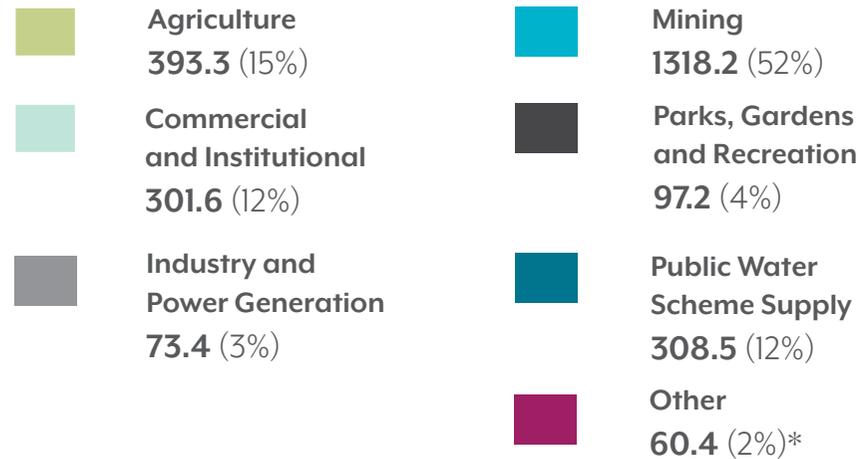
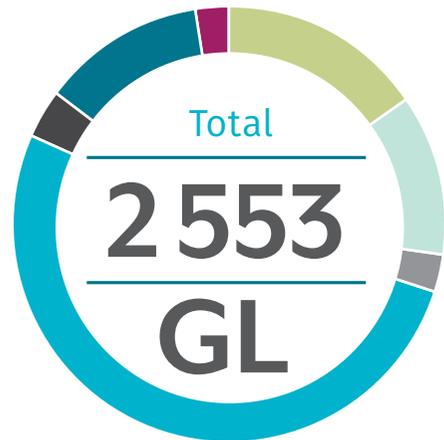


Surface water use



Licensing Data

Total groundwater licensed volumes by industry sector

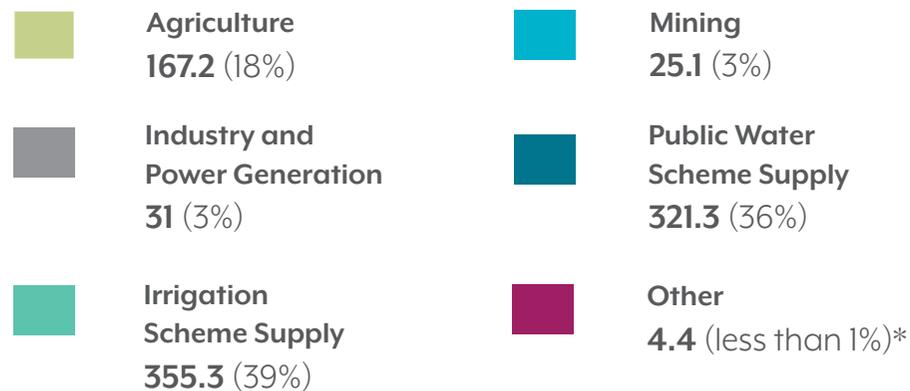
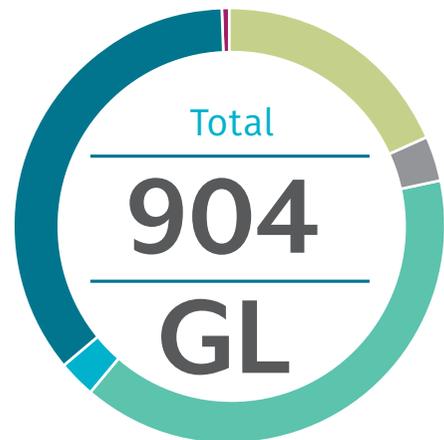


Five year comparison

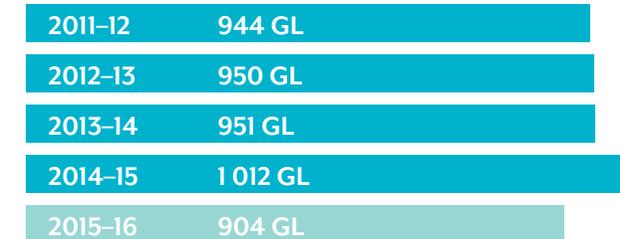


* Other' also includes water for irrigation scheme supply, stock and domestic use, and environment and conservation.

Total surface water licensed volumes by industry sector



Five year comparison



* Other' also includes water for commercial and institutional use, parks, gardens and recreation and stock and domestic use.

Note: This volume includes large volumes of water in dam storage that is not always available due to climate conditions.

REFOCUS

Now in its fourth year, REFOCUS is a five-year program designed to reduce red tape and streamline regulation by using an improved risk-based approach to water licensing applications and land use planning.

The success of the REFOCUS project, designed to change the way the Department of Water delivers its services, has exceeded expectations.

Highlights during 2015–16 were the publication of quarterly performance statistics on the website and the rollout of online services via Water Online.

Since the initial rollout in July 2015, the department has received more than 1 300 registrations for online services in regard to water licensing and requests for planning advice. Additional functionality for users, including the ability to track the progress of water licence applications, will be rolled out later in 2016.

A new administrative agreement for mining was signed between the Director General, Mike Rowe, and Department of Mines and Petroleum Director General, Richard Sellers, in February 2016 and supersedes the 2012 agreement.

The new administrative agreement helps to align the regulatory requirements of assessing mining proposals under the *Mining Act 1978*, with the State government's focus on reducing red tape by establishing more efficient and flexible protocols and processes for referral and assessment of mining activities.

Compliance and enforcement

The Department of Water is continuing to implement compliance and enforcement activities aligned with the National Framework for Compliance and Enforcement Systems for Water Resource Management.

The department is building its capacity in compliance and enforcement and in 2015–16 relevant staff completed a formal compliance and enforcement training program.

The framework ensures the data provided on the department's compliance and enforcement activities is consistent and transparent. This is complemented by the improved reporting capabilities achieved under the Water Online program.

The department's response to non-compliance

	2013–14	2014–15	2015–16
Total water licence compliance checks	2 295	2 547	2 569
Total incidents of suspected non-compliance identified	544	504	653
Total incidents of suspected non-compliance resolved	390	754	563
Total education letter	83	122	197
Total licence amendment	13	12	18
Total warning notice	106	116	135
Total infringement notice	15	37	44
Total direction notice	8	31	27
Total prosecution	2	0	2

Water Online

The introduction of the Water Online portal in November 2015 – the culmination of a four-year \$14 million project – has made water-related transactions easier and faster. The portal serves as the Department of Water's key customer interface system and has transformed interactions with customers and external stakeholders.

It allows stakeholders to manage their personal details, apply for water licences and provide meter readings.

Water Online has streamlined water business transactions through its suite of online services, enabled the faster processing of licence applications and reduced red tape.

Water Online is also transforming services to industry, government and consultants who now have direct access to the department's extensive repository of water information from a network of more than 120 000 monitoring sites across the State.

The portal has reduced waiting times for water information from months to, in most cases, a matter of minutes.

Cutting red tape

Water licence exemptions introduced in November 2015 have cut red tape for small business operators, supporting an increased use of non-drinking water for irrigation.

The exemptions are targeted at owners or managers of single premises providing small-scale non-drinking-water services, such as caravan parks.

The automatic exemptions enable operators to use recycled wastewater and greywater for lawns and gardens, freeing them from the licensing regime.

In accordance with section 7 of the *Water Services Act 2012*, Class exemptions were granted, to 15 small local government sewerage and non-potable water supply services providers. These were the shires of Brookton, Coolgardie, Dalwallinu, Denmark, Dowerin, East Pilbara, Goomalling, Jerramungup, Kent, Koorda, Moora, Ravensthorpe, Victoria Plains, Wickepin and Yilgarn.

Award-winning agency

The Department of Water has been recognised for its excellence in and commitment to developing innovative water solutions by several industry and professional bodies.

Two of the department's projects were finalists in the prestigious Premier's Awards. The Rural Water Planning Program was a finalist in the Revitalising the Regions category for its work developing community and farm water self-sufficiency in the dryland regions of the State, while the North West Corridor Water Supply Strategy, developed in partnership with the City of Wanneroo, was a finalist in the Managing the Environment category.

In the 2015 WA Water Awards, the department won in three categories: Program Innovation (Rural Water Planning Program), Water Sensitive Urban Design (the Urban Waterways Renewal project) and Resource Management (River Health Assessments using the South West Index of River Condition).

In the 2015 Australian Business Awards the Carnarvon Flood Mitigation Project won the Project Management category, while the Rural Water Plan won the Sustainability category.

The Lake Mealup Recovery Program, a project to reduce nutrient loads and improve the quality of water entering the Peel Harvey estuarine system, was named as a finalist in the Australian River Prize.

In the 2016 Institute of Public Administration Australia WA Achievement Awards Malcolm Robb won the Leader of the Year Working within an Organisation Award and the River Health Assessment project won a Special Commendation for Best Practice in Collaboration across Government Agencies.

The department awarded staff with Australia Day Achievement medallions as part of an Australia-wide recognition of the contributions of public servants to the nation. They were Dr Sandie McHugh, one of the State's leading groundwater scientists whose work has made significant contributions to the Gngangara groundwater system; and John Connolly, who has led a fundamental change in the regulation of the State's water resources, including integration of compliance and enforcement systems within the national framework.

The department's 2014–15 annual report was recognised with a bronze award at the annual WS Lonnie Awards for excellence in public sector reporting.



2015-2016 awards

Initiative/professional	Award
Rural Water Planning Program	Winner of the 2015 Australian Business Award for Sustainability
Rural Water Planning Program	Winner of the 2015 Australian Water Association WA Program Innovation Award
Rural Water Planning Program	Finalist in the 2015 Premier's Awards Revitalising the Regions category
Urban Waterways Renewal	Winner of the 2015 Australian Water Association WA Water Sensitive Urban Design Award
River Health Assessments	Winner of the 2015 Australian Water Association WA Resource Management Award
River Health Assessments	Special Commendation for Best Practice in Collaboration across Government Agencies in the 2016 Institute of Public Administration Australia WA Achievement Awards
North West Corridor Water Supply Strategy	Finalist in the 2015 Premier's Awards Managing the Environment category
Carnarvon Flood Mitigation	Winner of the 2015 Australian Business Award for Project Management
Lake Mealup Recovery Program	Finalist in the Australian River Prize
Biofilters Research and Adoption	Finalist in the 2015 Australian Water Association WA Research Innovation Award
2014-15 Annual Report	Winner of the 2015 WS Lonnie Bronze Award
Sandie McHugh	Finalist for the 2015 Australian Water Association WA Water Professional of the Year award
Sandie McHugh	Recipient of an Australia Day Achievement Medallion
John Connolly	Recipient of an Australia Day Achievement Medallion
Malcolm Robb	Winner of the Leader of the Year Working within an Organisation Award in the 2016 Institute of Public Administration Australia WA Achievement Awards



John Connolly and Sandie McHugh recipients of:

Australia Day Achievement Medallions



Certification of key performance indicators

For the year ended 30 June 2016

I hereby certify that the key performance indicators are based on proper records, are relevant and appropriate for assisting users to assess the Department of Water's performance, and fairly represent the performance of the Department of Water for the financial year ended 30 June 2016.



Mike Rowe
Director General

13 September 2016

Outcome based management framework

Government goal	Agency outcome	Agency services
Social and environmental responsibility: Ensuring that economic activity is managed in a socially and environmentally responsible manner for the long-term benefit of the State.	Western Australia's growth and development is supported by the sustainable management of water resources for the long-term benefit of the State.	1. Water information and advice. 2. Water planning, allocation and optimisation. 3. Water regulation, licensing and industry governance.

Revised outcome based management framework

The department's Outcome Based Management Framework (OBM) was revised for the year 2015-16, which resulted in the department reporting two effectiveness indicators and eight efficiency indicators for the first time in 2015-16 annual report.

The department has included comparative results for 2014-15 for all new indicators. Results with significant variances of 10% or more compared to the target or prior year results are explained.

Effectiveness indicators for 2015-16

Effectiveness indicator	Target 2015-16 %	Actual 2015-16 %	Actual 2014-15 %
Proportion of stakeholders who perceive the department to be effectively managing the State's water as a resource for sustainable, productive use ^(a)	60	57	55

^(a) The 2015-16 survey results have a confidence interval of +/-5.25% at 95% confidence level. Other survey statistics include:

- Population size: 1070 stakeholders
- Stakeholders invited to participate: 1070
- Number of respondents: 263
- Response rate: 25%

The management of the State's water resources to enable growth and development is a core objective for the department of Water, and this occurs within the context of ensuring the sustainability of the resources and their dependent environments.

The Department has many stakeholders with competing interests, including those from industry, investment, community and environmental sectors.

A survey was conducted in February 2016 with the intent to determine the extent to which stakeholders perceive the department to be effectively fulfilling the statutory and other obligations that form its core role rather than satisfaction with a particular decision or handling of a specific issue.

The indicator is based on feedback received from the stakeholders through the survey. It is calculated as a percentage of respondents answering "Very Effective" or "Quite Effective" to a question in the survey about their perception of the department effectively managing the State's water as a resource for sustainable productive use. The other options for selection included "Neither one nor the other", "Quite Ineffective", "Very Ineffective" or "Don't Know".

Effectiveness indicator	Target 2015-16 %	Actual 2015-16 %	Actual 2014-15 %
Proportion of priority growth areas that have a water supply planning strategy	56	56	44

In priority growth areas, the department develops a water supply plan or strategy to identify current and future water resource and supply options to meet demand for industry and population growth over the long-term. This enables the timely development of resource and supply options to meet demand in areas of State priority.

Priority growth areas are based on future growth areas identified through the Water Supply-Demand Model plus agreed prioritisation criteria e.g. economic significance to the State.

The indicator is calculated as a percentage of the priority growth areas with a water supply planning strategy out of the total priority growth areas identified.

Variance analysis

The variance between the 2014-15 actual and the 2015-16 actual results is due to the completion of two additional planning strategies, increasing the total number from 7 to 9 of the 16 strategies planned for the priority growth areas.

Key efficiency indicators

Service 1

Water information and advice

The department enables investment decisions of regional and State significance through the provision of data and information on the quantity, quality, location of, and demand for, water across the State. The information also underpins policy advice for consideration by Government and supports other government agencies and stakeholders in their planning for future economic growth and urban and rural development.

Efficiency indicator	Target 2015–16 %	Actual 2015–16 %	Actual 2014–15 %
Proportion of statutory referrals from decision making authorities where advice is provided within target timeframes	96	97	97

Technically proficient, reliable and timely advice on the State’s water resources enables effective decision making by decision making authorities (DMAs) that directly supports growth, development and investment for the long-term benefit of the State. This includes advice about water availability; the avoidance, management and mitigation of impacts on water resources; and the protection of public drinking water sources.

This indicator represents a measure of the department’s timeliness with respect to the provision of advice on various statutory referrals from DMAs. It demonstrates the efficiency with which the department is meeting statutory timeframes in providing water information and advice.

A statutory referral is a formal request for water advice from a DMA that has a statutory timeframe associated with the provision of that water advice. This indicator is calculated as a percentage of the total number of statutory referrals from DMAs to the department for advice that met the 35 business day timeframe within the period.

Efficiency indicator	Target 2015-16 %	Actual 2015-16 %	Actual 2014-15 %
Average cost per statutory referral Assessment	5 241	7 675	4 980

This measure provides information on the amount of operational expenditure being used for statutory referrals that enable decisions on proposals that support the State's growth and development.

The indicator is relevant to the service because it is a directly attributable operational cost incurred in service delivery to meet the desired outcome.

An assessment is generated from both a formal request for water advice from a DMA or proponent such as under the Better Urban Water Management Framework. The indicator is calculated using the total cost of the water information and advice service divided by the total number of assessments conducted within the period.

Variance analysis

The variance between the 2014-15 actual and the 2015-16 actual results is due to 871 (31%) lesser assessments carried out this year compared to prior year mainly contributing to higher average costs in the current year.

The variance between the 2015-16 target and the 2015-16 actual is due to a reduction in the number of assessments carried out than was budgeted resulting in an actual outcome of 1 728 assessments against a target of 2 251 or 24% reduction.

Efficiency indicator	Target 2015-16 %	Actual 2015-16 %	Actual 2014-15 %
Average cost per water measurement site managed	7 648	8 718	8 524

Access to reliable and current information about water resources – quantity and quality – is a core input to decision making by government and water dependent businesses that enables growth and development of the State.

Stakeholders access water information and data to support investment and business decisions. This information also supports accurate water resource management decisions and advice. To service this need, the department measures or holds water data for over 116 000 ground water and surface water field sites, verifies and stores the data and makes it available as water information.

Regular or periodic field measurements are essential to maintain up to date data. Verification, storage and accessibility are essential to make data available as reliable information.

This indicator is calculated by dividing the number of active sites by annual cost of water measurement and water information functions.

Variance analysis

The variance between the 2015-16 target and the 2015-16 actual results was due to a 1% reduction in the number of water measurement sites managed than budgeted. The target was 3 250 sites, whereas the actual sites managed were only 3 222. In addition, the cost base increased during the year with the Royalties for Regions funded Revitalising Waterways of Geographe Bay project being approved.

