



Annual report 2018–19

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## Shortened forms

Term	Definition
AAS	Australian Accounting Standards
CALD	cultural and linguistically diverse backgrounds
CSIRO	Commonwealth Scientific and Industrial Research Organisation
DFES	Department of Fire and Emergency Services
DMIRS	Department of Mines, Industry Regulation and Safety
DWER	Department of Water and Environmental Regulation
EPA	Environmental Protection Authority
FOGO	food organics and garden organics
FTE	full-time equivalent

Term	Definition
MLA	Member of the Legislative Assembly
MLC	Member of the Legislative Council
NAIDOC	National Aborigines and Islanders Day Observance Committee
NEPM	National Environment Protection Measure
OSH	occupational safety and health
PFAS	per- and polyfluoroalkyl substances
WALGA	Western Australian Local Government Association
WARR	waste avoidance and resource recovery
WIR	Water Information Reporting
WSS	WestState Superannuation Scheme



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## **Auditor General** independent auditor's report





#### INDEPENDENT AUDITOR'S REPORT

To the Parliament of Western Australia

#### DEPARTMENT OF WATER AND ENVIRONMENTAL REGULATION

#### Report on the Financial Statements

#### Opinion

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

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

#### Basis for Opinion

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

#### Responsibility of the Director General for the Financial Statements

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

In preparing the financial statements, the Director General is responsible for assessing the agency's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Western Australian Government has made policy or funding decisions affecting the continued existence of the Department.

#### Auditor's Responsibility for the Audit of the Financial Statements

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

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As part of an audit in accordance with Australian Auditing Standards, I exercise professional

judgment and maintain professional scepticism throughout the audit. I also:

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

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

#### Report on Controls

#### Oninion

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

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

In my opinion, in all material respects, the controls exercised by the Department of Water and Environmental Regulation are sufficiently adequate to provide reasonable assurance that the receipt, expenditure and investment of money, the acquisition and disposal of property and the incurring of liabilities have been in accordance with legislative provisions during the year ended 30 June 2019.

#### The Director General's Responsibilities

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

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#### Auditor General's Responsibilities

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

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

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

#### Limitations of Controls

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

#### Report on the Key Performance Indicators

#### Opinio

I have undertaken a reasonable assurance engagement on the key performance indicators of the Department of Water and Environmental Regulation for the year ended 30 June 2019. The key performance indicators are the key effectiveness indicators and the key efficiency indicators that provide performance information about achieving outcomes and delivering services.

In my opinion, in all material respects, the key performance indicators of the Department of Water and Environmental Regulation are relevant and appropriate to assist users to assess the Department's performance and fairly represent indicated performance for the year ended 30 June 2019.

#### The Director General's Responsibility for the Key Performance Indicators

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

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

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#### Auditor General's Responsibility

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

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

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

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

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

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

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

CAROLINE SPENCER AUDITOR GENERAL FOR WESTERN AUSTRALIA Perth, Western Australia /8 September 2019

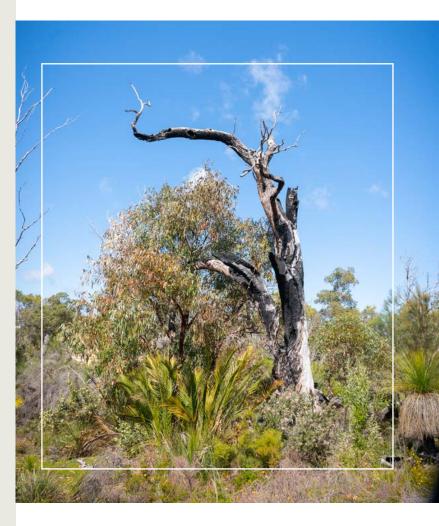
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Overview

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The accompanying financial statements of the Department of Water and Environmental Regulation have been prepared in compliance with the provisions of the *Financial Management Act 2006* from proper accounts and records to present fairly the financial transactions for the reporting period ended 30 June 2019 and the financial position as at 30 June 2019.

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

Wayne Millen

**Chief Finance Officer** 

Date: 18 September 2019

Mike Rowe

**Director General** 

Date: 18 September 2019

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## Statement of comprehensive income

For the year ended 30 June 2019

	Notes	2019	2018
		\$'000	\$'000
Cost of services			
Expenses			
Employee benefits expense	2.1(a)	92 288	97 876
Supplies and services	2.3	35 489	31 689
Depreciation and amortisation expense	4.1.1, 4.2.1	11 703	10 380
Accommodation expense	2.3	8 392	9 695
Grants and subsidies	2.2	15 160	18 463
Other expenses	2.3	3 216	4 724
Loss on disposal of non-current assets	2.4	4 664	580
Total cost of services		170 912	173 407
Income			
Revenue			
User charges and fees	3.2	28 854	25 029
Commonwealth grants and contributions	3.3	2 800	2 467
Waste Levy	3.4	77 586	75 509
Interest revenue		899	735
Other revenue	3.5	4 570	17 244
Total revenue		114 709	120 984
Total income other than income from state government		114 709	120 984
Net cost services		56 203	52 423

	Notes	2019	2018
		\$'000	\$'000
Income from state government			
Service appropriation	<u>3.1</u>	83 012	92 892
State grants	3.1	2 062	3 835
Resources received free of charge	3.1	2 629	1 709
Royalties for Regions fund	<u>3.1</u>	9 220	8 287
Total income from state government		96 923	106 723
Surplus for the period		40 720	54 300
Other comprehensive income			
Items not reclassified subsequently to profit or loss			
Changes in asset revaluation surplus	<u>8.11</u>	12 835	1 305
Total other comprehensive income		12 835	1 305
Total comprehensive income for the period		53 555	55 605

The Statement of comprehensive income should be read in conjunction with the accompanying notes.



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## Statement of financial position

For the year ended 30 June 2019

	Notes	2019	2018
		\$'000	\$'000
Assets			
Current assets			
Cash and cash equivalents	6.1	11 958	5 512
Restricted cash and cash equivalents	<u>6.1</u>	65 105	63 985
Receivables	<u>5.1</u>	22 748	30 457
Amounts receivable for services	<u>5.2</u>	5 994	6 307
Other current assets	<u>5.3</u>	2 063	1 598
Total current assets		107 868	107 859
Non-current assets			
Restricted cash and cash equivalents	<u>6.1</u>	1 019	633
Amounts receivable for services	<u>5.2</u>	40 637	30 965
Infrastructure, property, plant and equipment	4.1	347 936	337 523
Intangibles	<u>4.2</u>	20 379	24 866
Total non-current assets		409 971	393 987
Total assets		517 839	501 846

	Notes	2019	2018
		\$'000	\$'000
Liabilities			
Current liabilities			
Payables	<u>5.4</u>	8 585	7 559
Employee-related provisions	2.1(b)	20 354	19 836
Other current liabilities	<u>5.5</u>	520	354
Total current liabilities		29 459	27 749
Non-current liabilities			
Employee-related provisions	2.1(b)	5 275	5 073
Payables	<u>5.4</u>	-	1 658
Total non-current liabilities		5 275	6 731
Total liabilities		34 734	34 480
Net assets		483 105	467 366
Equity			
Contributed equity	8.11	373 945	411 761
Reserves	8.11	14 140	1 305
Accumulated surplus		95 020	54 300
Total equity		483 105	467 366

The Statement of financial position should be read in conjunction with the accompanying notes.



## Statement of changes in equity

For the year ended 30 June 2019

		Contributed equity	Reserves	Accumulated surplus	Total equity
	Notes	\$'000	\$'000	\$'000	\$'000
Balance at 1 July 2017		-	-	-	
Surplus		-	-	54 300	54 300
Other comprehensive income	<u>8.11</u>	-	1 305	-	1 305
Total comprehensive income for the period		-	1 305	54 300	55 605
Transactions with owners in their capacity as owners:					
Capital appropriations	<u>8.11</u>	10 264	-	-	10 264
Net assets transferred from the former agencies	<u>8.11(a)</u>	465 227	-	-	465 227
Distribution to owners	<u>8.11</u>	(63 730)	-	-	(63 730
Total		411 761	-	-	411 76
Balance at 30 June 2018		411 761	1 305	54 300	467 366
Balance at 1 July 2018		411 761	1 305	54 300	467 366
Surplus		-	-	40 720	40 720
Other comprehensive income	<u>8.11</u>	-	12 835	-	12 83
Total comprehensive income for the period		-	12 835	40 720	53 55
Transactions with owners in their capacity as owners:					
Capital appropriations	<u>8.11</u>	4 654	-	-	4 654
Distribution to owners	<u>8.11</u>	(41 333)	-	-	(41 333)
Transfers to other agencies	<u>8.11</u>	(1 137)	-	-	(1 137)
Total		(37 816)	-	-	(37 816
Balance at 30 June 2019		373 945	14 140	95 020	483 105

The Statement of changes in equity should be read in conjunction with the accompanying notes.