Key efficiency indicators

Service 2

Water planning, allocation and optimisation

Water planning, allocation and optimisation ensures the sustainable management of water resources for the longterm benefit of the State and relies on good science. This includes planning and allocating water for sustainable productive use, protecting public drinking water sources, and ensuring the sustainability of water resources and their dependent ecosystems.

Efficiency indicator	Target 2015-16 %	Actual 2015-16 %	Actual 2014-15 %
Average cost per plan, report or guidance document to support water planning, allocation and optimisation	321 608	265 185	154 766

Water resources need to be sustainably managed to achieve sufficient water quantity and quality for current and future needs. Increasingly precise, systematic and transparent management is predicated by science-based water allocation and optimisation plans, reports and guidance documents. They guide and define management decisions to meet demand and avoid, mitigate or minimise unsustainable impacts on resources. With this in place sufficient good quality surface and groundwater will remain an ongoing part of future water supply for economic and population growth and the liveability of towns and cities.

Average cost is calculated by dividing the cost of the services by the total number of the following types of documents or advice produced:

1. Plans

- Water allocation plan
- Drinking water source protection plan
- Statement of response to public submissions

2. Plans for public comment:

- Water allocation plan for public comment
- Water source protection plan for public comment

3. Technical reports

- Drinking water source protection area assessments
- Environmental water requirements reports
- Allocation limits methods report

4. Guidance documents

- Water quality land use compatibility table
- Pilbara water in mining guideline
- Water allocation planning: a guide to our process
- Water quality protection notes and information sheets
- Local water licensing strategy

5. Status reports including:

- Jandakot and Gnangara compliance reports
- Water allocation plan evaluations
- Drinking water source protection reviews
- State-wide planning reports (eg. Water resources inventory)
- Pre-planning or implementation phase status reports
- Communication products (or sets of communication products)

Variance analysis

The increase in average costs between the 2014-15 actual compared to the 2015-16 actual results is due to a reduction in the number of plans, reports or guidance documents produced from 52 to 43 (18%). The cost per plan can vary where more complex investigative and analytical effort per plan is required and results in fewer plans being processed overall with an increased associated cost. In addition, there was an increase in the cost base due to the commencement of the Royalties for Regions Water for Food program.

The variance between 2015-16 target and 2015-16 actual is due to the deferral of some Royalties for Regions Water for Food program funding to 2016-17.

Efficiency indicator	Target 2015-16 %	Actual 2015-16 %	Actual 2014-15 %
Average cost per hour of scientific support for water planning, allocation and optimisation	206	172	150

The sustainable management of water resources for the long term benefit of the State relies on quality, contemporary water science. The indicator will enable judgement about the efficient application of the department's science capacity.

This indicator shows the average cost of providing scientific support for the achievement of water planning, allocation and optimisation outcomes.

This indicator is calculated by multiplying 37.5 (hours) x 52.166 (weeks) / annual cost of FTE and operational expenses directly supporting scientific outcomes for this service.

Variance analysis

The variance between the 2014-15 actual and the 2015-16 actual results is due an increase in the number of hours of scientific support by 14 806 in 2015-16 (15%) and an increase in costs by 30% resulting from the Royalties for Regions Water for Food program.

The variance between the 2015-16 target and the 2015-16 actual is due to a combination of an increase of 10 630 hours of scientific support (9%) and one of the Royalties for Regions programs – Water for Food deferred some of its funding to 2016-17.

Key efficiency indicators

Service 3

Water regulation, licensing and industry governance

Responsible, proportional regulation ensures investment, growth and development is underpinned by sustainable management of the State’s water resources for the long term benefit of the State. This service includes the management of water licensing. It also includes the management of the legislation governing the operations of water service providers.

Efficiency indicator	Target 2015–16 %	Actual 2015–16 %	Actual 2014–15 %
Average cost of assessing a water licence application by risk assessment category:			
• Low risk	4 560	4 099	3 551
• Medium risk	5 970	4 763	3 306
• High risk	6 752	6 518	5 357

Water licences or access entitlements are a fundamental asset for giving confidence in investment decisions. Responsible, proportional regulation gives confidence that Western Australia’s water resources are being sustainably managed for the long term benefit of the State. The average cost by risk category enables judgement about the efficiency of water licence assessments by risk category.

Licensing is the main tool for sharing and allocating the State’s water resources. A water licence grants a licensee an entitlement to an allocation of a particular water resource and is the regulatory tool to ensure efficient and sustainable productive use of available water.

The indicator is calculated by using the departmental cost of the water licensing service divided by the number of licence and permit applications assessed by risk category within the period.

Variance analysis

The variance between the 2014-15 actual compared to the 2015-16 actual results is due to a 12% reduction in the number of water licence applications processed during 2015-16, resulting in higher average costs.

The variance between the 2015-16 target and the 2015-16 actual results for the ‘medium risk’ category was due to a 33% increase in the number of applications than was originally anticipated in the budget resulting in lower costs.

Efficiency indicator	Target 2015-16 %	Actual 2015-16 %	Actual 2014-15 %
Average time taken (days) to assess a licence application by risk assessment category:			
• Low risk	57	62	55
• Medium risk	76	60	57
• High risk	95	50	48

Investment decisions by licensees, existing and prospective, are time-bound and require that applications for access to water are dealt with by the department in a timely manner. Water licences are one of the fundamental assets that support investment decisions.

The department ensures that the level of assessment applied to an application is consistent with the risk posed should a licence be granted.

The indicator enables judgement about the department’s efficiency in decision-making about licence applications within this risk-based framework.

Licensing is the main tool for sharing and allocating the State’s water resources. A water licence grants a licensee an entitlement to an allocation of a particular water resource. Licensing application assessment times will vary according to the category level of the licence being processed. Higher risk licence applications are generally more complex and require more time to administer.

This indicator shows the average time taken to assess a licence or permit application by risk category grouping. The indicator includes applications for permits to interfere with beds and banks, licences to construct a well, licences to access water, renewal of and amendments to existing licences to access water, trades, transfers and agreements.

Risk categories for licence or permit applications guide the level of assessment that is carried out by the department based on the risk should a licence or permit be granted. Risk categories are defined as low, medium or high. Primary factors considered when assigning an assessment risk category are the volume of water being requested, how much water is available in the resource where the water is being requested and potential impact of the proposed water use on other water users and/or the environment, including cumulative impacts.

The indicator is calculated using the total time taken to assess all licence and permit applications within each risk category completed within the period. The measurement of time includes “stop the clock”.

“Stop the clock” means time measure excludes the time taken by processes outside of the department’s control. When an application process is outside of the department’s control the time taken during this process is not included when calculating assessment times. The “clock is stopped” in these instances.

Variance analysis

The variance between the 2014-15 actual and the 2015-16 actual results for the ‘low’ category of risk assessment for the applications was due to an increase in applications that required more complex assessments and increased the time taken. In addition, a greater effort was directed to the more complex and high risk applications.

The variance between the 2015-16 target and the 2015-16 actual results was due to the following: ‘high’ risk assessments were budgeted for 3 323 against actual results of 1 182, impacting on the time taken to assess. The result of ‘medium’ category risk assessments reduced from the budgeted result by 21%, due to a greater emphasis placed on the medium and high risk category licence applications during the year which saw a reduction in the time taken to assess.

Efficiency indicator	Target 2015–16 %	Actual 2015–16 %	Actual 2014–15 %
Average cost of compliance monitoring and enforcement action	830	839	827

The department relies on water usage information for accurate water resource management advice and decisions. The department’s compliance monitoring of licensed use provides accurate information on actual licensed water use to ensure the sustainable management of water resources for the long-term benefit of the State.

The department undertakes compliance monitoring and, where appropriate, enforcement action when licensed water use is found to be not in accordance with terms, restrictions and conditions. Compliance monitoring within a risk-based framework ensures the department fulfils its legislative requirements, while ensuring efficient and sustainable productive water use.

Investment decisions by licensees, existing and prospective, are time-bound and require that applications for access to water are dealt with by the department in a timely manner. Water licences are one of the fundamental assets that support investment decisions.

This indicator is calculated using the departmental cost of compliance and enforcement activities divided by the number of compliance and enforcement actions undertaken by the department during the year.

The enforcement actions include the following activities undertaken by the department when licensed water use is found inconsistent with the licensing terms, restrictions and conditions:

- Incidents of suspected non-compliance identified
- Education letter
- Licence amendment
- Warnings, infringements or direction notice
- Prosecutions



New Performance management framework

Approval was granted to introduce a new framework in 2015–16 comprising the following Services:

Service

Water Information and Advice

The department enables investment decisions of regional and State significance through the provision of data and information on the quantity, quality, location of, and demand for, water across the State. The information also underpins policy advice for consideration by Government and supports other government agencies and stakeholders in their planning for future economic growth and urban and rural development.

Service

Water Planning, Allocation and Optimisation

Water planning, allocation and optimisation ensures the sustainable management of water resources for the long-term benefit of the State and relies on good science. This includes planning and allocating water for sustainable productive use, protecting public drinking water sources, and ensuring the sustainability of water resources and their dependent ecosystems.

Service

Water Regulation, Licensing and Industry Governance

Responsible, proportional regulation ensures investment, growth and development is underpinned by sustainable management of the State's water resources for the long-term benefit of the State. This service includes the management of water licensing. It also includes the management of the legislation governing the operations of water service providers.

Actual results versus budget targets

Service areas - summary of audited key performance indicators

The details of the key performance indicators, including a description of the measures and variance analysis, are included in this section.

Key effectiveness and efficiency indicators

Key effectiveness indicators measure the extent of impact of the delivery of services on the achievement of desired outcomes.

Key efficiency indicators monitor the relationship between the service delivered and the resources use to produce the service.

SIGNIFICANT ISSUES IMPACTING THE AGENCY

In this section

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THE AGENCY 57

Significant issues 58



DEPARTMENT OF WATER: ANNUAL REPORT 2015–2016



The South West of Western Australia has been experiencing a drying climate, with annual rainfall now typically 15 per cent less than it was in the 1970s.

This drying trend requires adaptable forward planning to provide quality, viable, natural water resource management that supports the State's growth.

The Department of Water's scientific assessment of global climate models is contributing to a better understanding of the likely future rainfall and what this means for surface and groundwater resources in Western Australia.

Improved water efficiency measures for farming and horticulture, public parks, business and homes remain a key focus. The department is continuing to pursue new approaches to balance demand with available supplies and sustain healthy water-dependent ecosystems. Reducing water use from rivers and groundwater and supporting climate-resilient sources remain priorities.

A comprehensive program of groundwater investigations across the State will support increasingly precise assessments of future water availability and inform better management of the timing, location and volumes of groundwater that can be used sustainably. Analysis of data resulting from a \$20.1 million dollar Royalties for Regions investment in groundwater investigations will also create essential decision-support tools for informing water availability and future management options in the key demand areas around Albany and Esperance, the south west and growth areas such as West Canning Basin.

The \$11 million West Canning Basin – Sandfire groundwater investigation project in the State's north will continue to June 2017. It is the largest-ever groundwater investigation to be undertaken in Western Australia.

The department is the lead agency delivering the \$40 million Water for Food program, made possible by Royalties for Regions funding, part of the single biggest investment in the Western Australian agricultural sector made by a State Government.

The program is identifying water and land resources to expand and boost productivity in the irrigated agricultural sector and support regional Western Australian communities through economic diversification. The 2015–16 financial year represented the first full year of Water for Food program funding, with an \$11 million spend. Almost \$9 million will be invested in the program in 2016–17.

The department is leading a new initiative to improve the health of Western Australia's estuaries. The Regional Estuaries Initiative is a \$20 million program, made possible by Royalties for Regions, to improve the health of six Western Australian estuaries. Actions will address the health of the Peel-Harvey estuary, Leschenault estuary, Vasse-Wonnerup and Geographe Bay, Hardy Inlet, Wilson Inlet and Oyster Harbour.

The program aims to improve water quality and restore environmental balance, so that these estuaries can continue to support the State's economy and deliver benefits to everyone who lives on, works near and recreates by these estuaries. In addition, Royalties for Regions is providing \$7.2 million over four years to deliver the related Revitalising Geographe Waterways program focused on the waterways and wetlands near Busselton. Government investment will be supported by an estimated \$7.7 million in partner contributions.

This financial year marks the final stage of the \$13.6 million Water Online project, which is making water-related information available online to support agriculture, mining and regional development projects.

Water Online allows greater responsiveness to development and approvals requests and is reducing red tape.

In 2016–17 almost \$600 000 is allocated to upgrades that will allow water licencees to track applications and requests through the online portal, providing faster assessment of applications and responses to information.

The department will also continue to progress the new Water Resources Management Bill and develop relevant supporting policies and subsidiary legislation in consultation with major stakeholders.

DISCLOSURES AND COMPLIANCE

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DEPARTMENT OF WATER: ANNUAL REPORT 2015-2016





Financial statements

Auditor General's opinion



Auditor General

INDEPENDENT AUDITOR'S REPORT

To the Parliament of Western Australia

DEPARTMENT OF WATER

Report on the Financial Statements

I have audited the accounts and financial statements of the Department of Water.

The financial statements comprise the Statement of Financial Position as at 30 June 2016, 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.

Opinion

In my opinion, the financial statements are based on proper accounts and present fairly, in all material respects, the financial position of the Department of Water at 30 June 2016 and its financial performance and cash flows for the year then ended. They are in accordance with Australian Accounting Standards and the Treasurer's Instructions.

Director General's Responsibility 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 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.

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 based on my audit. The audit was conducted in accordance with Australian Auditing Standards. Those Standards require compliance with relevant ethical requirements relating to audit engagements and that the audit be planned and performed to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Department's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made by the Director General, as well as evaluating the overall presentation of the financial statements.

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

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Auditor General's opinion continues

Report on Controls

I have audited the controls exercised by the Department of Water during the year ended 30 June 2016.

Controls exercised by the Department of Water 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.

Opinion

In my opinion, in all material respects, the controls exercised by the Department of Water 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 2016.

Director General's Responsibility for Controls

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

Auditor's Responsibility for the Audit of Controls

As required by the Auditor General Act 2006, my responsibility is to express an opinion on the controls exercised by the Department of Water based on my audit conducted in accordance with Australian Auditing and Assurance Standards.

An audit involves performing procedures to obtain audit evidence about the adequacy of controls to ensure that the Department complies with the legislative provisions. The procedures selected depend on the auditor's judgement and include an evaluation of the design and implementation of relevant controls.

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

Report on the Key Performance Indicators

I have audited the key performance indicators of the Department of Water for the year ended 30 June 2016.

The key performance indicators are the key effectiveness indicators and the key efficiency indicators that provide information on outcome achievement and service provision.

Opinion

In my opinion, in all material respects, the key performance indicators of the Department of Water are relevant and appropriate to assist users to assess the Department's performance and fairly represent indicated performance for the year ended 30 June 2016.

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 controls as the Director General determines necessary to ensure that the key performance indicators fairly represent indicated performance.

Auditor's Responsibility for the Audit of Key Performance Indicators

As required by the Auditor General Act 2006, my responsibility is to express an opinion on the key performance indicators based on my audit conducted in accordance with Australian Auditing and Assurance Standards.

An audit involves performing procedures to obtain audit evidence about the key performance indicators. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the key performance indicators. In making these risk assessments the auditor considers internal control relevant to the Director General's preparation and fair presentation of the key performance indicators in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the relevance and appropriateness of the key performance indicators for measuring the extent of outcome achievement and service provision.

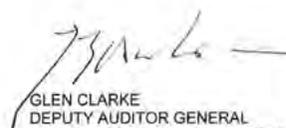
I believe that the audit evidence obtained is sufficient and appropriate to provide a basis for my audit opinion.

Independence

In conducting the above audits, I have complied with the independence requirements of the Auditor General Act 2006 and Australian Auditing and Assurance Standards, and other relevant ethical 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 Water for the year ended 30 June 2016 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.



GLEN CLARKE
DEPUTY AUDITOR GENERAL
Delegate of the Auditor General for Western Australia
Perth, Western Australia
17 September 2016

Certification of financial statements

**CERTIFICATION OF FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016**

The accompanying financial statements of the Department of Water 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 2016 and the financial position as at 30 June 2016.

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

 _____ Mike Rowe DIRECTOR GENERAL Date: 13 September 2016	 _____ Mathew Squyres A/CHIEF FINANCE OFFICER Date: 13 September 2016
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Statement of comprehensive income

For the year ended 30 June 2016

	Note	2016 (\$'000)	Restated * 2015 (\$'000)
Cost of services			
Expenses			
Employee benefits expense	6	50 526	46 815
Supplies and services	7	25 060	21 192
Depreciation and amortisation expense	8	8 452	6 563
Accommodation expenses	9	4 542	4 625
Grants and subsidies	10	2 372	4 371
Other expenses	11	2 246	1 504
Loss on disposal of non-current assets	14	421	-
Total cost of services		93 619	85 070
Income			
Revenue			
User charges and fees		51	61
Commonwealth grants and contributions	12	706	1 364
Other revenue	13	2 269	2 800
Total revenue		3 026	4 225
Gains			
Gain on disposal of non-current assets	14	-	391
Total income other than income from State Government		3 026	4 616

	Note	2016 (\$'000)	Restated * 2015 (\$'000)
Net cost of services		90 593	80 454
Income From State Government	15		
Service appropriation		72 359	71 532
Services received free of charge		732	1 309
Royalties for regions fund		12 149	12 047
State Grants		3 038	3 061
Total Income from State Government		88 278	87 949
Surplus/(deficit) for the period		(2 315)	7 495
Other comprehensive income			
Items not reclassified subsequently to profit or loss			
Changes in asset revaluation surplus		1 331	3 515
Total other comprehensive income		1 331	3 515
Total comprehensive income for the period		(984)	11 010

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

* Restatement of prior year - refer to note 5 Corrections of Prior Period Errors.

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

Statement of financial position

For the year ended 30 June 2016

	Note	2016 (\$'000)	Restated *	
			2015 (\$'000)	1 July 2014 (\$'000)
Assets				
Current Assets				
Cash and cash equivalents	29	10 073	11 059	9 204
Restricted cash and cash equivalents	16, 29	3 955	10 065	6 911
Inventories	17	-	-	392
Receivables	18	1 736	1 813	1 339
Amounts receivable for services	19	6 336	5 970	5 159
Other current assets	20	1 157	1 979	1 979
Non-current assets classified as held for sale		1 701	2 237	1 123
Total Current Assets		24 958	33 123	26 107
Non-Current Assets				
Restricted cash and cash equivalents	16, 29	-	-	1 325
Amounts receivable for services	18	18 162	17 272	16 305
Property, plant and equipment	21, 24	260 228	264 950	254 523
Intangible assets	23, 24	25 686	13 750	7 060
Other non-current assets	19	17	162	-
Total Non-Current Assets		304 093	296 134	279 213
Total Assets		329 051	329 257	305 320

Statement of financial position

For the year ended 30 June 2016 (continues)

	Note	2016 (\$'000)	Restated *	
			2015 (\$'000)	1 July 2014 (\$'000)
Liabilities				
<i>Current Liabilities</i>				
Payables	25	1 684	4 453	2 734
Provisions	26	11 645	12 817	12 341
Other current liabilities	27	139	42	48
Total Current Liabilities		13 468	17 312	15 123
<i>Non-Current Liabilities</i>				
Provisions	26	2 690	2 312	2 303
Total Non-Current Liabilities		2 690	2 312	2 303
Total Liabilities		16 158	19 624	17 426
Net Assets		312 893	309 633	287 894
Equity	28			
Contributed equity		266 674	262 430	251 699
Reserves		60 500	57 539	54 322
Accumulated (deficit)/surplus		(14 281)	(10 336)	(18 127)
Total Equity		312 893	309 633	287 894

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

* Restatement of prior year - refer to note 5 Corrections of Prior Period Errors.

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

Statement of changes in equity

	Note	Contributed Equity (\$'000)	Reserves (\$'000)	Accumulated Surplus/(Deficit) (\$'000)	Total Equity (\$'000)
Balance at 1 July 2014	28	251 699	54 322	(15 515)	290 506
Correction of prior period errors		-	-	(2 612)	(2 612)
Restated Balance at 1 July 2014		251 699	54 322	(18 127)	287 894
(Deficit)/surplus		-	-	7 495	7 495
Other comprehensive income		-	3 515	-	3 515
Derecognised revaluation assets ^(a)		-	(296)	296	-
Total comprehensive income for the period		-	3 217	7 791	11 010
Transactions with owners in their capacity as owners:					
Capital appropriations		6 447	-	-	6 447
Other contributions by owners		4 312	-	-	4 312
Distribution to owners		(28)	-	-	(28)
Total		10 731	-	-	10 731
Balance at 30 June 2015 restated		262 430	57 539	(10 336)	309 635
Balance at 1 July 2015		262 430	57 539	(10 336)	309 635
Surplus/(Deficit)		-	-	(2 315)	(2 315)
Other comprehensive income		-	1 331	-	1 331
Derecognised revaluation assets ^(a)		-	1 630	(1 630)	-
Total comprehensive income for the period		-	2 961	(3 945)	(984)
Transactions with owners in their capacity as owners:					
Capital appropriations		5 250	-	-	5 250
Other contributions by owners		1 449	-	-	1 449
Distribution to owners		(2 455)	-	-	(2 455)
Total		4 244	-	-	4 244
Balance at 30 June 2016		266 674	60 500	(14 281)	312 895

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

(a) This represents the increment/(decrement) in the asset revaluation reserves on derecognition of land, buildings and infrastructure transferred directly to accumulated funds as per AASB 116, para 41.

Statement of cash flows

For the year ended 30 June 2016

	Note	2016 (\$'000)	Restated 2015 (\$'000)
Cash flows from State Government			
Service appropriation		65 133	65 097
Capital contributions		5 250	6 447
Holding account drawdowns		5 970	4 657
Royalties for Regions Fund		13 599	16 147
State grants		3 116	2 934
Net cash provided by State Government		93 068	95 282
Utilised as follows:			
Cash flows from operating activities			
Payments			
Employee benefits		(52 152)	(45 869)
Supplies and services		(24 700)	(20 296)
Accommodation		(4 373)	(4 460)
Grants and subsidies		(2 906)	(3 742)
GST payments on purchases		(4 421)	(4 776)
Other payments		(1 734)	(1 519)
Receipts			
User charges and fees		51	61
Commonwealth grants and contributions		706	1 364
GST receipts on sales		592	605
GST receipts from taxation authority		3 858	3 755

	Note	2016 (\$'000)	Restated 2015 (\$'000)
Other receipts		2 146	1 212
Net cash provided by/(used in) operating activities	29	(82 933)	(73 664)
Cash flows from investing activities			
Payments			
Purchase of non-current physical assets		(18 545)	(19 855)
Purchase of inventories		-	-
Net proceeds on sale of land remitted to Treasury		(146)	-
Receipts			
Proceeds from sale of non-current physical assets		1 460	1 921
Net cash provided by/(used in) investing activities		(17 231)	(20 749)
Net increase/(decrease) in cash and cash equivalents		(7 096)	3 684
Cash and cash equivalents at the beginning of period		21 124	17 440
Cash and cash equivalents at the end of period	29	14 028	21 124

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

Schedule of income and expenses by service

For the year ended 30 June 2016

	Water Information and Advice		Water Planning, Allocation and Optimisation		Water Regulation, Licensing and Industry Governance		Total	
	2016 (\$'000)	2015 (\$'000)	2016 (\$'000)	2015 (\$'000)	2016 (\$'000)	2015 (\$'000)	2016 (\$'000)	2015 (\$'000)
Cost of services								
Expenses								
Employee benefits expense	23 135	22 743	14 670	12 550	12 721	11 522	50 526	46 815
Supplies and services	9 595	10 406	12 767	7 836	2 698	2 950	25 060	21 192
Depreciation and amortisation	4 901	4 065	2 483	1 722	1 068	776	8 452	6 563
Accommodation expenses	2 286	2 367	1 030	1 028	1 226	1 230	4 542	4 625
Grants and subsidies	364	686	1 952	3 630	56	55	2 372	4 371
Loss on disposal of non-current assets	196	-	119	-	106	-	421	-
Other expenses	1 241	826	385	228	620	450	2 245	1 504
Refund of unspent Commonwealth Grant	-	-	-	-	-	-	-	-
Total cost of services	41 718	41 093	33 406	26 994	18 495	16 983	93 618	85 070
Income								
User charges and fees	2	3	1	1	48	57	51	61
Commonwealth grants and contributions	77	20	82	45	547	1 299	706	1 364
Other revenue	1 584	1 721	411	542	274	537	2 269	2 800
Gain on disposal of non-current assets	-	194	-	99	-	98	-	391
Total income other than income from State Government	1 663	1 938	494	687	869	1 991	3 026	4 616
Net cost of services	40 055	39 155	32 912	26 307	17 626	14 992	90 592	80 454

Schedule of income and expenses by service (continues)

For the year ended 30 June 2016

	Water Information and Advice		Water Planning, Allocation and Optimisation		Water Regulation, Licensing and Industry Governance		Total	
	2016 (\$'000)	2015 (\$'000)	2016 (\$'000)	2015 (\$'000)	2016 (\$'000)	2015 (\$'000)	2016 (\$'000)	2015 (\$'000)
Income from State Government								
Service appropriation	33 695	35 268	20 458	18 341	18 206	17 923	72 359	71 532
Services received free of charge	341	645	207	336	184	328	732	1 309
Royalties for Regions Fund	1 022	1 186	11 108	10 819	19	42	12 149	12 047
State Grants	452	433	2 452	2 583	134	45	3 038	3 061
Total income from State Government	35 510	37 532	34 225	32 079	18 543	18 338	88 278	87 949
Surplus/(deficit) for the period	(4 545)	(1 623)	1 313	5 772	917	3 346	(2 314)	7 495

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

Schedule of assets and liabilities by service

For the year ended 30 June 2016

	Water Information and Advice		Water Planning, Allocation and Optimisation		Water Regulation, Licensing and Industry Governance		Total	
	2016 (\$'000)	2015 (\$'000)	2016 (\$'000)	2015 (\$'000)	2016 (\$'000)	2015 (\$'000)	2016 (\$'000)	2015 (\$'000)
Assets								
Current assets	11 622	16 333	7 056	8 493	6 280	8 297	24 958	33 123
Non-current assets	141 605	146 024	85 975	75 929	76 514	74 182	304 093	296 134
Total assets	153 227	162 357	93 031	84 421	82 793	82 479	329 051	329 257
Liabilities								
Current liabilities	6 272	8 537	3 808	4 439	3 389	4 337	13 468	17 312
Non-current liabilities	1 253	1 140	761	593	677	579	2 690	2 312
Total liabilities	7 524	9 677	4 568	5 032	4 066	4 916	16 158	19 624
Net assets	160 751	152 680	97 599	79 390	86 859	77 563	312 893	309 633

The Schedule of assets and liabilities by service should be read in conjunction with the accompanying notes.

Summary of consolidated account appropriations and income estimates

For the year ended 30 June 2016

	2016 Estimate (\$'000)	2016 Actual (\$'000)	Variance (\$'000)	2016 Actual (\$'000)	2015 Actual (\$'000)	Variance (\$'000)
Delivery of Services						
Item 106 Net amount appropriated to deliver services	72 071	64 845	(7 226)	64 845	71 252	(6 407)
Amount Authorised by Other Statutes						
- <i>Salaries and Allowances Act 1975</i>	288	288	-	288	280	8
Total appropriations provided to deliver services	72 359	65 133	(7 226)	65 133	71 532	(6 399)
Capital						
Item 161 Capital appropriation	8 867	5 250	(3 617)	5 250	6 447	(1 197)
Administered Transactions						
Item 71 Administered grants and subsidies and other transfer payments	25	23	(2)	23	18	5
Grand total	81 251	70 406	(10 845)	70 406	77 997	(7 591)
Details of Expenses by Service						
Water Information and Advice	36 835	41 718	4 883	41 718	41 093	625
Water Planning, Allocation and Optimisation	38 258	33 406	(4 852)	33 406	26 994	6 412
Water Regulation, Licensing and Industry Governance	17 154	18 495	1 341	18 495	16 983	1 512
Total Cost of Services	92 247	93 619	1 372	93 619	85 070	8 549
Less total income	(5 267)	(3 026)	2 241	(3 026)	(4 616)	1 590
Net Cost of Services	86 980	90 592	3 613	90 592	80 454	10 139
Adjustments	(14 621)	(25 459)	(10 838)	(25 459)	(8 922)	(16,537)
Total appropriations provided to deliver services	72 359	65 133	(7 225)	65 133	71 532	(6 398)

Summary of consolidated account appropriations and income estimates (continues)

For the year ended 30 June 2016

	2016 Estimate (\$'000)	2016 Actual (\$'000)	Variance (\$'000)	2016 Actual (\$'000)	2015 Actual (\$'000)	Variance (\$'000)
Capital Expenditure						
Purchase of non-current physical assets	18 605	18 545	(60)	18 545	19 855	(1 310)
Adjustments for other funding sources	(9 738)	(13 295)	(3 557)	(13 295)	(13,408)	113
Capital Contribution (appropriation)	8 867	5 250	(3 617)	5,250	6,447	(1 197)
Details of Income Estimates						
Income disclosed as Administered Income	25	23	(2)	23	18	5
	25	23	(2)	23	18	5

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

Note 34 'Explanatory statements' and Note 42 'Explanatory statement for Administered Items' provides details of any significant variations between estimates and actual results for 2016 and between the actual results for 2016 and 2015.

Notes to the financial statements

1 Australian Accounting Standards

General

The Department's financial statements for the year ended 30 June 2016 have been prepared in accordance with Australian Accounting Standards. The term 'Australian Accounting Standards' includes Standards and Interpretations issued by the Australian Accounting Standards Board (AASB).

The department has adopted any applicable, new and revised Australian Accounting Standards from their operative dates.

Early adoption of standards

The department cannot early adopt an Australian Accounting Standard unless specifically permitted by TI 1101 Application of Australian Accounting Standards and Other Pronouncements. Partial exemption permitting early adoption of AASB 2015-7 Amendments to Australian Accounting Standards – Fair Value Disclosures of Not-for-Profit Public Sector Entities has been granted. Aside from AASB 2015-7, there has been no early adoption of any other Australian Accounting Standards that have been issued or amended (but not operative) by the department for the annual reporting period ended 30 June 2016.

2 Summary of significant accounting policies

(a) General statement

The department is a not-for-profit reporting entity that prepares general purpose financial statements in accordance with Australian Accounting Standards, the Framework, Statements of Accounting Concepts and other authoritative pronouncements of the AASB as applied by the Treasurer's instructions. Several of these are modified by the Treasurer's instructions to vary application, disclosure, format and wording.

The *Financial Management Act 2006* and the Treasurer's Instructions impose legislative provisions that govern the preparation of financial statements and take precedence over Australian Accounting Standards, the Framework, Statements of Accounting Concepts and other authoritative pronouncements of the AASB.

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

(b) Basis of preparation

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

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

The financial statements are presented in Australian dollars and all values are rounded

2 Summary of significant accounting policies (continues)

to the nearest thousand dollars (\$'000).

Note 3 *'Judgements made by management in applying accounting policies'* discloses judgements that have been made in the process of applying the department's accounting policies resulting in the most significant effect on amounts recognised in the financial statements.

Note 4 *'Key sources of estimation uncertainty'* discloses key assumptions made concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

(c) Reporting entity

The reporting entity is comprised of the Department of Water. There are no related or affiliated bodies as disclosed in note 38.

Mission

The department supports Western Australia's growth and development by managing the availability and quantity of water sustainably - now and for the future.

The department is predominantly funded by Parliamentary appropriation, and is supplemented by funds received from other sources to provide specialist related services.

Services

Service 1: Water information and advice

The Department enables investment decisions of regional and State significance through the provision of data and information on the quantity, quality, location of, and demand for, water across the State. The information also underpins policy advice for consideration by Government and supports other government agencies and stakeholders in their planning for future economic growth and urban and rural development.

Service 2: Water planning, allocation and optimisation

Water planning, allocation and optimisation ensure the sustainable management of water resources for the long term benefit of the State and rely on good science. This includes planning and allocating water for sustainable productive use, protecting public drinking water sources, and ensuring the sustainability of water resources and their dependent ecosystems.

Service 3: Water regulation, licensing and industry governance

Responsible, proportional regulation ensures investment, growth and development is underpinned by the sustainable management of the state's water resources for the long term benefit of the State. This service includes the management of water licensing. It also includes the management of the legislation governing the operations of water service providers.

The department administers assets, liabilities, income and expenses on behalf of Government which are not controlled by, nor integral, to the function of the department. These administered balances and transactions are not recognised in the principal financial statements of the department but schedules are prepared using the same basis as the financial statements and are presented at note 41 'Administered income and expenses' and note 43 'Administered assets and liabilities'.

(d) 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 Summary of significant accounting policies (continues)

(e) Income

Revenue recognition

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

Sale of goods

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

Provision of services

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

Service appropriations

Service Appropriations are recognised as revenues at fair value in the period in which the department gains control of the appropriated funds. The department gains control of appropriated funds at the time those funds are deposited to the bank account or credited to the 'Amounts receivable for services' (Holding Account) held at Treasury.

Net appropriation determination

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 most recent determination as quantified in the 2015-2016 Budget Statements, the department retained \$3.026 million in 2016 (\$4.616 million in 2015) from the following:

- Proceeds from fees and charges.
- Specific grants from other state government agencies.
- Commonwealth specific purpose grants and contributions.
- Other departmental revenue.

Grants, donations, gifts and other non-reciprocal contributions

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.

Royalties for Regions funds are recognised as revenue at fair value in the period 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.

Gains

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

(f) Property, plant, equipment and infrastructure

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 direct to the Statement of Comprehensive Income (other than where they form part of a group of similar items which are 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 the fair value at the date of acquisition.

2 Summary of significant accounting policies (continues)

Subsequent measurement

Subsequent to initial recognition as an asset, the revaluation model is used for the measurement of land, buildings and measurement sites and historical cost for all other property, plant and equipment and infrastructure. Land, buildings and measurement sites are carried at fair value less accumulated depreciation (buildings and measurement sites 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 buying values determined by reference to recent market transactions. When buildings are revalued by reference to recent market transactions, the accumulated depreciation is eliminated against the gross carrying amount of the asset and the net amount restated to the revalued amount.