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## Statement of cash flows

For the year ended 30 June 2019

Note	2019 \$'000	2018 \$'000
Cash flows from state government		
Service appropriation	67 346	77 120
Cash transferred from the former agencies $8.11(a)$	-	88 529
Capital contributions	4 654	10 264
Holding account drawdown	6 307	7 354
Distributions to owner	(41 056)	(63 443)
Net proceeds on sale of land remitted to consolidated account	(277)	(287)
Royalties for Regions fund	9 220	8 287
State grants	1 551	3 835
Net cash provided by state government	47 745	131 659

Utilised as follows: Note	2019 \$'000	2018 \$'000
Cash flows from operating activities		
Payments		
Employee benefits	(91 352)	(99 214)
Supplies and services	(31 184)	(28 039)
Accommodation	(8 269)	(9 699)
Grants and subsidies	(17 107)	(11 688)
GST payments on purchases	(6 664)	(8 601)
Other payments	(2 391)	(3 986)
Receipts		
User charges and fees	28 896	24 675
Commonwealth grants and contributions	1 121	2 302
Interest received	919	530
Waste Levy	77 571	73 971
GST receipts on sales	295	909
GST receipts from taxation authority	5 838	6 451
Other receipts	3 712	6 282
Recovery of Waste Levy	10 000	-
Net cash used in operating activities	(28 615)	(46 107)
Cash flows from investing activities		
Payments		
Purchase of non-current assets	(11 469)	(15 742)
Receipts		
Receipts from sale of non-current physical assets	291	320
Net cash used in investing activities	(11 178)	(15 422)
Net increase in cash and cash equivalents	7 952	70 130
Cash and cash equivalents at the beginning of the period	70 130	
Cash and cash equivalents at the end of period 6.1	78 082	70 130

The Statement of cash flows should be read in conjunction with the accompanying notes.



performance issues

## Summary of consolidated account appropriations and income estimates

For the year ended 30 June 2019

	2019 Estimate	2019 Actual	Variance	2019 Actual	2018 Actual	Variance
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Delivery of services						
Item 106 Net amount appropriated to deliver services	82 407	82 610	203	82 610	92 490	(9880)
Amount authorised by other statues						
- Salaries and Allowances Act 1975	402	402	-	402	402	-
Total appropriations provided to deliver services	82 809	83 012	203	83 012	92 892	(9 880)
Capital						
Item 124 capital appropriation	4 654	4 654	-	4 654	10 264	(5 610)
Grand total	87 463	87 666	203	87 666	103 156	(15 490)

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	2019 Estimate	2019 Actual	Variance	2019 Actual	2018 Actual	Variance
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Details of expenses by service						
Water information and advice	36 562	35 865	(697)	35 865	41 646	(5 781)
Water planning, allocation and optimisation	32 011	34 706	2 695	34 706	40 027	(5 321)
Water regulation, licensing and industry governance	18 593	18 623	30	18 623	17 419	1 204
Environmental regulation	38 496	35 904	(2 592)	35 904	36 685	(781)
Environment policy	5 405	6 306	901	6 306	4 608	1698
Waste strategies	23 983	25 756	1 773	25 756	19 922	5 834
Environmental impact assessment services to the Environmental Protection Authority (EPA)	9 440	9 660	220	9 660	8 878	782
Environmental management services to the EPA	3 958	2 189	(1 769)	2 189	3 138	(949)
Compliance monitoring services to the Minister for Environment	2 112	1903	(209)	1903	1084	819
Total cost of services	170 560	170 912	352	170 912	173 407	(2 495)
Less total income	(124 786)	(114 709)	10 077	(114 709)	(120 984)	6 275
Net cost of services	45 774	56 203	10 429	56 203	52 423	3 780
Adjustments	37 035	26 809	(10 226)	26 809	40 469	(13 660)
Total appropriations provided to deliver services	82 809	83 012	203	83 012	92 892	(9 880)
Capital expenditure						
Purchase of non-current physical assets	(14 516)	(11 469)	3 047	(11 469)	(15 742)	4 273
Adjustments for other funding sources	19 170	16 123	(3 047)	16 123	26 006	(9 883)
Capital contribution (appropriation)	4 654	4 654	-	4 654	10 264	(5 610)
Details of income estimates						
Income disclosed as administered income	1 778	102	(1676)	102	100	2
	1 778	102	(1 676)	102	100	2

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

Note 9.1 Disclosure of administered income and expenses and Note 9.2 Explanatory statement for administered items provide details of any significant variations between estimates and actual results for 2019 and between the actual results for 2019 and 2018.



# Notes to the financial statements

For the year ended 30 June 2019

## 1. Basis of preparation

The Department of Water and Environmental Regulation is a WA Government entity and is controlled by the state of Western Australia which is the ultimate parent. The agency is a not-forprofit entity (as profit is not its principal objective). A description of the nature of its operations and its principal activities have been included in the Overview which does not form part of these financial statements.

These annual financial statements were authorised for issue by the accountable authority of the agency on 18 September 2019.

## (a) Statement of compliance

These general purpose financial statements are prepared in accordance with:

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

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

## (b) Basis of preparation

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



## (c) Judgements and estimates

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

## (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.

## (e) Comparative figures

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

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## 2. Use of our funding

## Expenses incurred in the delivery of services

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

	Notes	2019 \$'000	2018 \$'000
Employee benefits expense	<u>2.1(a)</u>	92 288	97 876
Employee related provisions	2.1(b)	25 629	24 909
Grants and subsidies	2.2	15 160	18 463
Other expenditure	2.3	47 097	46 108
Loss on disposal of non-current assets	<u>2.4</u>	4 664	580

## 2.1 (a) Employee benefits expense

	2019 \$'000	2018 \$'000
Wages and salaries	82 097	81 148
Termination benefits	-	6 799
Superannuation – defined contribution plans <sup>(a)</sup>	7 788	8 101
Other employee benefits expenses	2 403	1828
Total employee benefits expenses	92 288	97 876

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

## ▶ Wages and salaries

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

#### **▶** Termination benefits

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

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## **▶** Superannuation

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

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

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

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.

## 2.1 (b) Employee-related provisions

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

	2019 \$'000	2018 \$'000
Current		
Employee benefits provisions		
Annual leave <sup>(a)</sup>	7 993	7 080
Long service leave <sup>(b)</sup>	11 696	12 191
Purchased annual leave	410	370
Deferred salary scheme <sup>(c)</sup>	75	19
	20 174	19 660
Other provisions		
Employment on-costs <sup>(d)</sup>	180	176
Total current employee-related provisions	20 354	19 836
Non-current		
Employee benefits provision		
Long service leave <sup>(b)</sup>	5 228	5 027
Other provisions		
Employment on-costs <sup>(d)</sup>	47	46
Total non-current employee-related provisions	5 275	5 073
Total employee-related provisions	25 629	24 909

#### ► (a) Annual leave liabilities

Classified as current as there is no unconditional right to defer settlement for at least 12 months after the end of the reporting period.

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

#### ▶ (b) Long service leave liabilities

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

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

#### ► (c) Deferred salary scheme liabilities

Classified as current where there is no unconditional right to defer settlement for at least 12 months after the end of the reporting period.

## ► (d) Employment on-costs

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

Employment on-costs, including workers' compensation insurance, are not employee benefits and are recognised separately as liabilities and expenses when the employment to which they relate has occurred. Employment on-costs are included as part of 'other expenses, Note <u>2.3</u> (apart from the unwinding of the discount (finance cost))' and are not included as part of the department's 'employee benefits expense'. The related liability is included in 'Employment on-costs provision'.

	2019	2018
	\$'000	\$'000
Employment on-costs provision		
Transferred in from the former agencies/carrying amount at start of period	222	222
Additional/(reversals of) provisions recognised	11	176
Payments/other sacrifices of economic benefits	(6)	(176)
Carrying amount at end of period	227	222

## ► Key sources of estimation uncertainty – long service leave

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

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

- expected future salary rates
- discount rates
- employee retention rates
- expected future payments

Changes in these estimations and assumptions may impact on the carrying amount of the long service leave provision.

Any gain or loss following revaluation of the present value of long service leave liabilities is recognised as employee benefits expense.