In the absence of market-based evidence, 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. the depreciated replacement cost. Where the fair value of buildings is determined on the depreciated replacement cost basis, the gross carrying amount and the accumulated depreciation are restated proportionately. 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).

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

Fair value for measurement sites has been determined by reference to the cost of replacing the remaining future economic benefits embodied in the asset. This depreciated replacement cost method is used as the measurement sites are specialised and no market based evidence of value is available.

Measurement sites are to be revalued at least every third year following a formal revaluation with an assessment being conducted annually to ascertain if the measurement sites require revaluation earlier than its rotational revaluation.

When the measurement sites are revalued, the accumulated depreciation is restated proportionately with the change in the gross carrying amount of the asset so that the carrying amount of the asset after revaluation equals its revalued amount.

The most significant assumptions in estimating fair value are made in assessing whether to apply the existing use basis to assets and in determining estimated useful 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.

Refer to Note 21 'Property, plant and equipment' for further information on revaluations.

Derecognition

Upon disposal or derecognition of an item of property, plant and equipment and infrastructure, any revaluation reserve relating to that asset is transferred to the retained earnings within equity.

Asset revaluation surplus

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

2 Summary of significant accounting policies (continues)

Depreciation

All non-current assets having a limited useful life are systematically depreciated over their estimated useful lives in a manner that reflects the consumption of their future economic benefits. Depreciation is calculated using the straight line method, using rates which are reviewed annually. Estimated useful lives for each class of depreciable asset are:

Buildings	20–40 years
Infrastructure	20 years
Plant and equipment	5–20 years
Computer equipment (software and hardware)	3–5 years
Furniture and fittings	7–10 years
Leasehold improvements	20 years
Measurement sites	20–40 years

Works of art controlled by the department are classified as property, plant and equipment. These are anticipated to have indefinite useful lives. Their service potential has not, in any material sense, been consumed during the reporting period and consequently no depreciation has been recognised.

Land is not depreciated.

(g) Intangible assets

Capitalisation/expensing of assets

Acquisitions of intangible assets costing \$5 000 or more and internally generated intangible assets costing \$5 000 or more are capitalised. The cost of utilising the assets is expensed (amortised) over their useful life. Costs incurred below these thresholds 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.

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

Amortisation for intangible assets with finite useful lives is calculated for the period of the expected benefit (estimated useful life which is reviewed annually) on the straight line basis. All intangible assets controlled by the department have a finite useful life and zero residual value, except analytical product.

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

Development costs	3 to 5 years
Computer software ^(a)	3 to 5 years
Software licences	3 to 5 years
Analytical products	Indefinite

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

Development costs

Research costs are expensed as incurred. Development costs incurred for an individual project are carried forward when the future economic benefits can reasonably be regarded as assured and the total project costs are likely to exceed \$5 000. Other development costs are expensed as incurred.

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 recognised as an intangible asset. Software costing less than \$5,000 is expensed in the year of acquisition.

Software licences

Software licences are charged as expenses when they are incurred unless they are for a period of greater than two years. Software licences are capitalised when the probable future economic benefits that can be reliably measured.

2 Summary of significant accounting policies (continues)

Analytical product

Analytical products are intangible assets such as geophysical datasets and numerical groundwater models which are usually produced as a part of project work. These products are used by the Department to improve its understanding and management of water resources.

(h) Impairment of assets

Property, plant and equipment, infrastructure and intangible assets are tested for any indication of impairment at the end of each reporting period. 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 recoverable amount, an impairment loss is recognised in profit or loss. Where a previously revalued asset is written down to recoverable amount, the loss is recognised as a revaluation decrement in other comprehensive income. As the department is a not-for-profit entity, unless a specialised asset has been identified as a surplus asset, the recoverable amount is the higher of an asset's fair value less costs to sell and depreciated replacement cost.

The risk of impairment is generally limited to circumstances where an asset's depreciation is materially understated, 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 asset's future economic benefits and to evaluate any impairment risk from falling replacement costs.

Intangible assets with an indefinite useful life and intangible assets not yet available for use are tested for impairment at the end of each reporting period irrespective of whether there is any indication of impairment.

The recoverable amount of assets identified as surplus assets is the higher of fair value less costs to sell and the present value of future cash flows expected to be derived from the asset. Surplus assets carried at fair value have no risk of material impairment where

fair value is determined by reference to market-based evidence. Where fair value is determined by reference to depreciated replacement cost, surplus assets are at risk of impairment and the recoverable amount is measured. Surplus assets at cost are tested for indications of impairment at the end of each reporting period.

(i) Non-current assets (or disposal groups) classified as held for sale

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

All Crown land holdings are vested in the department by the Government. The Department of Lands (DoL) is the only agency with the power to sell Crown land. The department transfers the Crown land and any attached buildings to DoL when the land becomes available for sale.

(j) Leases

Finance lease rights and obligations are initially recognised, at the commencement of the lease term, as assets and liabilities equal in amount to the fair value of the leased item or, if lower, the present value of the minimum lease payments, determined at the inception of the lease. The assets are disclosed as plant, equipment and vehicles under lease, and are depreciated over the period during which the department is expected to benefit from their use. Minimum lease payments are apportioned between the finance charge and the reduction of the outstanding lease liability, according to the interest rate implicit in the lease.

The department holds operating leases for head office and a number of branch office buildings. Operating leases are expensed on a straight line basis over the lease term as this represents the pattern of benefits derived from the leased properties..

2 Summary of significant accounting policies (continues)

(k) Financial instruments

In addition to cash, the department has two categories of financial instrument:

- Receivables
- Financial liabilities measured at amortised cost.

Financial instruments have been disaggregated into the following classes:

Financial assets

- Cash and cash equivalents
- Restricted cash and cash equivalents
- Receivables
- Amounts receivable for services.

Financial liabilities

- Payables.

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

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

(l) Cash and cash equivalents

For the purpose of the Statement of Cash Flows, cash and cash equivalent (and restricted cash and cash equivalent) assets comprise cash on hand at banks.

(m) Accrued salaries

Accrued salaries (see note 25 'Payables') 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 16 'Restricted cash and cash equivalents') consists of amounts paid annually into a suspense account over a period of 10 financial years to largely meet the additional cash outflow in each eleventh year when 27 pay days occur in that year instead of the normal 26. No interest is received on this account.

(n) Amounts Receivable for Services (Holding Account)

The department receives a 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.

(o) Receivables

Receivables are recognised at original invoice amount less an allowance for uncollectible amounts (i.e. impairment). The collectability of receivables is reviewed on an ongoing basis and any receivables identified as uncollectible are written-off against the allowance account. The allowance for uncollectible amounts (doubtful debts) is raised when there is objective evidence that the department will not be able to collect the debts. The carrying amount is equivalent to fair value as it is due for settlement within 30 days. See note 35 'Financial Instruments' and note 17 'Receivables'.

(p) Payables

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

2 Summary of significant accounting policies (continues)

(q) Provisions

Provisions are liabilities of uncertain timing or amount and are recognised where there is a present legal or constructive obligation as a result of a past event and when the outflow of resources embodying economic benefits is probable and a reliable estimate can be made of the amount of the obligation. Provisions are reviewed at each reporting period. See note 26 'Provisions'.

Provisions – employee benefits

All annual leave and long service leave provisions are in respect of employees' services up to the end of the reporting period.

Annual leave

Annual leave is not expected to be settled wholly within 12 months after the end of the reporting period and is therefore considered to be other long-term employee benefits. The annual leave liability is recognised and measured at the present value of amounts expected to be paid when the liabilities are settled using the remuneration rate expected to apply at the time of settlement.

When assessing expected future payments consideration is given to expected future wage and salary levels including non-salary components such as employer superannuation contributions, as well as the experience of employee departures and periods of service. The expected future payments are discounted using market yields at the end of the reporting period on national government bonds with terms to maturity that match, as closely as possible, the estimated future cash outflows.

The provision for annual leave is classified as a current liability as the department does not have an unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting period.

Long service leave

Long service leave is not expected to be settled wholly within 12 months after the end of the reporting period and is therefore recognised and measured at the present value

of amounts expected to be paid when the liabilities are settled using the remuneration rate expected to apply at the time of settlement.

When assessing expected future payments consideration is given to expected future wage and salary levels including non-salary components such as employer superannuation contributions, as well as the experience of employee departures and periods of service. The expected future payments are discounted using market yields at the end of the reporting period on national government bonds with terms to maturity that match, as closely as possible, the estimated future cash outflows.

Unconditional long service leave provisions are classified as current liabilities as the Department does not have an unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting period. Pre-conditional and conditional long service leave provisions are classified as non-current liabilities because the Department has an unconditional right to defer the settlement of the liability until the employee has completed the requisite years of service.

Sick leave

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

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

Deferred leave

The provision for deferred leave relates to Public Service employees who have entered into an agreement to self-fund an additional twelve months leave in the fifth year of the agreement. The provision recognises the value of salary set aside for employees to be used in the fifth year. This liability is measured on the same basis as annual leave. Deferred leave is reported as a current provision as employees can leave the scheme at their discretion at any time.

2 Summary of significant accounting policies (continues)

Purchased leave

The provision for purchased leave relates to Public Service employees who have entered into an agreement to self-fund up to an additional 10 weeks leave per calendar year. The provision recognises the value of salary set aside for employees and is measured at the undiscounted amounts expected to be paid when the liabilities are settled.

Superannuation

The Government Employees Superannuation Board (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. Eligible employees contribute to Pension Scheme, a defined benefit pension scheme closed to new members since 1987, or the Gold State Superannuation Scheme (GSS), a defined benefit lump sum scheme closed to new members since 1995.

Employees commencing employment prior to 16 April 2007 who were not members of either the Pension Scheme or the GSS became non-contributory members of the West State Superannuation Scheme (WSS). Employees commencing employment on or after 16 April 2007 became members of the GESB Super Scheme (GESBS). From 30 March 2012, existing members of the WSS or GESBS and new employees have been able to choose their preferred superannuation fund provider. The Department makes contributions to GESB or other fund providers on behalf of employees in compliance with the Commonwealth Government's *Superannuation Guarantee (Administration) Act 1992*. Contributions to these accumulation schemes extinguish the Department's liability for superannuation charges in respect of employees who are not members of the Pension Scheme or GSS.

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

The department has no liabilities under the Pension Schemes or the GSS. 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.

The GESB makes all benefit payments in respect of the Pension Scheme and GSS, and is recouped from the Treasurer for the employer's share.

See also note 2(s).

Provisions – other

Employment on-costs

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' and are not included as part of the Department's 'Employee benefits expense'. The related liability is included in 'Employment on-costs provision'. See note 11 'Other Expenses' and note 27 'Provisions'.

Warranties

Provision is made for the estimated liability on all products still under warranty at the end of the reporting period. The amount of the provision is the present value of the estimated future cash outflows expected to settle the warranty obligations, having regard to the warranty experience over the last five years and the risks of the warranty obligations.

Remediation costs

A provision is recognised where the department has a legal or constructive obligation to undertake remediation work. Estimates are based on the present value of expected future cash outflows.

2 Summary of significant accounting policies (continues)

(r) Superannuation expense

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

(s) Assets and services received free of charge or for nominal cost

Assets or services received free of charge or for nominal cost that the department would otherwise purchase if not donated, are recognised as income at the fair value of the assets or services where they can be reliably measured. A corresponding expense is recognised for services received. Receipts of assets are recognised in the Statement of Financial Position.

Assets or services received from other State Government agencies are separately disclosed under Income from State Government in the Statement of Comprehensive Income.

(t) Comparative figures

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

3 Judgements made by management in applying accounting policies

The preparation of financial statements requires management to make judgements about the application of accounting policies that have a significant effect on the amounts recognised in the financial statements. The Department evaluates these judgements regularly.

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 all of the risks and rewards incidental to ownership. Accordingly, these leases have been classified as operating leases.

4 Key sources of estimation uncertainty

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

Long service leave

Several estimations and assumptions used in calculating the Department's long service leave provision include expected future salary rates, discount rates, employee retention rates and future expected payments. Changes in these estimations and assumptions may impact on the carrying amount of the long service leave provision.

5 Disclosure of changes in accounting policy and estimates, and corrections of prior period errors

Initial application of an Australian Accounting Standard

The department has applied the following Australian Accounting Standards effective, or adopted, for annual reporting periods beginning on or after 1 July 2015 that impacted on the department.

AASB 2013-9 **Amendments to Australian Accounting Standards - Conceptual Framework, Materiality and Financial Instruments.**
Part C of this Standard defers the application of AASB 9 to 1 January 2017. The application date of AASB 9 was subsequently deferred to 1 January 2018 by AASB 2014-1. There is no financial impact.

AASB 2014-8 **Amendments to Australian Accounting Standards arising from AASB 9 (December 2014) – Application of AASB 9 (December 2009) and AASB 9 (December 2010) [AASB 9 (2009 & 2010)]**
This standard makes amendments to AASB 9 Financial Instruments (December 2009) and AASB 9 Financial Instruments (December 2010), arising from the issuance of AASB 9 Financial Instruments in December 2014. There is no financial impact.

AASB 2015-3 **Amendments to Australian Accounting Standards arising from the Withdrawal of AASB 1031 Materiality**
This standard completes the withdrawal of references to AASB 1031 in all Australian Accounting Standards and Interpretations, allowing that Standard to effectively be withdrawn. There is no financial impact.

AASB 2015-7 **Amendments to Australian Accounting Standards - Fair Value Disclosures of Not-for-Profit Public Sector Entities [AASB 13]**
This Standard relieves not-for-profit public sector entities from the reporting burden associated with various disclosures required by AASB 13 for assets within the scope of AASB 116 that are held primarily for their current service potential rather than to generate future net cash inflows. It has no financial impact.

Future impact of Australian Accounting Standards not yet operative

The department cannot early adopt an Australian Accounting Standard unless specifically permitted by TI 1101 Application of Australian Accounting Standards and Other Pronouncements or by an exemption from TI 1101. By virtue of a limited exemption, the department has early adopted AASB 2015-7 Amendments to Australian Accounting Standards - Fair Value Disclosures of Not-for-Profit Public Sector Entities. Where applicable, the department plans to apply the following Australian Accounting Standards from their application date.

	Operative for reporting periods beginning on or after
<p>AASB 9 Financial Instruments</p> <p>This Standard supersedes AASB 139 Financial Instruments: Recognition and Measurement, introducing a number of changes to accounting treatments.</p> <p>The mandatory application date of this Standard is currently 1 January 2018 after being amended by AASB 2012-6, AASB 2013-9, and, AASB 2014-1 Amendments to Australian Accounting Standards. The department has not yet determined the application or the potential impact of the Standard.</p>	1 Jan 2018
<p>AASB 15 Revenue from Contracts with Customers</p> <p>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 department has not yet determined the application or the potential impact of the Standard.</p>	1 Jan 2018

5 Disclosure of changes in accounting policy and estimates, and corrections of prior period errors (continues).

		Operative for reporting periods beginning on or after			Operative for reporting periods beginning on or after
AASB 16	Leases 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. The Department has not yet determined the application or the potential impact of the Standard.	1 Jan 2019	AASB 2014-1	Amendments to Australian Accounting Standards Part E makes amendments to AASB 9 and consequential amendments to other Standards. It has not yet been assessed by the department to determine the application or potential impact of the Standard	1 Jan 2015
AASB 1057	Application of Australian Accounting Standards This Standard lists the application paragraphs for each other Standard (and Interpretation), grouped where they are the same. There is no financial impact.	1 Jan 2016	AASB 2014-3	Amendments to Australian Accounting Standards – Accounting for Acquisitions of Interests in Joint Operations [AASB 1 & 11] The department establishes Joint Operations in pursuit of its objectives and does not routinely acquire interests in Joint Operations. Therefore, there is no financial impact on application of the Standard.	1 Jan 2016
AASB 2010-7	Amendments to Australian Accounting Standards arising from AASB 9 (December 2010) [AASB 1, 3, 4, 5, 7, 101, 102, 108, 112, 118, 120, 121, 127, 128, 131, 132, 136, 137, 139, 1023 & 1038 and Int 2, 5, 10, 12, 19 & 127]. This Standard makes consequential amendments to other Australian Accounting Standards and Interpretations as a result of issuing AASB 9 in December 2010. The mandatory application date of this Standard has been amended by AASB 2012 6 and AASB 2014 1 to 1 January 2018. The department has not yet determined the application or the potential impact of the Standard.	1 Jan 2018	AASB 2014-5	Amendments to Australian Accounting Standards arising from AASB 15 This Standard gives effect to the consequential amendments to Australian Accounting Standards (including Interpretations) arising from the issuance of AASB 15. The mandatory application date of this Standard has been amended by AASB 2015-8 to 1 January 2018. The Department has not yet determined the application or the potential impact of the Standard.	1 Jan 2018

5 Disclosure of changes in accounting policy and estimates, and corrections of prior period errors (continues).

		Operative for reporting periods beginning on or after			Operative for reporting periods beginning on or after
AASB 2014-4	Amendments to Australian Accounting Standards – Clarification of Acceptable Methods of Depreciation and Amortisation [AASB 116 & 138] The adoption of this Standard has no financial impact for the Department as depreciation and amortisation is not determined by reference to revenue generation, but by reference to consumption of future economic benefits.	1 Jan 2016	AASB 2014-10	Amendments to Australian Accounting Standards – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture [AASB 10 & 128] This Standard amends AASB 10 and AASB 128 to address an inconsistency between the requirements in AASB 10 and those in AASB 128 (August 2011), in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The department has not yet determined the application or the potential impact of the Standard.	1 Jan 2016
AASB 2014-7	Amendments to Australian Accounting Standards arising from AASB 9 (December 2014) This Standard gives effect to the consequential amendments to Australian Accounting Standards (including Interpretations) arising from the issuance of AASB 9 (December 2014). The department has not yet determined the application or the potential impact of the Standard.	1 Jan 2018	AASB 2015-1	Amendments to Australian Accounting Standards – Annual Improvements to Australian Accounting Standards 2012–2014 Cycle [AASB 1, 2, 3, 5, 7, 11, 110, 119, 121, 133, 134, 137 & 140] These amendments arise from the issuance of International Financial Reporting Standard Annual Improvements to IFRSs 2012–2014 Cycle in September 2014, and editorial corrections. The Department has determined that the application of the Standard has no financial impact.	1 Jan 2016
AASB 2014-9	Amendments to Australian Accounting Standards – Equity Method in Separate Financial Statements [AASB 1, 127 & 128] This Standard amends AASB 127, and consequentially amends AASB 1 and AASB 128, to allow entities to use the equity method of accounting for investments in subsidiaries, joint ventures and associates in their separate financial statements. The department has not yet determined the application or the potential impact of the Standard.	1 Jan 2016	AASB 2015-2	Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 101 [AASB 7, 101, 134 & 1049] This Standard amends AASB 101 to provide clarification regarding the disclosure requirements in AASB 101. Specifically, the Standard proposes narrow-focus amendments to address some of the concerns expressed about existing presentation and disclosure requirements and to ensure entities are able to use judgement when applying a Standard in determining what information to disclose in their financial statements. There is no financial impact.	1 Jan 2016

5 Disclosure of changes in accounting policy and estimates, and corrections of prior period errors (continues).

		Operative for reporting periods beginning on or after		Operative for reporting periods beginning on or after	
AASB 2015-6	<p>Amendments to Australian Accounting Standards – Extending Related Party Disclosures to Not-for-Profit Public Sector Entities [AASB 10, 124 & 1049]</p> <p>The amendments extend the scope of AASB 124 to include application by not-for-profit public sector entities. Implementation guidance is included to assist application of the Standard by not-for-profit public sector entities. There is no financial impact.</p>	1 Jul 2016	AASB 2016-2	<p>Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 107</p> <p>This Standard amends AASB 107 Statement of Cash Flows (August 2015) to require disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes. There is no financial impact.</p>	1 Jan 17
AASB 2015-8	<p>Amendments to Australian Accounting Standards – Effective Date of AASB 15</p> <p>This Standard amends the mandatory effective date (application date) of AASB 15 Revenue from Contracts with Customers so that AASB 15 is required to be applied for annual reporting periods beginning on or after 1 January 2018 instead of 1 January 2017. The Department has not yet determined the application or the potential impact of AASB 15.</p>	1 Jul 2017	AASB 2016-3	<p>Amendments to Australian Accounting Standards – Clarifications to AASB 15</p> <p>This Standard clarifies identifying performance obligations, principal versus agent considerations, timing of recognising revenue from granting a licence, and, provides further transitional provisions to AASB 15. The department has not yet determined the application or the potential impact.</p>	1 Jan 2018
AASB 2015-10	<p>Amendments to Australian Accounting Standards – Effective Date of Amendments to AASB 10 & 128</p> <p>This Standard defers the mandatory effective date (application date) of amendments to AASB 10 & 128 that were originally made in AASB 2014-10 so that the amendments are required to be applied for annual reporting periods beginning on or after 1 January 2018 instead of 1 January 2016. The department has not yet determined the application or the potential impact of AASB 2014-10.</p>	1 Jan 16			

5 Disclosure of changes in accounting policy and estimates, and corrections of prior period errors (continues).

Corrections Of Prior Period Errors

Prior period adjustment

During the year the Department identified that Capital Work in Progress classified under Property, plant and equipment and Intangible assets includes certain expenses that do not meet the definition of an asset in accordance with Australian Accounting Standards. As these expenses were incurred over last two years, the balances of Property, plant and equipment and Intangible assets were overstated and expenses were understated in the financial statements for 2014 and 2015.

This correction decreased the opening Accumulated Surplus for 2015 by \$2.6 million, increased the expenditure for the year 2015 by 3.3 million and decreased the Property, plant and equipment and Intangible assets in the respective prior years by the corresponding amounts to reflect the restated balances.

5 Disclosure of changes in accounting policy and estimates, and corrections of prior period errors (continues)

The following table shows the restatement of the Department's Financial Statements as a result of the correction of the error:

i) Statement of financial position

	Impact of correction of error		
	2015		
	As previously reported (\$'000)	Adjustment (\$'000)	Restated (\$'000)
Total Current Assets	33 123	-	33 123
Non-Current Assets			
Restricted cash and cash equivalents	-	-	-
Amounts receivable for services	17 272	-	17 272
Property, Plant & Equipment	269 159	(4 209)	264 950
Intangible Assets	15 483	(1 733)	13 750
Other non-current assets	162	-	162
Total Non-Current Assets	302 076	(5 942)	296 134
Total Liabilities	19 624	-	19 624
Total Net Assets	315 575	(5 942)	309 633
Equity			
Contributed Equity	262 430	-	262 430
Reserves	57 539	-	57 539
Accumulated surplus/(deficit)	(4 394)	(5 942)	(10 336)
	315 575	(5 942)	309 633

	Impact of correction of error		
	2014		
	As previously reported (\$'000)	Adjustment (\$'000)	Restated (\$'000)
Total Current Assets	26 107	-	26 107
Non-Current Assets			
Restricted cash and cash equivalents	1 325	-	1 325
Amounts receivable for services	16 305	-	16 305
Property, Plant & Equipment	256 518	(1 995)	254 523
Intangible Assets	7 677	(617)	7 060
Total Non-Current Assets	281 825	(2 612)	279 213
Total Liabilities	17 426	-	17 426
Total Net Assets	290 506	(2 612)	287 894
Equity			
Contributed Equity	251 699	-	251 699
Reserves	54 322	-	54 322
Accumulated surplus/(deficit)	(15 515)	(2 612)	(18 127)
	290 506	(2 612)	287 894

5 Disclosure of changes in accounting policy and estimates, and corrections of prior period errors (continues).

ii) Statement of comprehensive income

	Impact of correction of error		
	2015		
	As previously reported (\$'000)	Adjustment (\$'000)	Restated (\$'000)
Cost of Services			
Expenses			
Employee benefits expense	46 218	597	46 815
Supplies and services	19 022	2 170	21 192
Depreciation and amortisation expense	6 048	515	6 563
Accommodation expenses	4 621	4	4 625
Grants and subsidies	4 372	-	4 371
Other expenses	1 459	45	1 504
Total cost of services	81 740	3 330	85 070
Total revenue	4 616	-	4 616
Net cost of services	77 124	3 330	80 454
Income from the State Government	87 949	-	87 949
Surplus/(deficit) for the period	10 825	(3 330)	7 495
Total other comprehensive income	3 513	-	3 515
Total comprehensive income	14 338	(3 330)^(a)	11 010

^(a) These adjustments had the following impact on the Statement of financial position:

Reduction in Property, Plant and Equipment	(2 215)
Reduction in Intangible Assets	(1 115)
	(3 330)

5 Disclosure of changes in accounting policy and estimates, and corrections of prior period errors (continues).

Property, Plant and Equipment

A detailed analysis of the effect of the restatement on the Property, Plant and Equipment and Intangibles note is illustrated below.

Intangible Assets

	2015 (\$'000)	2014 (\$'000)
Balance previously reported	269 159	256 518
Previously reported capital works balance now expensed		
Prior to 2015	(1 870)	(1 870)
2015	(1 817)	-
Depreciation not previously recorded		
Prior to 2015	(125)	(125)
2015	(398)	-
Sub total - Prior to 2015 adjustments	(1 995)	(1 995)
Sub total - 2015 adjustments	(2 215)	-
Restated balance	264 950	254 523

	2015 (\$'000)	2014 (\$'000)
Balance previously reported	15 482	7 677
Previously reported capital works balance now expensed		
Prior to 2015	(598)	(598)
2015	(997)	-
Depreciation not previously recorded		
Prior to 2015	(19)	(19)
2015	(118)	-
Sub total - Prior to 2015 adjustments	(617)	(617)
Sub total - 2015 adjustments	(1 115)	-
Restated balance	13 750	7 060

6 Employee benefits expense

	2016 \$000	(restated) 2015 \$000
Wages and Salaries	40 410	37 136
Superannuation - defined contribution plans ^(a)	4 436	4 076
Annual Leave ^(b)	3 019	3 331
Long Service Leave ^(b)	2 054	1 588
Other related expenses ^(c)	607	684
Total employee benefits expense	50 526	46 815

^(a) Defined contribution plans include WestState, Gold State, GESB Schemes and other eligible funds.

^(b) Includes a superannuation contribution component.

^(c) Includes the value of the fringe benefit to the employee plus the fringe benefits tax component and staff housing expenses for regional employees.

Employment on-costs such as workers compensation insurance are included at Note 11 'Other expenses'.
The employment on-costs liability is included at Note 27 'Provisions'.

7 Supplies and services

Communications	876	870
Consultants and contractors	14 964	13 385
Consumables	755	817
Materials	7	8
Vehicle lease and hire	1 540	1 406
Minor plant, machinery and equipment	1 024	797
Plant, machinery and equipment lease	304	282
Chemical analysis expense	1 040	785
Software Licences, fees & registration	1 742	917

Other staff related expenses	572	525
Travel	695	646
Other	1 541	754
Total supplies and services	25 060	21 192

8 Depreciation and amortisation expense

	2016 \$000	(restated) 2015 \$000
Depreciation		
Buildings	1 197	908
Infrastructure	16	28
Computing equipment	520	470
Furniture and fittings	29	3
Measurement sites	4 207	3 776
Plant and equipment	445	465
Leasehold improvements	48	73
Total Depreciation	6 462	5 723
Amortisation		
Intangible assets	1 990	840
Total Amortisation	1 990	840
Total depreciation and amortisation expense	8 452	6 563

9 Accommodation expenses

Lease rentals	2 928	2 958
Repairs and maintenance	447	439
Power and water consumption	600	636
Security	34	45
Rates and taxes	244	235
Cleaning	289	312
Total accommodation expense	4 542	4 625

10 Grants and subsidies

	2016 \$000	(restated) 2015 \$000
Recurrent	2 372	4 371
Total Grants and Subsidies	2 372	4 371

11 Other Expenses

Audit fees	481	305
Employment on-costs ^(a)	245	281
Bad and doubtful debts expense ^(b)	122	16
Equipment repairs and maintenance	783	652
Transfer of expense from capital work in progress ^(c)	-	-
Refund of prior year revenue	3	58
Write-down of non current assets classified as held for sale	437	-

Other	175	192
Total Other Expenses	2 246	1 504

^(a) Includes workers' compensation insurance and other employment on-costs. The on-costs liability associated with the recognition of annual and long service leave liability is included at note 27 'Provisions'. Superannuation contributions accrued as part of the provision for leave are employee benefits and are not included in employment on-costs.

^(b) Includes a debt that was raised and written off within this financial year due to disputes.

A provision for doubtful debt was not previously raised.

^(c) Transfer of items held in the capital works in progress account in prior years that will not be capitalised.

12 Commonwealth grants and contributions

	2016 \$000	(restated) 2015 \$000
Recurrent grants	706	1 364
Total Commonwealth Grants and Contributions	706	1 364

13 Other Revenue

Lease of commercial land and buildings	810	141
Other grants	257	315
Other miscellaneous revenues	1 202	790
Initial recognition of assets not previously recognised (a)	-	1 554
Total Other Revenue	2 269	2 800

^(a) Assets purchased in prior financial year that have been classified and disclosed accordingly in the financial statements for the first time.

14 Net gain/(loss) on disposal of non-current assets

	2016 \$000	(restated) 2015 \$000
Proceeds from disposal of non-current assets		
Land	1 460	1 911
Plant, equipment and vehicles	-	10
Carrying amount of non-current assets disposed		
Land	1 510	1 434
Plant, equipment and vehicles	-	96
Measurement sites	76	-
Infrastructure	35	-
Leasehold Improvement	260	-
Net gain / (loss)	(421)	391

See also Note 22 'Property, Plant and Equipment'.

15 Income from State Government

	2016 \$000	2015 \$000
Appropriation Received During the Period		
Service appropriation ^(a)	72 359	71 532
	72 359	71 532
Services Received Free of Charge ^(b)		
Determined on the basis of estimates provided by agencies		
State Solicitors Office	219	93

Landgate	232	929
Department of Finance	277	286
Department of Agriculture and Food	4	1
	732	1309
Royalties for Regions Fund		
Regional infrastructure and headworks account ^(c)	3 725	4 320
Regional Community Services Account	8 424	7 727
	12 149	12 047
State Grants		
State Grants	3 038	3 061
Total Revenues from Government	88 278	87 949

^(a) Service appropriations fund the net cost of services delivered. Appropriation revenue comprises a cash component and a receivable (asset). The receivable (holding account) comprises the depreciation expense for the year and any agreed increase in leave liability during the year.

^(b) Assets or services received free of charge or for nominal cost are recognised as revenue at fair value of the assets and/or services that can be reliably measured and which would have been purchased if they were not donated. Contributions of assets or services in the nature of contributions by owners are recognised direct to equity.

^(c) This is a sub-fund within the over-arching 'Royalties for Regions fund'. The recurrent funds are committed to projects and programs in Western Australian regional areas.

16 Restricted cash and cash equivalents

	2016 \$000	2015 \$000
Current		
Royalties for Regions fund ^(a)	798	3 627
Specific purpose grants ^(b)	3 157	3 836
Proceeds from land sales retained to partly fund Water Online	-	896
Accrued salaries suspense account ^(c)	-	1 706

17 Receivables

	2016 (\$'000)	2015 (\$'000)
Current receivables	616	363
Allowance for impairment of receivables	(114)	(12)
GST receivable	1 234	1 462
Total Current Receivables	1 736	1 813
Reconciliation of changes in the allowance for impairment of receivables:		
Balance at start of period	12	3
Doubtful debts expense	114	11
Amounts written off during the period	(10)	(2)
Amount recovered during the period	(2)	-
Balance at end of period	114	12

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

18 Amounts receivable for services

	2016 (\$'000)	2015 (\$'000)
Current	6 336	5 970
Non-current	18 162	17 272
Total Amounts Receivable for Services	24 498	23 242

Represents the non-cash component of service appropriations (see Note 2(n) 'Amounts receivable for services (Holding Account)'). It is restricted in that it can only be used for asset replacement or payment of leave liability.

19 Other assets

	2016 (\$'000)	2015 (\$'000)
Current		
Prepayments	1 157	1 979
Total Current	1 157	1 979
Non Current		
Prepayments	17	162
Total Non Current	17	162

20 Non current assets classified as held for sale

	2016 (\$'000)	2015 (\$'000)
Opening balance		
Land ^(a)	2 077	722
Less write down from cost to fair value less selling cost.	(277)	(36)
Plant and equipment at fair value	437	437
	2 237	1 123
Assets reclassified as held for sale		
Land ^(a)	1 150	2 773
Less write down from cost to fair value less selling cost	(134)	(277)
Plant and equipment at fair value	-	-
Less write down from cost to fair value less selling cost	(437)	-
	579	2 496

Total assets classified as held for sale		
Land ^(a)	3 227	3 495
Less write down from cost to fair value less selling cost	(411)	(313)
Plant and equipment at fair value	437	437
Less write down from cost to fair value less selling cost	(437)	-
	2 816	3 619
Less assets sold		
Land ^(a)	1 220	1 418
Less write down from cost to fair value less selling cost	(105)	(36)
Closing balance	1 115	1 382
Land ^(a)	2 007	2 077
Less write down from cost to fair value less selling cost	(306)	(277)
Plant and equipment at fair value	-	437
	1 701	2 237

^(a) During the 2012-13 year, the Minister agreed to the sale of a series of land parcels owned by the Department, but are no longer required. It is anticipated that these parcels of land will be sold in the 2017 financial year.

21 Property, plant and equipment

	2016 (\$'000)	(restated) 2015 (\$'000)
Land at fair value ^(a)	148 919	152 087
	148 919	152 087
Works of art	10	10
	10	10
Buildings at fair value ^(a)	5 250	5 299
Accumulated depreciation	-	-

	5 250	5 299
Infrastructure at cost	2 881	2 852
Accumulated depreciation	(2 295)	(2 343)
	586	509
Computing equipment at cost	3 724	3 392
Accumulated depreciation	(2 969)	(2,474)
	755	918
Furniture and fittings at cost	340	24
Accumulated depreciation	(45)	(16)
	295	8
Measurement sites at fair value	227 579	222 594
Accumulated depreciation	(130 524)	(126 342)
	97 055	96 252
Plant and equipment at cost	11 243	10,447
Accumulated depreciation	(7,166)	(6,737)
Accumulated impairment losses	(437)	-
	(7,603)	3,710
Leasehold improvements at cost	831	1,250
Accumulated depreciation	(246)	(357)
	585	893
Capital works in progress at cost	3 133	5 264
	3 133	5 264
Total Property, Plant and Equipment	260 228	264 950

^(a) Land and buildings were revalued as at 1 July 2015 by the Western Australian Land Information Authority (Valuation Services). The valuations were performed during the year ended 30 June 2016 and recognised at 30 June 2016. In undertaking the revaluation, fair value was determined by reference to market values for land, \$37 750 250 (2015: \$38 972 150) and buildings \$3 912 858 (2015: \$4 010,685). For the remaining balance, fair value of land and buildings was determined on the basis of depreciated replacement costs and fair value of land was determined on the basis of comparison with market evidence for land with low level utility (high restricted use land).