#### 2.2 Grants and subsidies

	Notes	2019	2018
		\$'000	\$'000
Recurrent			
Contaminated sites management account grants		1 593	383
Grants other		659	413
Rural Water grants	5.4(c)	27	4 474
Statewide water efficiency measures		180	259
Water Sensitive Cities - Cooperative Research Centre		160	150
Waste avoidance and resource recovery account (WARR)	<u>3.4</u>	9 029	5 128
Water innovation partnership		184	230
Watering WA <sup>(a)</sup>		1 775	1860
National partnership payments(b)		1 553	2 337
Capital  The establishing and maintaining vegetation			3 229
offsets account <sup>(c)</sup>		-	3 2 2 9
Total grants and subsidies		15 160	18 463

## ► (a) Watering WA

Grants issued in partnership with regional local councils to deliver alternative water supply projects through stormwater harvesting, wastewater re-use, refurbishment of agricultural area dams and town dams.



## ► (b) National partnership payments

Western Australia has entered into arrangements with the state and Commonwealth governments in May 2017 for funding of approximately \$6.286 million to be provided for the assessment and development of water infrastructure through the National Water Infrastructure Development Fund. The department currently manages the fund which was established to facilitate detailed planning to build or augment existing water infrastructure such as dams, pipelines and managed aquifer recharge.

The amended bilateral schedule negotiated with the Commonwealth in June 2018 indicated the program was to conclude in 2018–19. There is no indication of any further variation or amendment to the bilateral schedule affecting 2019–20.

## ▶ (c) The establishing and maintaining vegetation offsets account

The establishing and maintaining native vegetation offsets account (offsets account) was established for the purpose of establishing or maintaining native vegetation (offset) as a condition of a permit to clear native vegetation, under the *Environmental Protection Act 1986*. The department may require an offset to counterbalance residual significant environmental impacts expected from clearing authorised under a clearing permit.

 The requirement for an offset counter balances the loss of native vegetation as a condition of a native vegetation clearing permit, after steps have been taken to avoid, minimise and mitigate the impacts of clearing.

- The offset fund established under the *Environmental Protection*Act 1986 allows for a more strategic approach to offsets. Land
  purchased or revegetation undertaken using contributions made
  to the offsets fund are published on the Environmental Offsets
  Register website.
- The Department of Water and Environmental Regulation liaises with the Department of Biodiversity, Conservation and Attractions to identify and acquire appropriate areas of native vegetation for addition to the conservation estate.

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

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

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



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## 2.3 Other expenditure

	2019 \$'000	2018 \$'000
Supplies and services		
Communications	1 037	1 2 3 5
Consultants and contractors	24 265	21 028
Consumables	200	140
Materials	131	235
Travel	1 023	1 037
Vehicle lease and hire	1 748	1942
Minor plant, machinery and equipment	2 901	2 314
Plant, machinery and equipment lease	469	481
Chemical analysis expense	1 325	1 326
Other suppliers and services	2 390	1 951
Total supplies and services expenses	35 489	31 689

Accommodation expenses		
Lease rentals	6 121	7 558
Power and water consumption	780	824
Rates and taxes	400	416
Security	95	82
Repairs and maintenance	601	366
Cleaning	395	449
Total accommodation expenses	8 392	9 695

Other expenses	2019 \$'000	2018 \$'000
Audit fees	281	171
Equipment repairs and maintenance	1 029	1 114
Bad and doubtful debts expense	-	53
Expected credit losses expense (a)	159	-
Transfer of Water For Food funding (b)	15	2 007
Employment on-costs	317	372
Revaluation decrement on land and buildings	410	724
Impairment losses on plant and equipment	69	-
Other operating expenses	936	283
Total other expenses	3 216	4 724
Total other expenditures	47 097	46 108

<sup>(</sup>a) Expected credit losses were not measured in 2017–18.

## Supplies and services

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

<sup>(</sup>b) Transfer of remaining funding to the Department of Primary Industries and Regional Development relating to the Water For Food project.

#### ► Accommodation expenses

Operating lease payments are recognised on a straight line basis over the lease term, except where another systematic basis is more representative of the time pattern of the benefits derived from the use of the leased asset.

Repairs, maintenance and cleaning costs are recognised as expenses as incurred

#### **▶** Other expenses

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

## ► Equipment repairs and maintenance

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

#### ► Doubtful debts expense

Doubtful debts expense was recognised as the movement in the allowance for doubtful debts. From 2018–19, expected credit losses expense is recognised as the movement in the allowance for expected credit losses. The allowance for expected credit losses of trade receivables is measured at the lifetime expected credit losses at each reporting date. The department has established a provision matrix that

is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

#### **▶** Employment on-cost

Employment on-cost includes workers' compensation insurance and other employment on-costs. The on-costs liability associated with the recognition of annual and long service leave liabilities is included at Note <u>2.1(b)</u> Employee-related provisions. Superannuation contributions accrued as part of the provision for leave are employee benefits and are not included in employment on-costs.



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## 2.4 Loss on disposal of non-current assets

	2019 \$'000	2018 \$'000
Proceeds from disposal of non-current assets		
Land	277	289
Plant, equipment and vehicles	-	20
Measurement sites	-	-

#### Carrying amount of non-current assets disposed

Land	(320)	(767)
Buildings	-	(122)
Measurement sites	(4 621)	-
Loss	(4 664)	(580)

#### ► Realised and unrealised gains

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

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



## 3. Our funding sources

## How we obtain our funding

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

	Notes	2019 \$'000	2018 \$'000
Income from state government	<u>3.1</u>	96 923	106 723
User charges and fees	3.2	28 854	25 029
Commonwealth grants and contributions	3.3	2 800	2 467
Waste levy	<u>3.4</u>	77 586	75 509
Other revenue	<u>3.5</u>	4 570	17 244

## 3.1 Income from state government

	2019	2018
	\$'000	\$'000
Appropriation received during the period:		
Service appropriation <sup>(a)</sup>	83 012	92 892
	83 012	92 892
State grants (b)		
Department of Communities (Housing)	-	177
Department of Biodiversity Conservation and Attractions	1 887	1 647
Fremantle Port Authority	24	24
Main Roads WA	120	35
Department of Primary Industries and Regional Development	-	1 530
Office of Emergency Management	17	94
Water Corporation	14	14
Department of Jobs, Tourism, Science and Innovation	-	197
Department of Mines, Industry Regulation and Safety	-	117
Total state grants	2 062	3 835

1 Income from state government (continued)	2019 \$'000	2018 \$'000
Services received free of charge from other state government agencies during the period:		
Department of Finance – Accommodation lease	97	113
Department of Health – Water source and quality management	80	-
Department of Planning, Lands and Heritage – Corporate services	-	21
Department of Primary Industries and Regional Development – Spatial data	13	10
Department of Transport – Environmental assessment	50	-
Landgate – Land information services	861	746
Main Roads WA – Clearing permit assessment	230	138
State Solicitor's Office – Legal services	1 298	681
Total services received	2 629	1 709
Royalties for Regions fund		
Regional Infrastructure and Headworks Account(c)	9 163	8 210
Regional Community Services Account(c)	57	77
Total Royalties for Regions fund	9 220	8 287
Total income from state government	96 923	106 723

#### ► (a) Service appropriation

Service appropriations are recognised as revenue 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 in the bank account or credited to the 'Amounts receivable for services' (holding account) held at Treasury.

Service appropriations fund the net cost of services delivered. Appropriation revenue comprises the following:

- cash component
- a receivable (asset).

The receivable (holding account – note 5.2) comprises the following:

- the budgeted depreciation expense for the year
- any agreed increase in leave liabilities during the year.

## ▶ (b) State grants

State grants are recognised as revenue at fair value in the period in which the department obtains control over the funds.

#### (c) The Regional Infrastructure and Headworks Account and Regional Community Services Accounts

The Regional Infrastructure and Headworks Account and Regional Community Services Accounts are sub-funds within the over-arching Royalties for Regions fund. The recurrent funds are committed to projects and programs in WA regional areas and are recognised as revenue when the department gains control on receipt of the funds.

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## 3.2 User charges and fees

	2019	2018
	\$'000	\$'000
Industry fees <sup>(a)</sup>	23 972	20 207
Controlled waste <sup>(b)</sup>	4 560	4 431
Contaminated sites	187	174
Clearing regulations	63	54
Water regulatory fees	57	149
Other charges and fees	15	14
	28 854	25 029

Licensing and registration fees relating to prescribed premises under the Part V of the Environmental Protection Act 1986.

Revenue is recognised and measured at the fair value of consideration received or receivable. Revenue is recognised by reference to the stage of completion of the transaction.

## 3.3 Commonwealth grants and contributions

	2019	2018
	\$'000	\$'000
Commonwealth grants and contributions	1 112	385
National partnership payments	1 688	2 082
	2 800	2 467

For non-reciprocal grants, the department recognises revenue when the grant is receivable at its fair value as and when its fair value can be reliably measured.