Information on fair value measurements is provided in Note 22.

21 Property, plant and equipment (continues)

Reconciliations

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

2016	Capital works in progress	Furniture and fittings	Computer equipment	Plant and equipment	Buildings	Leasehold Improvements	Measurement sites	Infrastructure	Works of Art	Land	Total
	(\$'000)	(\$'000)	(\$'000)	(\$'000)	(\$'000)	(\$'000)	(\$'000)	(\$'000)	(\$'000)	(\$'000)	(\$'000)
Carrying amount at start of year restated	5 264	8	918	3 710	5 300	893	96 252	508	10	152 087	264 950
Additions	7 825	-	166	280	17	-	-	-	-	-	8 288
Disposals	-	-	-	-	-	(260)	(76)	(35)	-	(2 703)	(3 074)
Reclassification ^(a)	(3 782)	-	-	437	-	-	-	-	-	-	(3 345)
Transfers in/(out)	(6 173)	316	191	95	357	-	5 085	129	-	-	(-)
Classified as held for sale	-	-	-	-	-	-	-	-	-	(1 150)	(1 150)
Revaluation increments/ (decrements)	-	-	-	-	775	-	-	-	-	685	1 460
Impairment losses	-	-	-	(437)	-	-	-	-	-	-	(437)
Depreciation	-	(29)	(519)	(445)	(1 199)	(48)	(4 207)	(16)	-	-	(6 463)
Carrying amount at end of year	3 133	295	755	3 640	5 250	585	97 055	586	10	148 919	260 228

21 Property, plant and equipment (continues)

2015 restated	Capital works in progress	Furniture and fittings	Computer equipment	Plant and equipment	Buildings	Leasehold Improvements	Measurement sites	Infrastructure	Works of Art	Land	Total
	(\$'000)	(\$'000)	(\$'000)	(\$'000)	(\$'000)	(\$'000)	(\$'000)	(\$'000)	(\$'000)	(\$'000)	(\$'000)
Carrying amount at start of year	595	11	776	2 897	5 278	966	89 642	536	10	153 812	254 523
Additions	14 267	-	386	125	87	-	-	-	-	213	15 078
Disposals	-	-	(46)	(5)	-	-	(50)	-	-	(45)	(146)
Reclassification ^(a)	(571)	-	-	-	-	-	-	-	-	-	(571)
Transfers in/(out)	(9 027)	-	272	1 158	-	-	8 369	-	-	-	771
Classified as held for sale	-	-	-	-	-	-	-	-	-	(2 773)	(2 773)
Revaluation increments/ (decrements)	-	-	-	-	843	-	2 067	-	-	880	3 790
Depreciation	-	(3)	(470)	(465)	(908)	(73)	(3 776)	(28)	-	-	(5 723)
Carrying amount at end of year (restated)	5 264	8	918	3 710	5 300	893	96 252	508	10	152 087	264 950

^(a) Reclassification from Tangible Capital Works in Progress to Intangible Capital Works in Progress.

22 Fair Value Measurements

Assets measured at fair value:

2016	Level 1 (\$'000)	Level 2 (\$'000)	Level 3 (\$'000)	Fair value at end of period (\$'000)
Non-current assets classified as held for sale (Note 20)	-	1 701	-	1 701
Land (Note 21)	-	37 750	111 169	148 919
Buildings (Note 21)	-	3 446	1 337	4 783
Measurement Sites (Note 21)	-	-	97 055	97 055
	-	42 897	209 561	252 458

2015	Level 1 (\$'000)	Level 2 (\$'000)	Level 3 (\$'000)	Fair value at end of period (\$'000)
Non-current assets classified as held for sale (Note 20)	-	2 237	-	2 237
Land (Note 21)	-	38 972	113 114	152 086
Buildings (Note 21)	-	4 011	1 288	5 299
Measurement Sites (Note 21)	-	-	96 252	96 252
	-	45 220	210 654	255 874

Valuation techniques to derive level 2 fair values

Level 2 fair values of Non-current assets held for sale, Land and Buildings (Office Accommodation) are derived using the market approach. Market evidence of sales prices of comparable land and buildings (office accommodation) in close proximity is used to determine price per square metre.

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

22 Fair Value Measurements (continues)

Fair value measurements using significant unobservable inputs (Level 3)

	Land	Buildings	Measurement Sites
	(\$'000)	(\$'000)	(\$'000)
2016			
Fair Value at start of period	113 114	1 288	96 252
Additions	-	-	5 085
Revaluation increments/(decrements)	323	243	-
recognised in Other Comprehensive Income	-	-	-
Transfer (from/to) Level 2	(1 038)	-	-
Disposals	(1 230)	-	(76)
Depreciation Expenses	-	(194)	(4 206)
Fair value at end of period	111 169	1 337	97 055

	Land	Buildings	Measurement Sites
	(\$'000)	(\$'000)	(\$'000)
2015			
Fair Value at start of period	114 031	1 317	89 642
Additions	213	-	8 369
Revaluation increments/(decrements)	-	-	2 067
recognised in Other Comprehensive Income	1 506	135	-
Transfer (from/to) Level 2	(2 613)	-	-
Disposals	(23)	-	(50)
Depreciation Expenses	-	(164)	(3 776)
Fair value at end of period	113 114	1 288	96 252

22 Fair Value Measurements (continues)

Valuation processes

There were no changes in valuation techniques during the period.

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

Land (Level 3 fair values)

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

Buildings and measurement sites (Level 3 fair values)

Fair value for existing use specialised buildings is determined by reference to the cost of replacing the remaining future economic benefits embodied in the asset, i.e. the depreciated replacement cost. Depreciated replacement cost is the current replacement cost of an asset less accumulated depreciation calculated on the basis of such cost to reflect the already consumed or expired economic benefit, or obsolescence, and optimisation (where applicable) of the asset. 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.

Valuation using depreciation replacement cost utilises the significant Level 3 input, consumed economic benefit/obsolescence of asset which is estimated by the Western Australian Land Information Authority (Valuation Services) for buildings and internally for measurement sites. The fair value measurement is sensitive to the estimate of consumption/obsolescence, with higher values of the estimate correlating with lower estimated fair values of buildings.

Basis of Valuation

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

22 Fair Value Measurements (continues)

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

Description	Fair Value 2016	Fair Value 2015	Valuation technique(s)	Unobservable inputs
(\$'000)	(\$'000)	(\$'000)		
Land	111 169	113 114	Market Approach	Selection of land with similar approximate utility
Buildings	1 337	1 288	Depreciated Replacement Costs	Consumed economic benefit/obsolescence of asset Historical cost per square metre floor area ^(m²)
Measurement sites	97 055	96 252	Depreciated Replacement Costs	Consumed economic benefit/obsolescence of asset Historical drilling cost per metre depth adjusted for regional costs

Reconciliations of the opening and closing balances are provided in Notes 21 and 22 .

23 Intangible assets

	Restated	
	2016 (\$'000)	2015 (\$'000)
Computer software		
At cost	13 076	6 502
Accumulated amortisation	(4 014)	(2 034)
Accumulated impairment losses	-	-
	9 062	4 468
Software licences		
At cost	345	345
Accumulated amortisation	(345)	(335)
Accumulated impairment losses	-	-
	-	10
Analytical Products		
At cost	8 146	3 666
Work in progress		
At cost	8 478	5 607
Accumulated amortisation	-	-
Accumulated impairment losses	-	-
	8 478	5 607
Total Intangible Assets	25 686	13 750
Reconciliations		
Computer software		
Carrying amount at start of period	4 468	3 240

	Restated	
	2016 (\$'000)	2015 (\$'000)
Additions	-	1 700
Transfers in/(out)	6 573	340
Amortisation expense	(1 979)	(812)
Carrying amount at end of period	9 062	4 468
Software licences		
Carrying amount at start of period	10	38
Additions	-	-
Amortisation expense	(10)	(28)
Carrying amount at end of period	-	10
Analytical Products		
Carrying amount at start of period	3 666	2 276
Additions	4 480	1 390
Amortisation expense	-	-
Carrying amount at end of period	8 146	3 666
Work in progress		
Carrying amount at start of period	5 607	1 507
Additions	10 143	7 742
Reclassification from Tangible Work in progress (Note 21)	3 782	571
Transfers (out) to Computer Software	(6 573)	(783)
Transfers (out) to Analytical Products	(4 480)	(1 390)
Transfers in/(out) of non-capital transaction	-	(2 040)
Carrying amount at end of period	8 478	5 607

24 Impairment of assets

As disclosed in Note 11, the department recognised impairment loss of property, plant and equipment as at 30 June 2016.

The department held intangible assets (analytical products) with an indefinite useful life during the reporting period. There was no indication of impairment. At the end of the reporting period there were no intangible assets not yet available for use.

25 Payables

	2016 (\$'000)	2015 (\$'000)
Current		
Trade payables	1 068	1 521
Accrued expense	559	1 485
Accrued salaries	-	1 381
Accrued fringe benefits tax	57	66
Total Current Payables	1 684	4 453

26 Provisions

	2016 (\$'000)	2015 (\$'000) (restated)
Current		
Employee benefits provision		
Annual leave ^(a)	3 167	3 813
Long service leave ^(b)	7 889	7 341
Purchased leave ^(c)	131	126
Deferred salary scheme ^(d)	2	-
	11 189	11 280
Other Provisions		
Employment on-costs ^(e)	456	1 537
	11 645	12 817

Non-current		
Employee benefits provision		
Long service leave ^(b)	2 584	2 029
	2 584	2 029
Other Provisions		
Employment on-costs ^(e)	106	283
	2 690	2 312

^(a) Annual leave liabilities have been classified as current as there is no unconditional right to defer settlement for at least 12 months after the end of the reporting period. Assessments indicate that actual settlements will occur as follows:

Within 12 months of the end of the reporting period	2 085	2 587
More than 12 months after the end of the reporting period	1 082	1 226
	3 167	3 813

^(b) Long service leave liabilities have been classified as current where there is no unconditional right to defer settlement for at least 12 months after the end of the reporting period. Assessments indicate that actual settlements will occur as follows:

Within 12 months of the end of the reporting period	3 387	2 892
More than 12 months after the end of the reporting period	7 086	6 478
	10 473	9 370

^(c) Purchased leave scheme liabilities have been classified as current where there is no unconditional right to defer settlement for at least 12 months after the end of the reporting period. Actual settlement of the liabilities is expected to occur as follows:

Within 12 months of the end of the reporting period	131	126
More than 12 months after the end of the reporting period	-	-
	131	126

^(d) Deferred salary scheme liabilities have been classified as current where there is no unconditional right to defer settlement for at least 12 months after the end of the reporting period. Actual settlement of the liabilities is expected to occur as follows:

Within 12 months of the end of the reporting period	2	-
More than 12 months after the end of the reporting period	-	-
	2	-

^(e) 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. The associated expense is disclosed in Note 11 'Other Expenses'.

26 Provisions (continues)

Movements in other provisions		
Employment on cost provision		
Carrying amount at start of period	1 820	1 753
Additional/(reversals of) provisions recognised	245	281
Payments/other sacrifices of economic benefits	(1 503)	(214)
Carrying amount at end of period	562	1 820

27 Other liabilities

	2016 (\$'000)	2015 (\$'000)
Current		
Revenue received in advance	98	-
Stale cheque holding account	41	42
Total current other liabilities	139	42

28 Equity

The Western Australian Government holds the equity interest in the department on behalf of the community. Equity represents the residual interest in the net assets of the department. The asset revaluation surplus represents that portion of equity resulting from the revaluation of non-current assets.

	2016 (\$'000)	2015 (\$'000)
Contributed Equity		
Balance at start of reporting period	262 430	251 699
Contributions by Owners		
Capital contribution	5 250	6 447
Other Contributions by Owners		
Initial recognition of crown land assets	-	212

	2016 (\$'000)	2015 (\$'000)
Regional infrastructure and headworks account	1 449	4 100
Total Contributions by Owners	6 699	10 759
Distribution to owners		
Net assets transferred to Government		
Transfer of net assets to other government agencies ^(a)	(2 309)	(28)
Proceeds for disposal of assets paid to Consolidated Account	(146)	(-)
Total distribution to owners	(2 455)	(28)
Balance at end of reporting period	266 674	262 430

^(a) The department transferred parcels of land to the State of Western Australia at nil consideration. The loss on disposal of these assets is accounted for as a distribution to owners/withdrawal of capital as required by Treasurer's Instruction 955.

Reserves		
Asset revaluation reserve:		
Balance at start of reporting period	57 539	54 322
Net revaluation increments/(decrements):		
Land	556	604
Buildings	775	842
Measurement sites	-	2 067
Derecognised revaluation assets ^(a)	1 630	(296)
Balance at end of reporting period	60 500	57 539
Accumulated surplus/(deficit)		
Balance at start of reporting period	(10 336)	(18 127)
Derecognised revaluation assets ^(a)	(1 630)	296
Result for the period surplus/(deficit)	(2 315)	7 495
Balance at end of reporting period	(14 281)	(10 336)
Total equity at end of the period	312 893	309 633

^(a) This represents the increment/(decrement) in the asset revaluation reserves on derecognition of land, buildings and infrastructure transferred directly to accumulated funds as per AASB 116, para 41.

29 Notes to the statement of cash flows

Reconciliation of cash

Cash at the end of the financial year as shown in the Statement of Cash Flows is reconciled to the related items in the Statement of Financial Position as follows:

	2016 (\$'000)	2015 (\$'000)
Cash and cash equivalents	10 073	11 059
Restricted cash and cash equivalents [refer to note 16 'Restricted cash and cash equivalents']	3 955	10 065
	14 028	21 124
Reconciliation of net cost of services to net cash flows provided by operating activities		
Net cost of services	(90 593)	(80 454)
Non-cash items:		
Depreciation and amortisation expense (note 8 'Depreciation and amortisation expense')	8 452	6 563
Net (gain)/loss on disposal of non-current assets (note 14 'Net gain/(loss) on disposal of non current assets')	421	(391)
Services received free of charge (note 15 'Resources received free of charge')	732	1 309
Initial recognition of assets (note 13 'Other revenue')	-	(1 554)
Write down of non-current assets classified as held for sale (Note 11 'Other expenses')	437	-
Transfer of expense from capital work in progress (Note 11 'Other expenses')	-	-

	2016 (\$'000)	2015 (\$'000)
(Increase)/decrease in assets:		
Current receivables ^(a)	(229)	(175)
Other current assets	588	(783)
Other non current assets	145	(31)
Increase/(decrease) in liabilities:		
Current payables ^(a)	(2 417)	1 545
Current provisions	(1 172)	476
Other current liabilities	97	(6)
Non-current provisions	378	9
Net GST receipts/(payments) ^(b)	3 858	3 755
Change in GST in (receivables)/payables ^(c)	(3 630)	(3 927)
Net cash provided by/(used in) operating activities	(82 743)	(73 664)

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

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

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

30 Resources provided free of charge

During the period the following resources were provided to other agencies free of charge for functions outside the normal operations of the department:

	2016 (\$'000)	2015 (\$'000)
Busselton Water	17	-
Department of Agriculture and Food	17	-
Department of Defence	-	16
Department of Finance	19	2
Department of Housing	-	1
Department of Mines and Petroleum	322	-
Department of Parks and Wildlife	1	-
Department of Planning	10	3
Department of Transport	5	-
Landcorp	-	3
Landgate	154	-
Main Roads	1	6
Public Transport Authority	2	24
Water Corporation	14	4
Western Australian Planning Commission	6	6
Other Agencies	1	9
Total resources provided free of charge	569	74

31 Commitments

Non-cancellable operating lease commitments

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

Within 1 year	4 520	3 059
Later than 1 year and not later than 5 years	9 149	8 553
Later than 5 years	7	3
	13 676	11 615

The commitments below are inclusive of GST.

Capital expenditure commitments

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

Within 1 year	6 743	3 474
Later than 1 year and not later than 5 years	8 343	14 561
	15 086	18 035
The capital commitments include amounts for:		
Groundwater bores	9 956	15 389
Surface water infrastructure	426	741
Information Technology Infrastructure	1 753	1 874
Swan River Trust Nicholson Oxygenation Plant	80	4
Kent St Weir	12	-
Models and Analytical Tools	726	27
Perth Confined Acquirer	2 133	-
Total	15 086	18 035

32 Contingent liabilities and contingent assets

Contingent liabilities

The following contingent liabilities are additional to the liabilities incorporated in the financial statements:

(a) Litigation in progress

Claim for compensation under the *Country Areas Water Supply Act 1947* after being declined a clearing licence in 1986. Potential compensation of \$96 877 (2015: \$56 200) may apply.

(b) Contaminated sites

Under the *Contaminated Sites Act 2003*, the department is required to report known and suspected contaminated sites to the Department of Environment Regulation (DER). In accordance with the Act, the DER classifies these sites on the basis of 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 of Water has reported one suspected contaminated site to DER. It is yet to be classified. To date there has been no evidence of contamination found, however scientific investigation is required before concluding whether or not a level of contamination exists. The department is unable to access the likely outcome of the classification process, and accordingly, it is not practicable to estimate the financial effect or to identify the uncertainties relating to the amount or timing of any of the outflows. Whilst there is no possibility of reimbursement of any future expenses that may be incurred in the remediation of these sites, the department may apply for funding from the Contaminated Sites Management Account to undertake further investigative work or to meet remediation costs that may be required.

Contingent assets

The department has no contingent assets at 30 June 2016.

33 Events occurring after the end of the reporting period

The department has no adjusting or non adjusting events after the end of the reporting period.

34 Explanatory statements

Variances between estimates (original budget) and actual results for 2016, and between the actual results for 2016 and 2015 are shown below. Narratives are provided for key variations selected from observed major variances, which are generally greater than:

5% and \$1.7 million for the Statement of Comprehensive Income and the Statement of Cashflow

5% and \$6.6 million for the Statement of Financial Position

Statement of Comprehensive Income - Controlled Operations

	Variance Note	Original Estimate 2016 (\$'000)	Actual 2016 (\$'000)	Restated Actual 2015 (\$'000)	Variance between estimate and actual (\$'000)	Variance between actual results for 2016 and 2015 (\$'000)
Cost of services						
Expenses						
Employee benefits expense	A	52 358	50 526	46 815	(1 832)	3 711
Supplies and services	I, B	20 167	25 060	21 192	4 893	3 868
Depreciation and amortisation expense	C	7 226	8 452	6 563	1 226	1 889
Accommodation expenses		4 800	4 542	4 625	(258)	(83)
Grants and subsidies	D	2 742	2 372	4 371	(370)	(1 999)
Other expenses	2	4 954	2 246	1 504	(2 708)	742
Loss on disposal of non-current assets		-	421	-	421	421
Total cost of services		92 247	93 619	85 070	1 372	8 549
Income						
Revenue						
User charges and fees		54	51	61	(3)	(10)
Commonwealth grants and contributions		-	706	1 364	706	(658)
Other revenue		3 755	2 269	2 800	(1 486)	(531)
Total Revenue		3 809	3 026	4 225	(783)	(1 199)
Gains						
Gain on disposal of non-current assets		-	-	-	-	-
Total income other than income from State Government		3 809	3 026	4 616	(783)	(1 590)
Net cost of services		88 438	90 593	80 454	2 155	10 139

34 Explanatory statements (continues)

Statement of Comprehensive Income -Controlled Operations (continues)

	Variance Note	Original Estimate 2016 (\$'000)	Actual 2016 (\$'000)	Restated Actual 2015 (\$'000)	Variance between estimate and actual (\$'000)	Variance between actual results for 2016 and 2015 (\$'000)
Income from State Government						
Service appropriation		72 359	72 359	71 532	-	827
Services received free of charge		923	732	1 309	(191)	(577)
Royalties for Regions fund	3	16 319	12 149	12 047	(4 170)	102
State grants		1 458	3 038	3 061	1 580	(23)
Total income from State Government		91 059	88 278	87 949	(2 781)	329
Surplus/(deficit) for the period		(2 621)	(2 315)	7 495	306	(9 810)
Other comprehensive income						
Items not reclassified subsequently to profit or loss						
Changes in asset revaluation surplus	E	-	1 331	3 515	1 331	(2 184)
Total other comprehensive income		-	1 331	3 515	1 331	(2 184)
Total comprehensive income for the period		(2 621)	(984)	11 010	1 637	(11 994)

34 Explanatory statements (continues)

Statement of Comprehensive Income - Controlled Operations (continues)

	Variance Note	Original Estimate 2016	Actual 2016	Restated Actual 2015	Variance between estimate and actual	Variance between actual results for 2016 and 2015
		(\$'000)	(\$'000)	(\$'000)	(\$'000)	(\$'000)
Assets						
Current Assets						
Cash and cash equivalents		10 020	10 073	11 059	53	(986)
Restricted cash and cash equivalents		2 242	3 955	10 065	1 713	(6 110)
Receivables		1 339	1 736	1 813	397	(77)
Amounts receivable for services		6 336	6 336	5 970	-	366
Other current assets		2 371	1 157	1 979	(1 214)	(822)
Non-current assets classified as held for sale		1 123	1 701	2 237	578	(536)
Total Current Assets		23 431	24 958	33 123	1 527	(8 165)
Non-Current Assets						
Restricted cash and cash equivalents		595	-	-	(595)	-
Amounts receivable for services		18 162	18 162	17 272	-	890
Property, plant and equipment		269 822	260 228	264 950	(9 594)	(4 721)
Intangible assets	4, F	16 420	25 686	13 750	9 266	11 936
Other		454	17	162	(437)	(145)
Total non-current assets		305 453	304 093	296 134	(1 360)	7 959
Total Assets		328 884	329 051	329 257	167	(206)

34 Explanatory statements (continues)

Statement of Comprehensive Income - Controlled Operations (continues)

	Variance Note	Original Estimate 2016 (\$'000)	Actual 2016 (\$'000)	Restated Actual 2015 (\$'000)	Variance between estimate and actual (\$'000)	Variance between actual results for 2016 and 2015 (\$'000)
Liabilities						
Current Liabilities						
Payables		1 782	1 684	4 453	(98)	(2 769)
Provisions		12 098	11 645	12 817	(453)	(1 172)
Other current liabilities		48	139	42	91	97
Total Current Liabilities		13 928	13 468	17 312	(460)	(3 844)
Non-Current Liabilities						
Provisions		2 257	2 690	2 312	433	378
Total Non-Current Liabilities		2 257	2 690	2 312	433	378
Total liabilities		16 185	16 158	19 624	(27)	(3 466)
Net assets		312 699	312 893	309 633	194	3 260
Equity						
Contributed equity		272 647	266 674	262 430	(5 973)	4 244
Reserves		55 791	60 500	57 539	4 709	2 961
Accumulated (deficit)/surplus	G	(15 739)	(14 281)	(10 336)	1 458	(3 945)
Total Equity		312 699	312,893	309,633	194	3,260

34 Explanatory statements (continues)

Statement of Comprehensive Income - Controlled Operations (continues)

	Variance Note	Original Estimate 2016	Actual 2016	Restated Actual 2015	Variance between estimate and actual	Variance between actual results for 2016 and 2015
		(\$'000)	(\$'000)	(\$'000)	(\$'000)	(\$'000)
Cash flows from State Government						
Service appropriation		65 133	65 133	65 097	-	36
Capital contributions	5	8 867	5 250	6 447	(3 617)	(1 197)
Holding account drawdowns		5 970	5 970	4 657	-	1 313
Royalties for regions fund	6, H	17 543	13 599	16 147	(3 944)	(2 548)
State grants		1 458	3 116	2 934	1 658	182
Net cash provided by State Government		98 971	93 068	95 282	(5 903)	(2 214)
Utilised as follows:						
Cash flows from operating activities						
Payments						
Employee benefits	I	(53 172)	(52 152)	(45 869)	1 020	(6 283)
Supplies and services	7, J	(19 295)	(24 700)	(20 296)	(5 405)	(4 404)
Accommodation		(4 800)	(4 373)	(4 460)	427	87
Grants and subsidies		(2 742)	(2 906)	(3 742)	(164)	836
GST payments on purchases		(4 750)	(4 421)	(4 776)	329	355
Other payments	8	(4 971)	(1 734)	(1 519)	3 237	(215)
Receipts						
User charges and fees		54	51	61	(3)	(10)
Commonwealth grants and contributions		-	706	1 364	706	(658)
GST receipts on sales		675	592	605	(83)	(13)
GST receipts from taxation authority		4 075	3 858	3 755	(217)	103
Other receipts		3 755	2 146	1 212	(1 609)	934
Net cash provided by/(used in) operating activities		(81 171)	(82 933)	(73 664)	(1 762)	(9 269)

34 Explanatory statements (continues)

Statement of Comprehensive Income - Controlled Operations (continues)

	Variance Note	Original Estimate 2016	Actual 2016	Restated Actual 2015	Variance between estimate and actual	Variance between actual results for 2016 and 2015
		(\$'000)	(\$'000)	(\$'000)	(\$'000)	(\$'000)
Cash flows from investing activities						
Payments						
Purchase of non-current physical assets		(18 605)	(18 545)	(19 855)	60	1 311
Purchase of inventories		-	-	-	-	-
Net proceeds on sale of land remitted to Treasury		-	(146)		(146)	146
Receipts						
Proceeds from sale of non-current physical assets		1 757	1 460	1 921	(297)	(461)
Net cash provided by/(used in) investing activities		(16 848)	(17 231)	(20 749)	(383)	3 518
Net increase/(decrease) in cash and cash equivalents		952	(7 096)	3 684	(8 048)	(10 780)
Cash and cash equivalents at the beginning of period		11 905	21 124	17 440	9 219	3 684
Cash and cash equivalents at the end of period		12 857	14 028	21 124	1 171	(7 096)

34 Explanatory statements (continues)

Statement of Comprehensive Income

Major Estimate and Actual (2016) Variance Narratives for Controlled Operations

- 1 The increase in supplies and services expense is due to additional expenses associated with the five 2014/15 Royalties for Regions project funds carry overs and the commencement of the two new Royalties for Regions funded programs, i.e. Regional Estuaries Initiative and Revitalising Waterways of Geopraphe Bay.
- 2 Other expenses were under spent due to certain Royalties for Regions expenditures were reallocated between other Expenses and Supplies and Services.
- 3 The reduction in the Royalties for Regions fund is due to the deferral of some Royalties for Regions Water for Food program funding to 2016/17 and 2017/18.

Major Actual (2016) and Comparative (2015) Variance Narratives for Controlled Operations

- A The increase in employee benefits expense is due to the severance payout totaling \$1.1 million and higher staffing costs incurred due to the commencement of two new Royalties for Regions programs.
- B The increase in supplies and services expense is due to additional expenses associated with the five 2014/15 Royalties for Regions project funds carry overs and the commencement of the two new Royalties for Regions funded programs, i.e. Regional Estuaries Initiative and Revitalising Waterways of Geopraphe Bay.
- C The increase in amortisation expense is mainly due to significant additions to the intangible assets during 2015/16.
- D The decrease in Grants and subsidies is mainly due to one-off grant payment of \$1.9 million associated with the Water for Food program in 2014/15.
- E The variance is due to the measurement site revaluation exercise which was undertaken in 2014/15. The Department revalues measurement sites every three years.

Statement of Financial Position

Major Estimate and Actual (2016) Variance Narratives for Controlled Operations

- 4 Intangible assets balance was under estimated as the actual development costs of groundwater models and analytical products are higher than expected.

Major Actual (2016) and Comparative (2015) Variance Narratives for Controlled Operations

- F The increase in the intangible assets is mainly due to the additions totalling \$10.1 million relating to development of groundwater models and analytical products.
- G The variance is largely due to the operating loss in the Department in the 2015/16 financial year.

Statement of Cash Flows

Major Estimate and Actual (2016) Variance Narratives for Controlled Operations

- 5 The decrease in capital appropriation is mainly due to deferral for the Kent Street Weir engineering work to 2016/17. The deferral was due to the delay in contract works.
- 6 The decrease in the receipt of funds was due to some deferred payments for the Royalties for Regions - Water for food Program - into the 2016/17 and 2017/18 years.
- 7 The increase in supplies and services expense is due to additional expenses associated with the five 2014/15 Royalties for Regions project funds carry overs and the commencement of the two new Royalties for Regions funded programs, i.e. Regional Estuaries Initiative and Revitalising Waterways of Geopraphe Bay.
- 8 Other expenses were underspent due to certain Royalties for Regions expenditures being reallocated between Other Expenses and Supplies and Services.

34 Explanatory statements (continues)

Major Actual (2016) and Comparative (2015) Variance Narratives for Controlled Operations

- H The decrease in the receipt of the Royalties for Regions fund is due to the deferral of some Royalties for Regions Water for Food program funding to 2016/17 and 2017/18.
- I The increase in employee benefits expense is due to severance payments totalling \$1.1 million and higher staffing costs due to the commencement of the new Royalties for Regions programs.
- J The increase in supplies and services expense is due to additional expenses associated with the five 2014/15 Royalties for Regions project funding carry overs and the commencement of the two new Royalties for Regions funded programs - Regional Estuaries Initiative and Revitalising Waterways of Geographe Bay.

35 Financial instruments

(a) Financial Risk Management Objectives and Policies

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

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 end of reporting period in relation to each class of recognised financial assets is the gross carrying amount of those assets inclusive of any allowance for impairment, as shown in the table at note 35 (c) 'Financial Instruments Disclosures' and note 17 '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 resulting in the department's exposure to bad debts is minimal. At the end of the reporting period, there are 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. The department is not exposed to interest rate risk because all cash and cash equivalents cash are non-interest bearing and have no borrowings.

(b) Categories of Financial Instruments

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

	2016 (\$'000)	2015 (\$'000)
Financial assets		
Cash and cash equivalents	10 073	11 059
Restricted cash and cash equivalents	3 955	10 065
Receivables ^(a)	25 000	23 593
	39 028	44 717
Financial liabilities		
Financial liabilities measured at amortised cost	1 684	4 453
	1 684	4 453

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

35 Financial instruments (continues)

(c) Financial Instrument disclosures

Credit risk

The following table discloses the department's maximum exposure to credit risk and the ageing analysis of financial assets. The department's maximum exposure to credit risk at the end of the reporting period is the carrying amount of financial assets as shown below. The table discloses the ageing of financial assets that are past due but not impaired and impaired financial assets. The table is based on information provided to senior management of the department.

The department does not hold any collateral as security or other credit enhancement relating to the financial assets it holds.

Ageing analysis of financial assets

	Carrying Amount (\$'000)	Not past due and not impaired (\$'000)	Past due but not impaired					Impaired financial assets (\$'000)
			Up to 1 months (\$'000)	1-3 months (\$'000)	3 months to 1 year (\$'000)	1-5 years (\$'000)	More than 5 years (\$'000)	
2016								
Cash and cash equivalents	10 073	10 073	-	-	-	-	-	-
Restricted cash and cash equivalents	3 955	3 955	-	-	-	-	-	-
Receivables ^(a)	502	81	267	15	25	-	-	114
Amounts receivable for services	24 498	24 498	-	-	-	-	-	-
	39 028	38 607	267	15	25	-	-	114
2015								
Cash and cash equivalents	11 059	11 059	-	-	-	-	-	-
Restricted cash and cash equivalents	10 065	10 065	-	-	-	-	-	-
Receivables ^(a)	351	200	-	127	12	-	-	12
Amounts receivable for services	23 242	23 242	-	-	-	-	-	-
	44 717	44 566	-	127	12	-	-	12

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

35 Financial instruments (continues)

Liquidity risk and interest rate exposure

The following table discloses 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 for each item.

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

Weighted average effective interest rate %	Carrying amount	Fixed interest rate	Variable interest rate	Non-interest bearing	Nominal amount	Up to 1 months	1-3 months	3 months to - 1 year	1-5 years	More than 5 years
2016	(\$'000)	(\$'000)	(\$'000)	(\$'000)	(\$'000)	(\$'000)	(\$'000)	(\$'000)	(\$'000)	(\$'000)
Financial assets										
Cash and cash equivalents	10 073	-	-	10 073	10 073	10 073	-	-	-	-
Restricted cash and cash equivalents	3 955	-	-	3 955	3 955	3 955	-	-	-	-
Receivables ^(a)	502	-	-	502	502	502	-	-	-	-
Amounts receivable for services	24 498	-	-	24 498	24 498	851	1 824	3 661	18 162	-
	39 028	-	-	39 028	39 028	-	-	-	-	-
Financial liabilities										
Payables	1 684	-	-	1 684	1 684	1 684	-	-	-	-
	1 684	-	-	1 684	1 684	1 684	-	-	-	-
2015										
Financial assets										
Cash and cash equivalents	11 059	-	-	11 059	11 059	11 059	-	-	-	-
Restricted cash and cash equivalents	10 065	-	-	10 065	10 065	8 359	-	1 706	-	-
Receivables ^(a)	351	-	-	351	351	351	-	-	-	-
Amounts receivable for services	23 242	-	-	23 242	23 242	470	2 409	3 091	17 272	-
	44 717	-	-	44 717	44 717	20 239	2 409	4 797	17 272	-
Financial liabilities										
Payables	4 453	-	-	4 453	4 453	4 453	-	-	-	-
	4 453	-	-	4 453	4 453	4 453	-	-	-	-

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

35 Financial instruments (continues)

Interest rate sensitivity analysis

Interest rate sensitivity has not been disclosed as the department is not exposed to interest rate risk as it has no assets or liabilities that are interest bearing.

Fair values

All financial assets and liabilities recognised in the Statement of Financial Position, whether they are carried at cost or fair value, are recognised at amounts that represent a reasonable approximation of fair value unless otherwise stated in the applicable notes.