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

	2019	2018
	\$'000	\$'000
Indian Ocean Territories Environment	322	291
Indian Ocean Territories Water	5	3
National Pollutant Agency	83	83
Reef Integrated Monitoring and Reporting Program	-	8
Smart Farming Partnerships – National Landcare Program	452	-
National On-farm Emergency Water Infrastructure Rebate Scheme	250	-
National partnership payments	1 688	2 082
	2 800	2 467

<sup>(</sup>b) Fees for the licensing of vehicles transporting controlled public waste as per the Environmental Protection (Controlled Waste) Regulations 2004.

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3.4 Waste levy

	2019	2018
	\$'000	\$'000
Waste levy	77 586	75 509
	77 586	75 509

The Waste Avoidance and Resource Recovery Account (WARR) was established in 2008 under section 79 of the *Waste Avoidance and Resource Recovery Act 2007* (WARR Act). Under the Act, metropolitan landfill operators are required to fund the operations of the WARR account. The WARR account holds revenue allocated from the levy to fund programs and waste management.

#### 3.5 Other revenue

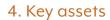
	2019 \$'000	2018 \$'000
Services rendered (a)	2 540	5 202
Lease rentals – land and buildings	220	528
Grants and subs revenue – recurrent	148	265
Tree annuity	179	228
Tree harvest	160	152
Recoup – expense overpaid prior year	55	136
Insurance recovery – workers comp prior year	3	127
Recovery of waste levy (b)	-	10 000
Assets found during the period – works of art	146	-
Asset revenue <sup>(c)</sup>	689	-
Other revenue	430	606
	4 570	17 244

<sup>(</sup>a) Income from services rendered primarily relates to the Establishing and Maintaining Native Vegetation Offset Account (2018: Primarily relates to the Department of Primary Industries and Regional Development under the Water for Food program).

<sup>(</sup>b) On 12 June 2018, the Administrators of one of the Department's debtors, Eclipse Resources Pty Ltd, agreed to the proposal to settle overdue waste levies of \$10 million. This amount was received in July 2018.

<sup>(</sup>c) Revenue is related to an increment in value of land assets after revaluation. It is recognised as other revenue to the extent it reverses the loss on revaluation recognised as other expense in previous years. No revaluation surplus exists in previous year.

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## Assets the department utilises for economic benefit or service potential

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

	Notes	2019 \$'000	2018 \$'000
Infrastructure, property, plant and equipment	<u>4.1</u>	347 936	337 523
Intangibles	4.2	20 379	24 866
Total key assets		368 315	362 389



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## 4.1 Infrastructure, property, plant and equipment

Year ended 30 June 2019 1 July 2018	Capital works in progress \$'000	Works of art \$'000	Computing equipment \$'000	Vehicles \$'000	Infrastructure \$'000	Plant and equipment \$'000	Measurement sites \$'000	Leasehold improvements \$'000	Buildings \$'000	Land \$'000	Total \$'000
Gross carrying amount	10 659	10	332	151	4 612	5 399	162 153	788	4 780	150 039	338 923
Accumulated depreciation	-	-	(151)	(20)	(74)	(641)	-	(514)	-	-	(1400)
Accumulated impairment losses	-	-	-	-	-	-	-	-	-	-	-
Carrying amount at start of period	10 659	10	181	131	4 538	4 758	162 153	274	4 780	150 039	337 523
Additions	8 615	6	114	18		159	-	-	-	-	8 912
Transfers in/(out) <sup>(a)(b)</sup>	(8 870)	-	76	48	-	372	8 374	-	-	(1 137)	(1137)
Assets not previously identified	-	146	-	-	-	-	-	-	-	-	146
Disposals	-	-	-	-	-	-	(4 621)	-	-	(700)	(5 321)
Revaluation increments/ (decrements)	-	-	-	-	-	-	9 014	-	(31)	4 510	13 493
Impairment losses (c)	-	-	-	-	-	(69)	-	-	-	-	(69)
Depreciation	-	-	(99)	(31)	(111)	(695)	(4 292)	(264)	(119)	-	(5 611)
Carrying amount at 30 June 2019	10 404	162	272	166	4 427	4 525	170 628	10	4 630	152 712	347 936
Gross carrying amount	10 404	162	522	217	4 612	5 920	170 628	11	4 630	152 712	349 818
Accumulated depreciation	-	-	(250)	(51)	(185)	(1326)	-	(1)	-	-	(1 813)
Accumulated impairment losses	-	-	-	-	-	(69)	-	-	-	-	(69)

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

<sup>(</sup>b) Transfers in/(out) from tangible capital works in progress to asset and land transfer to other agencies.

<sup>(</sup>c) Recognised in the Statement of comprehensive income. Where an asset measured at cost is written-down to recoverable amount, an impairment loss is recognised in profit 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.

## ► Initial recognition

Items of infrastructure, property, plant and equipment costing \$5 000 or more are measured initially at cost. Where an asset is acquired for no or nominal cost, the cost is valued at its fair value at the date of acquisition. Items of infrastructure, property, plant and equipment costing less than \$5 000 are immediately expensed to the Statement of comprehensive income (other than where they form part of a group of similar items which are significant in total).

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

The cost of a leasehold improvement is capitalised and depreciated over the shorter of the remaining term of the lease or the estimated useful life of the leasehold improvement.

#### **▶** Subsequent measurement

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

- land
- buildings
- measurement sites.

Land is carried at fair value.

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

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

## ► Land and buildings

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

Land and buildings were revalued as at 1 July 2018 by the Western Australian Land Information Authority (Valuations and Property Analytics). The valuations were performed during the year ended 30 June 2019 and recognised at 30 June 2019. In undertaking the revaluation, fair value was determined by reference to market values for land: \$39 957 150 (2018: \$39 537 950) and buildings: \$2 631 500 (2018: \$2 719 000). For the remaining balance, the fair value of buildings was determined on the basis of current replacement cost and the fair value of land was determined on the comparison utility basis with market evidence for land with low level utility (high restricted use land). Where the fair value of building is determined on the current replacement cost basis, the accumulated depreciation is eliminated against the gross carrying amount of the asset and the net amount restated to the revalued amount.

#### Measurement sites

Measurement sites are independently valued every five years by an external services valuer. In the intervening years, the measurement sites are revalued internally by use of other heavy and civil engineering construction building cost index (BCI) provided by Australian Bureau of Statistics. Groundwater measurement sites were independently revalued by Aquenta Consulting as at 30 June 2017. Fair value for measurement sites is determined by reference to the cost of replacing the remaining future economic benefits embodied in the asset, i.e. the

current replacement cost. Where the fair value of measurement sites is determined on the current replacement cost basis, the accumulated depreciation is eliminated against the gross carrying amount of the

asset and the net amount restated to the revalued amount.

#### ► Significant assumptions and judgements

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

## 4.1.1 Depreciation and impairment charge for the period

Depreciation	2019 \$'000	2018 \$'000
Buildings	119	127
Infrastructure	111	74
Plant and equipment	695	641
Vehicles	31	19
Computing equipment	99	151
Leasehold improvements	264	515
Measurement sites	4 292	4 071
Total depreciation	5 611	5 598

As at 30 June 2019, there was \$69K of impairment on infrastructure, property, plant and equipment (2018: None). Please refer to note  $\underline{4.2}$  for guidance in relation to the impairment assessment that has been performed for intangible assets.

#### ► Finite useful lives

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

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

Asset	Useful life: Years
Building	20 to 40 years
Leasehold improvement (b)	20 years
Measurement sites	40 years
Plant and equipment	5 to 20 years
Computing equipment (hardware and software (a))	3 to 5 years
Infrastructure	20 to 50 years
Vehicles	5 years

<sup>(</sup>a) Software that is integral to the operation of related hardware.

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

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

<sup>(</sup>b) Leasehold improvements are depreciated over the shorter of the lease term and their useful lives.

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## ► Impairment

Non-financial assets, including items of plant and equipment, are tested for impairment whenever there is an indication that the asset may be impaired. Where there is an indication of impairment, the recoverable amount is estimated. Where the recoverable amount is less than the carrying amount, the asset is considered impaired and is written down to the recoverable amount and an impairment loss is recognised. Where a previously revalued asset is written down to its recoverable amount, the loss is recognised as a revaluation decrement through other comprehensive income.

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

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

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

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



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## 4.2 Intangible assets

	Capital works in progress	Analytical products	Licences	Computer software	Total
Year ended 30 June 2019	\$'000	\$'000	\$'000	\$'000	\$'000
1 July 2018					
Gross carrying amount	3 054	8 742	-	17 852	29 648
Accumulated amortisation	-	(850)	-	(3 932)	(4 782)
Opening amount at start of period	3 054	7 892	-	13 920	24 866
Additions	1 469	115	21	-	1 605
Transfers In/(Out) <sup>(a)</sup>	(494)	-	-	494	-
Amortisation expense	-	(874)	(3)	(5 215)	(6 092)
Carrying amount at 30 June 2019	4 029	7 133	18	9 199	20 379
Gross carrying amount	4 029	8 857	21	18 346	31 253
Accumulated amortisation	-	(1724)	(3)	(9 147)	(10 874)

<sup>(</sup>a) Transfer in/(out) from capital works in progress to asset.

## ► Initial recognition

Acquisitions of intangible assets costing \$5000 or more and internally generated intangible assets costing \$5000 or more that comply with the recognition criteria as per AASB 138.57 (as noted below), are capitalised.

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.

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

- (a) the technical feasibility of completing the intangible asset so that it will be available for use or sale
- (b) an intention to complete the intangible asset and use or sell it
- (c) the ability to use or sell the intangible asset
- (d) the intangible asset will generate future economic benefit
- (e) the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset
- (f) the ability to measure reliably the expenditure directly attributable to the intangible asset during its development.

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

#### **▶** Subsequent measurement

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

#### 4.2.1 Amortisation and impairment

	2019	2018
	\$'000	\$'000
Charge for the period		
Analytical products	874	850
Computing software	5 215	3 932
Licences	3	-
Total amortisation for the period	6 092	4 782

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

The department held no goodwill or intangible assets with an indefinite useful life during the reporting period. At the end of the reporting period there were no intangible assets not yet available for use.

Amortisation of finite life intangible assets is calculated on a straight line basis at rates that allocate the asset's value over its estimated useful life. All intangible assets controlled by the department have a finite useful life and zero residual value. Estimated useful lives are reviewed annually.

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

Development costs	3 to 5 years
Software <sup>(a)</sup>	3 to 5 years
Analytical products <sup>(b)</sup>	10 years

<sup>(</sup>a) Software that is not integral to the operation of related hardware.

#### ► Impairment of intangible assets

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

The policy in connection with testing for impairment is outlined in note 4.1.1.

<sup>(</sup>b) Analytical products are intangible assets such as geophysical datasets and surveys which are usually produced as part of project work. These products are used by the department to improve its understanding and management of water resources.

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## 5. Other assets and liabilities

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

	Notes	2019 \$'000	2018 \$'000
Receivables	<u>5.1</u>	22 748	30 457
Amounts receivable for services	<u>5.2</u>	46 631	37 272
Other current assets	<u>5.3</u>	2 063	1 598
Payables	<u>5.4</u>	(8 585)	(9 217)
Other liabilities	<u>5.5</u>	(520)	(354)

#### 5.1 Receivables

Current	2019 \$'000	2018 \$'000
Trade receivables	1 645	1 231
Allowance for impairment of trade receivables	(167)	(63)
Accrued revenue	19 343	28 098
GST receivable	1 927	1 191
Total current	22 748	30 457
Total amortisation for the period	22 748	30 457

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

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

## 5.2 Amounts receivable for services (holding account)

	2019	2018
	\$'000	\$'000
Current	5 994	6 307
Non-current	40 637	30 965
Balance at end of period	46 631	37 272

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

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

#### 5.3 Other current assets

	2019 \$'000	2018 \$'000
Current		
Prepayments	2 063	1598
Total current	2 063	1 598

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

#### 5.4 Payables

	2019 \$'000	2018 \$'000
Current		
Trade payables <sup>(a)</sup>	2 529	661
Other payables	572	562
Accrued expenses <sup>(c)</sup>	5 147	6 015
Accrued salaries <sup>(b)</sup>	337	321
Total current	8 585	7 559
Non-current		
Accrued expenses <sup>(c)</sup>	-	1 658
Total non-current	-	1 658
Balance at end of period	8 585	9 217

## ► (a) Trade 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.

## ► (b) Accrued salaries

Accrued salaries represent the amount due to staff but unpaid at the end of the reporting period. Accrued salaries are settled within a

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fortnight of the reporting period end. The department considers the carrying amount of accrued salaries to be equivalent to its fair value.

### ► (c) Accrued expenses

Accrued expenses primarily relates to Rural Water Grants \$2 876 000 (2018: \$4 781 000), an independent department-approved water auditor conducts an on-farm water audit, sends a schedule of works based on the audit. The department reviews the schedule of works and approvals. The water auditor goes back and reviews what works have been done under the schedule of works and sends back the schedule of works to the department. The farmer makes an application for a rebate. The department reviews and pays the rebate claim. The program officially closed on 30 June 2018. Unprocessed applications for rebates are accrued as the department's liabilities. The Pastoral Water Grants Scheme (PWGS) is designed to encourage pastoralists to invest in and improve water infrastructure. The planning and installation of improved water supplies will lead to improved reliability of homestead and livestock supplies. The overall outcome will contribute to pastoral properties increasing their water self-sufficiencies and reducing grazing pressure on the rangelands. The grant provides financial assistance for a range of approved water supply infrastructure to overcome demonstrated water supply deficiencies. The grants are provided to develop new water sources for homesteads, to enable better management of livestock and the rangeland resource. The grant is not a property development grant.

#### 5.5 Other current liabilities

	2019	2018
	\$'000	\$'000
Revenue received in advance	516	352
Stale cheque holding account	4	2
Total current liabilities	520	354

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## 6. Financing

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

	Notes	2019 \$'000	2018 \$'000
Cash and cash equivalents	<u>6.1</u>		
Reconciliation of cash	<u>6.1.1</u>	78 082	70 130
Commitments	<u>6.2</u>		
Non-cancellable operating lease commitments	6.2.1	68 770	78 738
Capital commitments	6.2.2	9 681	180
Other expenditure commitments	6.2.3	24 123	6 287

## 6.1 Cash and cash equivalents

#### 6.1.1 Reconciliation of cash

	2019 \$'000	2018 \$'000
Reconciliation of cash		
Current		
Cash and cash equivalents	11 958	5 512
Restricted cash and cash equivalents <sup>(a)</sup>	65 105	63 985
Total current	77 063	69 497
Non-current		
Accrued salaries suspense account <sup>(b)</sup>	1 019	633
Total non-current	1 019	633
Balance at end of period	78 082	70 130

<sup>(</sup>a) Composed of the Waste Avoidance Resource Recovery Account (\$40m), Low Emissions Energy Development Fund (\$9.3m), Native Vegetation Offsets Account (\$10.6m) and other funds (\$5.2m) that are restricted in their purpose and cannot be used in general operations.

For the purpose of the statement of cash flows, cash and cash equivalent (and restricted cash and cash equivalent) assets comprise of cash on hand at bank and funds held in the suspense account for the purpose of meeting the 27th pay.

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

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6.2 Commitments

## 6.2.1 Non-cancellable operating lease commitments

	2019	2018
	\$'000	\$'000
Commitments for minimum lease payments are payable as follows:		
Within 1 year	5 566	9 397
Later than 1 year and not later than 5 years	20 160	22 043
Later than 5 years	43 044	47 298
	68 770	78 738

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.

The department has entered into seven property leases which are non-cancellable and rents are payable monthly in advance. The leases have terms ranging from within one to fifteen years; some with options to renew at the end of the lease. The department's accommodation leases account for \$66.84 million of the non-cancellable operating lease commitments for 2019. Included in the \$66.84 million, is \$65.4 million payable to Department of Finance relating to 8 Davidson Terrace, Joondalup accommodation where the department has relocated to.

The department's fleet leases account for \$1.93 million of the non-cancellable operating lease commitments for 2019. The lease term varies depending on the vehicle. The lease payments are fixed for the term of the lease and are payable monthly. There is no option to renew the lease

at the end of the lease term. The department leases its motor vehicle fleet and certain office premises. The lease expenditure is expensed as it is incurred. Motor vehicle leasing arrangements are under the terms of the State Fleet funding facility contract administered by State Fleet – State Supply Commission

### 6.2.2 Capital commitments

	2019 \$'000	2018 \$'000
Capital expenditure commitments, being contracted capital expenditure additional to the amounts reported in the financial statements, are payable as follows:		*
Within 1 year	1 043	180
Later than 1 year and not later than 5 years	8 638	-
	9 681	180

The totals presented for capital commitments are GST inclusive.



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## 6.2.3 Other expenditure commitments

Other expenditure commitments contracted for at the end of the reporting period but not recognised as liabilities, are:	2019 \$'000	2018 \$'000
Within 1 year	10 830	6 263
Later than 1 year and not later than 5 years	13 293	24
	24 123	6 287

The totals presented for other expenditure commitments are GST inclusive.