37 Remuneration of senior officers

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

(\$000)	2016	2015
30 001 - 40 000 ^(b)	1	-
50 001 - 60 000 ^(a)	-	1
60 001 - 70 000 ^(a)	-	1
70 001 - 80 000 ^(a)	-	1
80,001 - 90 000 ^(a)	-	1
140 001 - 150 000 ^(a)	-	1
160 001 - 170 000	1	1
170 001 - 180 000	1	2
190 001 - 200 000	2	2
200 001 - 210 000	3	2
220 001 - 230 000	1	1
230 001 - 240 000	-	1
260 001 - 270 000	1	-
340 001 - 350 000	1	-
	(\$000)	(\$000)
Base remuneration and superannuation	2 023	2 044
Annual leave and long service leave accruals	47	(10)
Other benefits	141	165
The total remuneration of senior officers	2 211	2 199

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

^(a) Two senior officers left the agency part way through the 2015 financial year, and three officers acted short term in the Director of Corporate Strategy and Reform position in 2015.

^(b) One senior officer left the agency part way through the 2016 financial year.

37 Remuneration of auditor

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

	2016 (\$'000)	2015 (\$'000)
Auditing the accounts, controls, financial statements and performance indicators	123	92

38 Related and affiliated bodies

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

39 Special purpose accounts

Developer Bonds

The purpose of the account is to hold funds paid by developers and held in trust. Amounts are refunded on completion of works per agreed contract.

	2016 (\$'000)	2015 (\$'000)
Balance at start of period	64	97
Receipts	-	-
Payments	-	(33)
Balance at end of period	64	64

40 Supplementary financial information

	2016 (\$'000)	2015 (\$'000)
(a) Write Offs		
Public property written-off by the accountable authority during the financial year	(15)	(5)
(b) Loss through theft defaults and other causes		
Losses of public properties through theft or default	(15)	(15)
Amounts recovered	(1)	10
	(14)	(5)
(c) Gifts of Public Property		
The department had no gifts of public property during the financial year.		

41 Administered income and expenses by service

	Urban Water Management and Industry Services		Water Use Allocation and Optimisation		Catchment and Waterways Health		General - Not Attributed		Total	
	2016 (\$'000)	2015 (\$'000)	2016 (\$'000)	2015 (\$'000)	2016 (\$'000)	2015 (\$'000)	2016 (\$'000)	2015 (\$'000)	2016 (\$'000)	2015 (\$'000)
Income from administered items										
Income										
For transfer:										
Regulatory fees and other charges	-	-	-	-	-	-	23	18	23	18
Expenses										
Payments into the Consolidated account ^(a)	-	-	-	-	-	-	23	18	23	18

^(a) Payments into the Consolidated account included water fines collected on behalf of Water Corporation.

42 Explanatory statement for administered items

	Variance Note	Original Budget 2016 (\$'000)	Actual 2016 (\$'000)	Actual 2015 (\$'000)	Variance between estimate and actual (\$'000)	Variance between actual results for 2016 and 2015 (\$'000)
Income from administered items						
Income						
For transfer:						
Regulatory fees and other charges		25	23	18	(2)	5
Expenses						
Payments into the Consolidated account ^(a)		25	23	18	(2)	5
Net income from administered items						
		-	-	-	-	-

^(a) Payments into the consolidated account included water fines collected on behalf of Water Corporation.

43 Administered assets and liabilities

	2016 (\$'000)	2015 (\$'000)
Asset		
Current asset		
Cash and cash equivalents	18	18
Total administered current assets	18	18
Total administered assets	18	18
Liability		
Current liability		
Amounts owing to controlled entity	-	-
Total administered current liabilities	-	-
Total administered liabilities	-	-

Ministerial directives

There were no Ministerial directives in 2015–16.

Other financial disclosures

Pricing policies of services provided

The department does not have fees for services.

Capital works

The Department of Water's capital works consist of asset replacement programs and new projects.

The ongoing asset replacement program includes installing, replacing and upgrading groundwater monitoring bores and river gauging stations throughout the State and an asset replacement program associated with computer hardware and office equipment.

New projects in 2015–16 include further investment in the groundwater investigation and monitoring bore program across the State. We are also replacing legacy water management systems through the Water Online project.

Governance disclosures

Executive recruitment

Mike Rowe was appointed Director General of the Department of Water for a five-year term which commenced on 21 June 2016. Mr Rowe had been acting in the role since 2014.

Geoff Gilbert was appointed as the Executive Director Corporate Strategy and Reform. Mr Gilbert's Senior Executive Service contract appoints him to this position for a term of two years from 5 October 2016.

Richard Newman joined the department as the Director Regions on a secondment from the Housing Authority. Mr Newman's secondment is for a period of one year from 15 September 2015 with the option for a further one-year extension to 14 September 2017.

Unauthorised use of corporate purchasing cards

Officers of the department hold corporate 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, eleven employees inadvertently utilised the corporate purchasing card for their personal expenditures.

The matters were not referred for disciplinary actions as the Chief Finance Officer noted prompt advice and settlement of the personal use amount, and, that the nature of the expenditure was immaterial and characteristic of an honest mistake.

	2016 (\$)
Aggregate amount of personal use expenditure for the reporting period	357.08
Aggregate amount of personal use expenditure settled by the due date (within 5 working days)	215.05
Aggregate amount of personal use expenditure settled after the period (after 5 working days)	142.03
Aggregate amount of personal use expenditure outstanding at balance date	-

Government policy requirements

Government Building Contracts

The department has a commitment to the Government Building Training Policy, having altered prospective tender documentation and developed a monitoring plan for building and construction or maintenance projects with a duration of greater than three months, a value of greater than \$2 million and tendered after 1 October 2015.

At the balance date, no contracts subject to the Government Building Training Policy had been awarded.

	Building and Construction Project 2016	Maintenance Projects 2016
Active contracts within the scope of the policy in the reporting period	-	-
Contracts granted a variation to the target training rate in the reporting period	-	-
Head contractors involved in the contracts	-	-
Construction apprentices/trainees required to meet target training rate across all contracts	-	-
Construction apprentices/trainees employed by head contractors; and the subcontractors they are using for the contracts	-	-
Contracts which met or exceeded the target training rate	-	-

Boards and committee remuneration

All remuneration paid by the Department of Water during 2015–16 to positions on boards and committees is summarised in the table below.

Boards and committee remuneration 2015–16	Remuneration (\$)
Carnarvon Water Allocation Advisory Committee	2 420
Geographe Catchment Council	17 650
Warren Donnelly Water Advisory Committee	7 392
Total	27 462

Other legal requirements

Expenditure on advertising 2015–16 financial year

Expenditure for the 2015–16 financial year on advertising, market research, polling and direct mail (*Electoral Act 1907 s175ZE*):

Category	Actual (\$)
Information advertising:	
Adcorp Australia	4608.1
RPM Rapid Print Media	1 594
State Law Publisher	14 232.34
WA News	872.73
Subtotal	71 307.17
Recruitment and tender advertisements:	
Careerspot Pty Ltd	180
Email Media	150
Subtotal	330
Total advertising costs	71 637.17

Disability access and inclusion

The Department of Water is committed to ensuring people with disabilities, their families and carers can fully access its events, buildings, facilities, information and services.

In 2015–16, we endorsed a new five-year *Workforce and diversity plan*. The outcomes of the *2014–2018 Disability access and inclusion plan* were included in the new plan. Highlights of the plan include:

- developing (for the first time) an integrated equity and diversity framework, drawing together several initiatives including the *Disability access and inclusion plan*
- establishing a cross-agency reference group to ensure a consistent and quality approach to the implementation of strategies
- including information about the department as an equal opportunity employer in recruitment advertising
- prohibiting discriminatory practice in internal policies.

Reconciliation action

In responding to the cultural significance of water to Aboriginal people, the Department of Water has for many years engaged with Aboriginal stakeholders. These stakeholders have represented various language groups, communities and interests in many different parts of the State.

By defining the actions for contributing to reconciliation, the department aims to strengthen relationships with the Aboriginal community and provide genuine economic opportunities for Aboriginal people.

The department's first reconciliation action plan was published in July 2015 and is an important framework that is fundamental to its business.

In developing this plan, valuable feedback from employees – both Aboriginal and non-Aboriginal from around the State – defined what matters most and shaped the actions in the plan.

The Mowanjum irrigation trial, converting water information to Aboriginal languages, and holding multi-day 'on country' consultations to shape major groundwater investigation programs is considered best practice.

In May 2016, the Minister for Water announced further employment and training opportunities for Aboriginal people and formally inducted two Aboriginal men from Derby – Ashton Lockyer, aged 25 years, and Mark Laylay, aged 29 years – into Mowanjum's new trainee program.



During the next 18 months, the two trainees will receive guidance and support from the Mowanjum Aboriginal Corporation, Winun Ngari Aboriginal Corporation, the Kimberley Training Institute and Kimberley Group Training.

The Mowanjum trainee initiative will involve full-time work placement with the potential for candidates to undertake formal qualifications, including a Certificate II and/or III in Rural Operations.

The opportunity was made possible by the \$40 million Water for Food program, part of the State Government's Seizing the Opportunity Agricultural initiative made possible by Royalties for Regions funding.

Public sector standards and ethical codes

Two claims of breaches of the Western Australian Public Sector Standards in Human Resources (Employment Standard) were lodged.

Both claims were referred to the Public Sector Commission with a determination that no breach had occurred.

Record-keeping

In accordance with Section 61 of the *State Records Act 2000*, the Department of Water provides the following information according to the State Records Commission's standard 2 (principle 6).

Activities undertaken this year included the continued identification and assessment of records from legacy agencies and the deployment of a business classification scheme to improve the management of non-current records.

TRIM was upgraded to the HP Records Manager platform, which enhanced search and saving options for users.

A record-keeping awareness training program was provided to staff members. The course is delivered online to all new staff as a mandatory part of induction. Existing staff members must also complete this course.

Our induction process directed new staff to their record-keeping obligations through the record-keeping manual and the TRIM/Records Manager training schedule. All staff members have access to the records management system.

Face-to-face TRIM/Records Manager training was provided on a weekly basis. This course included roles and responsibilities relating to obligations under the *State Records Act 2000*.

The training modules addressed particular work practices (such as saving emails into TRIM/Records Manager) rather than describing all the platform's capabilities.

Training was also provided to regional offices through the use of video conference and remote access technology. Staff training is also supported by a comprehensive TRIM/Records Manager manual which is available online through our intranet.

Record-keeping information was provided through the internal news broadcasts.

The efficiency and effectiveness of the record-keeping awareness program was assessed periodically through participant feedback received in person or online.

The program continues to produce satisfactory results.

Feedback from staff indicated their skills improved significantly as a result of the awareness program and the accessibility of advisory staff.

Other measures of performance included the number of records saved to the record-keeping system, the numbers of files created, and the response times to service requests.

Government policy requirements

Substantive equality

The Department of Water is committed to implementing substantive equity measures and strives to make its services available to all Western Australians in a form that meets different needs.

During the past 12 months, we have launched our equity framework that integrates our substantive equity strategies.

The implementation of the equity framework is the responsibility of an internal Equity and Diversity Committee which was formed and began work in 2015–16.

Progress in coordinating our effort to implement substantive equity is overseen by the Manager Human Resource Services.

Occupational safety, health and injury management

In accordance with the Public Sector Commissioner's Circular 2012–05: *Code of practice: Occupational safety and health in the Western Australian public sector* (the 'code'), the department complies with the requirements of the *Occupational Safety and Health Act 1984*, the *Workers' Compensation and Injury Management Act 1981* and the *Code of practice: Occupational safety and health in the Western Australian public sector*.

Commitment to employees

The department recognises that its strength is in the many dedicated employees who deliver water planning, policy and management, and is committed to its employees by providing a safe and healthy workplace. The agency's executive team fully supports the department's occupational safety and health management system to ensure all employees of the department have a safe, healthy workplace.

Through the department's Occupational safety and health policy, which was recently updated in 2014, it ensures, so far as is practicable, employees, contractors, volunteers and others working with the department are protected from harm while at work. This goal is achieved through the implementation of the department's Occupational safety and health (OSH) management system.

In the event that a workplace injury occurs, the agency has established a Workers' compensation and injury management policy to assist injured employees to return to work as soon as medically appropriate.

Both of these policies are available to employees on the department's intranet site. Workplace safety and health information is regularly communicated, as part of an online training program for both managers and staff, through articles on OSH news section of the department's front page of its intranet and through the Occupational Safety and Health Steering Committee and reference groups.

Mechanism for consultation with employees

Both management and employees are committed to effective consultation in the workplace to provide employees with an opportunity to participate in decisions which affect their working lives. The department has established a consultation system that includes an OSH Steering Committee, area OSH committees and safety and health representatives. These groups focus on continuous improvement of occupational safety and health performance within the department.

The OSH committees, including employee representatives, form the key to occupational safety and health consultation within the agency. The health and safety representative locations and details are communicated to all employees. The members are accessible, and effectively utilised by both management and the employees, in the discussion and resolution of occupational safety and health issues.

The department's OSH steering committee meets quarterly while local area OSH committees meet more frequently and communicate initiatives to resolve occupational safety and health issues and review hazard and incident reports. The OSH Steering Committee has responsibility for setting the strategic direction of occupational safety and health within the department implemented and ensuring it is meeting all of its targets.

Commitment to return employees back to work after injury

In the event that a workplace injury occurs, the Workers' compensation and injury management policy creates an injury management system that is directed at enabling injured employees to return to work as soon as medically appropriate.

The system ensures injury management intervention occurs promptly and effectively, so injured employees can remain at work or return to work at the earliest appropriate time. The injury management system and return to work programs are compliant with the requirements of the *Workers' Compensation and Injury Management Act 1981* and have been reviewed and approved by RiskCover, the department's insurer.

Information about the injury management system and return to work after injury is made available to employees through the department's intranet.

Assessment of the occupational health and safety system

The department’s occupational health and safety management system was audited externally in late 2013 by SafeBound. The OSH management system was audited against WorkSafe WA audit criteria, Australian and New Zealand Standard 4801 and existing departmental OSH procedures and standards. To fully assess the system the following elements were addressed throughout the audit:

- 1 Management Commitment
- 2 Planning
- 3 Consultation and Reporting
- 4 Hazard Management
- 5 Training and Supervision

The department continues to implement recommendations made throughout the audit to strengthen to OSH management system and ensure the safety and health of all our employees.

The OSH management system will continue to be monitored for continuous improvement, and revisions will be made to reflect the harmonisation of State and federal work health and safety legislation, as it comes into effect.

Manager and supervisor training in occupation safety, health and injury management responsibilities

Managers are trained in occupational safety and health through the use of the departments electronic learning modules. The module covers all aspects including the OSH legal framework, duty of care, hazard and risk management, incident management, OSH training and injury management and return to work programs. All managers and supervisors are required to complete training every two years and achieve a pass mark of 80 percent for the module.

Performance

The department’s performance against the targets set in the Government circular is demonstrated below.

Safety health and injury management performance reporting

Measure	Actual results		Results against target	
	2014–15	2015–16	Target	Comment on result
Number of fatalities	0	0	0	Target achieved
Lost time injury and/or disease incidence rate	1.09%	1.35%	0 or 10% reduction	Target missed
Lost time injury and/or disease severity rate	0	0	0 or 10% reduction	Target achieved
Percentage of injured workers returned to work:	100%	100%	Greater than or equal to 80%	Target achieved
(i) within 13 weeks	100%	100%	Greater than or equal to 80%	Target achieved
(ii) within 26 weeks	N/A	N/A	N/A	N/A
Percentage of managers trained in occupational safety, health and injury management responsibilities	83%	84.6%	Greater than or equal to 80%	Target achieved

Workforce profile

The workforce profile of the department for the last financial year is shown below:

Occupation categories	30 June 2015	30 June 2016
Managers	59	58
Professionals	296	293
Technicians and trades workers	6	7
Clerical and administrative workers	96	86
Total FTE	457	444



Commitment to employees

We recognise that our strength is in the many dedicated employees who deliver water planning, science, policy and management, and we are committed to our employees by providing a safe and healthy workplace.

The agency's executive team fully supports our occupational safety and health policy management system to ensure all employees have a safe and healthy workplace.

Activities that support this commitment include the regular induction of new employees, our comprehensive wellbeing program and the continuation of the Employee Recognition Program to highlight the outstanding contributions of our employees.

Through the Employee Recognition Program two staff members were awarded Australia Day medallions in January 2016 in recognition of their outstanding achievements in the water industry.

Leading water

To lead the State's water management requires an expert workforce and leaders. The Department of Water is committed to developing leadership throughout its workforce. We fund several different leadership programs to help technical professionals understand and develop the leadership skills they need to deliver the department's strategic priorities.

These include opportunities in Public Sector Management leadership programs, places at the International Water Centre's leadership program, and a 12-month in-house leadership program.

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The Department of Water welcomes your comment to help us improve the clarity and presentation of our publications. Your assistance in completing this form would be greatly appreciated.

Did the report help you understand the department, its purpose, services and performance?

not at all | not really | somewhat | yes | absolutely

Did you find the design and presentation functional and effective?

not at all | not really | somewhat | yes | absolutely

Was the report clear, concise and easy to read?

not at all | not really | somewhat | yes | absolutely

Did you find the structural format of the report simple and logical?

not at all | not really | somewhat | yes | absolutely

When completed please return to:

Corporate Communications

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Or email: Annual.Report@water.wa.gov.au

Please send your comments by

5.00 pm, 2 December 2016

The Department of Water will consider all submissions in the preparation of next year's annual report.



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