## ► Judgements made by management in applying accounting policies – operating lease commitments

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



## 7. Financial instruments and contingencies

	Notes
Financial instruments	<u>7.1</u>
Contingent assets	7.2.1
Contingent liabilities	<u>7.2.2</u>

## 7.1 Financial instruments

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

	2019 \$'000	2018 \$'000
Financial assets		
Cash and cash equivalents	78 082	70 130
Loans and receivables <sup>(a)</sup>	-	66 538
Financial assets at amortised cost <sup>(a)</sup>	67 452	-
Total financial assets	145 534	136 668
Financial liabilities		
Financial liabilities measured at amortised cost	8 585	9 217
Total financial liabilities	8 585	9 217

<sup>(</sup>a) The amount of loans and receivables/financial assets at amortised cost excludes GST recoverable from the Australian Taxation Office (statutory receivable).

## 7.2 Contingent assets and liabilities

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

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

## 7.2.1 Contingent assets

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

	2019 \$'000	2018 \$'000
Benefit potentially receivable from the state's claim for outstanding waste levies involving Moltoni Corporation Pty Ltd (amount is plus costs and penalties)	-	1 400
Benefit potentially receivable in relation to Supreme Court action involving Fobbing Hall Pty Ltd	100	100
Benefit potentially receivable in relation to Supreme Court action involving R.C.G Technologies Pty Ltd	2 940	2 940
Benefit potentially receivable from the state's claim for outstanding waste levies involving City of Armadale	5 070	-
	8 110	4 440

## 7.2.2 Contingent liabilities

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

	2019 \$'000	2018 \$'000
Costs potentially payable in relation to WA Industrial Relations Commission action involving termination of registered employee	180	180
Costs potentially payable in relation to Supreme Court action involving Fobbing Hall Pty Ltd	100	100
Under the Contaminated Sites Act 2003, state agencies are required to report known and suspected contaminated sites to the Department of Water and Environmental Regulation. In accordance with the Act, the department 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.		
There is an outstanding contingent liability in relation to the remediation of the Brookdale Liquid Waste Treatment Facility in agreement with the Water Corporation.	400	400
	680	680

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## 8. Other disclosures

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

	Notes
Events occurring after the end of the reporting period	<u>8.1</u>
Initial application of Australian Accounting Standards	<u>8.2</u>
Key management personnel	8.3
Related party transactions	<u>8.4</u>
Related bodies	<u>8.5</u>
Affiliated bodies	<u>8.6</u>
Special purpose accounts	8.7
Indian Ocean Territories Account	8.8
Remuneration of auditors	<u>8.9</u>
Non-current assets classified as held for sale	<u>8.10</u>
Equity	<u>8.11</u>
Supplementary financial information	<u>8.12</u>
Explanatory statement (Controlled Operations)	8.13

## 8.1 Events occurring after the end of the reporting period

There are no significant events that occurred after the end of the reporting period.

## 8.2 Initial application of Australian Accounting Standards

#### ► AASB 9 Financial instruments

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

The department applied AASB 9 prospectively, with an initial application date of 1 July 2018. The adoption of AASB 9 has resulted in changes in accounting policies but no adjustments to the amounts recognised in the financial statements. In accordance with AASB 9.7.2.15, the department has not restated the comparative information which continues to be reported under AASB 139.

The effect of adopting AASB 9 as at 1 July 2018 was assessed as not material, and therefore no adjustment was required to be recognised directly to the Accumulated surplus.

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

## (a) Classification and measurement

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

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

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

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

In summary, upon the adaption of AASB 9, the department had the following required (or elected) reclassification as at 1 July 2018.

	AASB 9 category		
	Amortised cost \$'000	Fair value through OCI \$'000	Fair value through P/L \$'000
AASB 139 Category			
Loans and receivables			
Trade receivables	29 266	-	-
Amounts receivable for services	37 272	-	-
	66 538	-	-

## (b) Impairment

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

Upon adoption of AASB 9, the effect was assessed as not material, and therefore no remeasurement was made at 1 July 2018.

## 8.3 Key management personnel

The department has determined key management personnel to include cabinet ministers and senior officers of the department. The department does not incur expenditures to compensate Ministers and those disclosures may be found in the annual report on state finances.

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

Compensation band (\$)		
\$350 001 - \$360 000	1	1
\$240 001 - \$250 000	1	-
\$230 001 - \$240 000	2	-
\$220 001 - \$230 000	2	2
\$210 001 - \$220 000	2	4
\$200 001 - \$210 000	-	2
\$190 001 - \$200 000	-	1
\$80 001 - \$90 000	1	1

	2019 \$'000	2018 \$'000
Total compensation of senior officers	2 037	2 366

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

## 8.4 Related party transactions

The department is a wholly-owned public sector entity that is controlled by the state of Western Australia.

Related parties of the department include:

- · all cabinet ministers and their close family members and their controlled or jointly controlled entities
- · all senior officers and their close family members and their controlled or jointly controlled entities
- other departments and statutory authorities including related bodies that are included in the whole-of-government consolidated financial statements (i.e. wholly owned public sector entities)
- associates and joint ventures of a wholly-owned public sector entity
- the Government Employees Superannuation Board GESB (Note 2.1(a)).

## ► Material transactions with other related parties

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

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### 8.5 Related bodies

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

#### 8.6 Affiliated bodies

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

## 8.7 Special purpose accounts

## ► Reserve 31165 Trust Account(b)

The purpose of the account is joint management as specified in clause 9 of the agreement and in relation to land south of Lake Argyle for the purposes of protecting the water resource value of Lake Argyle and the Ord River Dam.

	2019 \$'000	2018 \$'000
Transferred from the former agencies/balance at start of period	481	330
Receipts	123	151
Payments	(7)	-
Balance at end of period	597	481

## ► Contaminated Sites Management Account<sup>(a)</sup>

The purpose of the account is to enable investigation or remediation of any site where the state or a public authority (excluding local government) is responsible for remediation. The account also funds the department's costs of investigation and ensuring compliance with notices.

	2019 \$'000	2018 \$'000
Transferred from the former agencies/balance at start of period	1 863	1942
Receipts	187	171
Payments	(1 493)	(250)
Balance at end of period	557	1 863

## ► Waste Avoidance and Resource Recovery Account<sup>(a)</sup>

The purpose of the account is to: encourage the conservation of resources and energy through waste reduction and recycling; to promote support and encourage viable alternatives to landfill disposal of waste; to encourage applied research and the development of appropriate waste management, waste reduction and recycling infrastructure and markets. The account is used to fund nominated programs and other waste management initiatives approved by the Minister for the Environment on the advice of the Waste Authority of Western Australia.

	2019 \$'000	2018 \$'000
Transferred from the former agencies/balance at start of period	38 581	33 246
Receipts	21 663	19 862
Payments	(20 264)	(14 527)
Balance at end of period	39 980	38 581

<sup>(</sup>a) Established under section 16(1)(c) of FMA

#### 8.8 Indian Ocean Territories Account

## ► Indian Ocean Territories Account (Water activities)

The purpose of the account is to account for Commonwealth funds for service delivery arrangements by the department to the Indian Ocean Territories.

	2019 \$'000	2018 \$'000
Transferred from the former agencies/Balance at start of period	4	4
Receipts	5	3
Payments	-	(3)
Balance at end of period	9	4

## ► Indian Ocean Territories Account (Environmental activities)

The purpose of the account is to account for Commonwealth funds for service delivery arrangements by the department to the Indian Ocean Territories.

	2019 \$'000	2018 \$'000
Transferred from the former agencies/balance at start of period	3	33
Receipts	322	292
Payments	(346)	(322)
Balance at end of period <sup>(a)</sup>	(21)	3

<sup>(</sup>b) Established under section 16(1)(b) of FMA

## ► (a) Balance at end of period

Under the terms of the service deliver arrangements (SDA), state agencies are to provide a statement of receipts and expenditure for the previous financial year to the Department of Infrastructure and Regional Development by 31 August each year.

This notification enables adjustments to quarterly payments to be made early in the financial year to take into account any under or over spends against budget estimates from the previous financial year.

## 8.9 Remuneration of auditors

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

	2019	2018
	\$'000	\$'000
Auditing the accounts, financial statements, controls and key performance indicators	283	269
	283	269

#### 8.10 Non-current assets classified as assets held for sale

The following table represents a summary of assets held for sale:

2019	Land \$'000	Less write-down from cost to fair value less selling costs \$'000	Total \$'000
Opening balance	-	-	-
Total assets reclassified as property, plant and equipment	-	-	-
Total assets classified as held for sale	-	-	-
Less assets sold			-
Closing balance	-	-	-
2018			
Transferred from the former agencies	1 055	-	1 055
Total assets reclassified as property, plant and equipment	(700)	-	(700)
Total assets classified as held for sale	355	-	355
Less assets sold	355	-	355
Closing balance	-	-	-

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## 8.11 Equity

	2019	2018
	\$'000	\$'000
Contributed equity		
Balance at start of period	411 761	-
Contributions by owners		
Capital appropriation	4 654	10 264
Net assets transferred in note <sup>(a)</sup>	-	465 227
Total contributions by owners	416 415	475 491
Distributions to owners		
Transfer to consolidated account	(41 333)	(63 730)
Transfer to other agencies		-
Land transferred to Department of Planning, Lands and Heritage	(87)	-
Land transferred to Department of Biodiversity Conservation and Attractions	(1 050)	-
Total distributions to owners	(42 470)	(63 730)
Balance at end of period	373 945	411 761
Asset revaluation surplus		
•	1 305	
Balance at start of period	1 305	-
Net revaluation increments / (decrements)	10.00=	100=
Land and measurement sites	12 835	1 305
Balance at the end of the year	14 140	1 305

<sup>(</sup>a) The Department of Water (DoW), Department of Environment Regulation (DER) and Office of The Environmental Protection Authority (OEPA) were amalgamated to form a new department – the Department of Water and Environmental Regulation on 1 July 2017.

Assets and liabilities transferred from former agencies at 1 July 2017 are as follows:

2018	DER \$'000	DOW \$'000	OEPA \$'000	Total \$'000
Cash assets	61 148	26 464	917	88 529
Receivables	19 496	28 285	723	48 504
Other current assets	410	2 824	-	3 234
Intangible assets	9	27 344	77	27 430
Property, plant and equipment	2 496	327 314	259	330 069
Payables	(628)	(3 213)	(195)	(4 036)
Provisions	(9 337)	(15 757)	(2 153)	(27 247)
Other liabilities	(1084)	(172)	-	(1 256)
Total net assets	72 510	393 089	(372)	465 227

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## 8.12 Supplementary financial information

## ► (a) Write-offs

	2019 \$'000	2018 \$'000
The accountable authority	17	-
The Minister	-	-
Executive Council	-	-
	17	-

## ▶ (b) Losses through theft, defaults and other causes

During the financial year there were no losses of public money and property through theft or default (2018: None).

## ► (c) Gifts of public property

The department had no gifts of public property during the financial year (2018: None).

## 8.13 Explanatory statement (controlled operations)

All variances between estimates (original budget) and actual results for 2019 and between the actual results for 2018 and 2019 are shown below. Narratives are provided for key major variances which are generally greater than:

- 5 per cent and \$3.41 million for the Statements of comprehensive income and cash flows
- 5 per cent and \$10.036 million for the Statement of financial position.

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## 8.13.1 Statement of comprehensive income variances

	Variance	Estimate 2019	Actual 2019	Actual 2018	Variance between estimate and actual	Variance between actual results for 2019 and 2018
	note	\$'000	\$'000	\$'000	\$'000	\$'000
Expenses						
Employee benefits expense	а	92 227	92 288	97 876	61	(5 588)
Supplies and services	b	36 376	35 489	31 689	(887)	3 800
Depreciation and amortisation expense	1	15 666	11 703	10 380	(3 963)	1 323
Accommodation expenses		9 658	8 392	9 695	(1266)	(1303)
Grants and subsidies		15 145	15 160	18 463	15	(3 303)
Other expenses		1 488	3 216	4 724	1 728	(1508)
Loss on disposal of non-current assets	2,c	-	4 664	580	4 664	4 084
Total cost of services		170 560	170 912	173 407	352	(2 495)
Income						
Revenue						
User charges and fees	d	30 898	28 854	25 029	(2 044)	3 825
Commonwealth grants and contributions		325	2 800	2 467	2 475	333
Waste levy	3	83 000	77 586	75 509	(5 414)	2 077
Interest revenue		750	899	735	149	164
Other revenue	е	5 949	4 570	17 244	(1 379)	(12 674)
Total revenue		120 922	114 709	120 984	(6 213)	(6 275)
Total income other than income from state government		120 922	114 709	120 984	(6 213)	(6 275)
Net cost of services		49 638	56 203	52 423	6 565	3 780

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## 8.13.1\_Statement of comprehensive income variances (continued)

Income from state government	Variance note	Estimate 2019 \$'000	Actual 2019 \$'000	Actual 2018 \$'000	Variance between estimate and actual \$'000	Variance between actual results for 2019 and 2018 \$'000
Service appropriation	f	82 809	83 012	92 892	203	(9 880)
State grants		3 864	2 062	3 835	(1802)	(1773)
Services received free of charge		1734	2 629	1 709	895	920
Royalties for Regions fund		9 106	9 220	8 287	114	933
Total income from state government		97 513	96 923	106 723	(590)	(9 800)
Surplus for the period		47 875	40 720	54 300	(7 155)	(13 580)
Other comprehensive income  Items not reclassified subsequently to profit or loss						
Changes in asset revaluation surplus		-	12 835	1 305	12 835	11 530
Total other comprehensive income		-	12 835	1 305	12 835	11 530
Total comprehensive income for the period		47 875	53 555	55 605	5 680	(2 050)

### ► Major estimate and actual (2019) variance narratives

- 1. The 2019 depreciation and amortisation actual expenditure is lower than the estimate by \$4.0 million (25.3%) mainly due to the delay in commissioning measurement sites.
- 2. Loss on disposal of non-current assets increased by \$4.7 million (100%) mainly due to the decommissioning of 55 measurement site bores.
- 3. The waste levy revenue decreased by \$5.4 million (6.5%) due to reduced volumes of waste than estimated. This can be partly attributable to increased waste levy rates.

### ▶ Major actual (2019) and comparative (2018) variance narratives

- a) Employee benefits expense was higher in the 2018 comparative by \$5.6 million (5.7%) mainly due to the Voluntary Targeted Severance Scheme and a revised public sector wages policy.
- b) Supplies and services expense increased by \$3.8 million (12.0%) largely due to legal expenses for the settlement of Eclipse Resources Pty Ltd outstanding waste levies.
- c) Loss on disposal of non-current assets increased by \$4.1 million (704.1%) mainly due to the decommissioning of 55 measurement bore sites.
- d) The increase in user charges and fees by \$3.8 million (15.3%) resulted from increases in industry regulation licence fees to address cost recovery.
- e) The higher 2018 other revenue comparative by \$12.7 million (73.5%) was primarily a result of the \$10 million settlement of legal action by the creditors of Eclipse Resources Pty Ltd in favour of the department and for services rendered to the Department of Primary Industries and Regional Development for the Water for Food program.
- f) Reduction in service appropriation by \$9.9 million (10.6%) was a result of the Voluntary Targeted Severance Scheme. In addition, there was a revised public sector wages policy and senior executive services corrective measure.



Overview

## 8.13.2 Statement of financial position variances

		Fating sta 2010	Ashard 2010	Aut. 12010	Variance between estimate and	Variance between actual results for
	Variance	Estimate 2019	Actual 2019	Actual 2018	actual	2019 and 2018
	note	\$'000	\$'000	\$'000	\$'000	\$'000
Assets						
Current assets						
Cash and cash equivalents		17 691	11 958	5 512	(5 733)	6 446
Restricted cash and cash equivalents		63 241	65 105	63 985	1864	1120
Receivables		20 458	22 748	30 457	2 290	(7 709)
Amounts receivable for services		5 671	5 994	6 307	323	(313)
Other current assets		1 740	2 063	1 598	323	465
Non-current assets held for sale		1 055	-	-	(1055)	-
Total current assets		109 856	107 868	107 859	(1 988)	9
Non-current assets						
Restricted cash and cash equivalents		1064	1 019	633	(45)	386
Amounts receivable for services		41 171	40 637	30 965	(534)	9 672
Infrastructure, property, plant and equipment		333 875	347 936	337 523	14 061	10 413
Intangible assets		24 393	20 379	24 866	(4 014)	(4 487)
Total non-current assets		400 503	409 971	393 987	9 468	15 984
Total assets		510 359	517 839	501 846	7 480	15 993

performance

## 8.13.2 Statement of financial position variances (continued)

		Estimate 2019	Actual 2019	Actual 2018	Variance between estimate and actual	Variance between actual results for 2019 and 2018
	Variance note	\$'000	\$'000	\$'000	\$'000	\$'000
Liabilities						
Current liabilities						
Payables		5 294	8 585	7 559	3 291	1 026
Employee-related provisions		19 599	20 354	19 836	755	518
Other current liabilities		1 276	520	354	(756)	166
Total current liabilities		26 169	29 459	27 749	3 290	1 710
Non-current liabilities						
Employee related provisions		4 093	5 275	5 073	1 182	202
Payables		1	-	1 658	(1)	(1658)
Total non-current liabilities		4 094	5 275	6 731	1 181	(1 456)
Total liabilities		30 263	34 734	34 480	4 471	254
Net assets		480 096	483 105	467 366	3 009	15 739
Equity						
Contributed equity		380 938	373 945	411 761	(6 993)	(37 816)
Reserves	g	13 896	14 140	1 305	244	12 835
Accumulated surplus		85 262	95 020	54 300	9 758	40 720
Total equity		480 096	483 105	467 366	3 009	15 739

## ► Major estimate and actual (2019) variance narratives

NIL

## ▶ Major actual (2019) and comparative (2018) variance narratives

g) The increase in Reserves by \$12.8 million (983.5%) is attributable to an increase in the revaluation of land and measurement sites.

Overview

## 8.13.3 Statement of cash flows variances

	Variance note	Estimate 2019 \$'000	Actual 2019 \$'000	Actual 2018 \$'000	Variance between estimate and actual \$'000	Variance between actual results for 2019 and 2018 \$'000
Cash flows from state government						
Service appropriation	h	66 932	67 346	77 120	414	(9 774)
Cash transferred from the former agencies	i	-	-	88 529	-	(88 529)
Capital appropriations	j	4 654	4 654	10 264	-	(5 610)
Holding account drawdown		6 307	6 307	7 354	-	(1 047)
Distributions to owner	k	(44 276)	(41 056)	(63 443)	3 220	22 387
Net proceeds on sale of land remitted to consolidated account		-	(277)	(287)	(277)	10
Royalties for Regions fund		9 106	9 220	8 287	114	933
State grants		3 864	1 551	3 835	(2 313)	(2 284)
Net cash provided by state government		46 587	47 745	131 659	1158	(83 914)

Financial statements

Overview

## 8.13.3 Statement of cash flows variances (continued)

	Variance note	Estimate 2019 \$'000	Actual 2019 \$'000	Actual 2018 \$'000	Variance between estimate and actual \$'000	Variance between actual results for 2019 and 2018 \$'000
Cash flows from operating activities						
Payments						
Employee benefits	I	(92 178)	(91 352)	(99 214)	826	7 862
Supplies and services	4	(34 614)	(31 184)	(28 039)	3 430	(3 145
Accommodation		(9 668)	(8 269)	(9 699)	1 399	1 430
Grants and subsidies	m	(15 145)	(17 107)	(11 688)	(1962)	(5 419
GST payments on purchases		(7 192)	(6 664)	(8 601)	528	193
Other payments		(1 496)	(2 391)	(3 986)	(895)	1 59
Receipts						
User charges and fees	n	30 898	28 896	24 675	(2 002)	4 22
Commonwealth grants and contributions		325	1 121	2 302	796	(118)
Interest received		750	919	530	169	38
Waste levy	5	83 000	77 571	73 971	(5 429)	3 60
GST receipts on sales		649	295	909	(354)	(614
GST receipts from taxation authority		6 543	5 838	6 451	(705)	(613
Other receipts		5 849	3 712	6 282	(2 137)	(2 570
Recovery of waste levy	6, о	-	10 000	-	10 000	10 00
Net cash used in operating activities		(32 279)	(28 615)	(46 107)	3 664	17 49
Cash flows from investing activities  Payments						
Purchase of non-current assets	р	(14 516)	(11 469)	(15 742)	3 047	4 27
Receipts						
Proceeds from sale of non-current assets		-	291	320	291	(29
Net cash used in investing activities		(14 516)	(11 178)	(15 422)	3 338	4 24
Net increase/(decrease) in cash and cash equivalents		(208)	7 952	70 130	8 160	(62 178
Cash and cash equivalents at the beginning of the period	od	82 204	70 130	-	(12 074)	70 13
Cash and cash equivalents at the end of the period		81 996	78 082	70 130	(3 914)	7 95

## ► Major estimate and actual (2019) variance narratives

- 4. The underspent in supplies and services expense by \$3.4 million (9.9%) is mainly due to savings in estimated consultants and contractor costs.
- 5. The reduction in the 2019 waste levy income by \$5.4 million (6.5%) is due to reduced volumes which reduced the waste levy.
- 6. The 100% increase in the recovery of waste levy is attributable to \$10 million received as settlement of Eclipse Resources Pty Ltd overdue waste levies.

## ▶ Major actual (2019) and comparative (2018) variance narratives

- h) Service appropriations decreased by \$9.8 million (12.7%) mainly due to the savings from the Voluntary Targeted Severance Scheme in 2019 and a revised public sector wages policy.
- i) Cash transferred in 2018 of \$88.5 million (100%) reflected the creation of the new Department of Water and Environmental Regulation.
- j) Capital appropriation decreased by \$5.6 million (54.7%) was a result of the commissioning of the Kent Street Weir and Water Online in 2018. In addition, there was deferral of land acquisition into 2020.
- k) Distribution to owner in 2018 was higher by \$22.4 million (35.3%) as it reflected the creation of the new Department of Water and Environmental Regulation. The 2019 result reflects the retention of adequate restricted and working cash.

- I) The decrease in employee benefits of \$7.9 million (7.9%) was mainly due to the Voluntary Targeted Severance Scheme and a revised public sector wages policy.
- m) This increase in grant and subsidies by \$5.4 million (46.4%) is a result of additional Waste Avoidance and Resource Recovery Account programs payments in the current financial year.
- n) The increase in user charges and fees by \$4.2 million (17.1%) resulted from increases in industry regulation licence fees to address cost recovery.
- The increase in the recovery of waste levy receipt by \$10 million (100%) is attributable to settlement of Eclipse Resources Pty Ltd overdue waste levies.
- p) Purchases of non-current physical assets decreased by \$4.3 million (27.1%) in accordance with the 10-year strategic asset plan and reflects uneven profiling between years.

## 9. Administered disclosures

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

	Notes
Disclosure of administered income and expenses	<u>9.1</u>
Explanatory statement for administered items	<u>9.2</u>
Administered assets and liabilities	<u>9.3</u>

## 9.1 Disclosure of administered income and expenses

	2019 \$'000	2018 \$'000
Income from administered items		
Income		
For transfer:		
Regulatory fees and other charges <sup>(a)</sup>	102	100
Total administered income	102	100
Expenses		
Payments into the consolidated account <sup>(a)</sup>	103	97
Total administered expenses	103	97

<sup>(</sup>a) Payments into the Consolidated account included water fines collected on behalf of the Water Corporation, and environmental infringement regulatory fees and fines collected on behalf of government.

## 9.2 Explanatory statement for administered items

All variances between estimates (original budget) and actual results for 2019, and between the actual results for 2019 and 2018 are shown below. Narratives are provided for key major variances, which are generally greater than 5% and \$2000.

		Estimate 2019	Actual 2019	Actual 2018	Variance between estimate and actual	Variance between actual results for 2019 and 2018
	Variance note	\$'000	\$'000	\$'000	\$'000	\$'000
Income from administered items						
Income						
For transfer:						
Regulatory fees and other charges <sup>(a)</sup>	1	155	102	100	(53)	2
National partnership payments	2	1 623	-	-	(1 623)	-
Total administered income		1778	102	100	(1 676)	2
Expenses						
Payments into the consolidated account	1,a	155	103	97	(52)	6
Grants and subsidies – recurrent	2	1 623	-	-	(1623)	-
Total administered expenses		1 778	103	97	(1 675)	6

<sup>(</sup>a) Payments into the consolidated account included water fines collected on behalf of the Water Corporation, and environmental infringement regulatory fees and fines collected on behalf of government

## ► Major estimate and actual (2019) variance narratives

- 1. The reduction of \$53 000 (34.2%) against estimate, primarily relates to the water regulatory fines and penalties actual being less than estimated.
- 2. National partnership payments decreased by \$1.6 million (100%) due to the fact that the funding agreement with the Commonwealth for national partnership payments (also known as National Water Infrastructure Development Fund) was incorrectly budgeted under the administered account. Subsequently it was reclassified into the Department of Water and Environmental Regulation's controlled account revised estimate.

## ▶ Major actual (2019) and comparative (2018) variance narratives

a) Regulatory fees and fines were \$6 000 (6.2%) greater, primarily due to increased low value infringements.

## 9.3 Administered assets and liabilities

	2019 \$'000	2018 \$'000
Asset	4 000	<b>V</b> 333
Current asset		
Cash and cash equivalents	1	3
Total administered current assets	1	3
Total administered assets	1	3
Liability		
Current liability		
Payables	1	3
Total administered current liabilities	1	3
Total administered liabilities	1	3



## 10. 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.

State governments departments and agencies	2019 \$'000	2018 \$'000
Department of Biodiversity, Conservation and Attractions	156	-
Department of Fire and Emergency Services	331	-
Department of Planning, Lands and Heritage	1	-
Department of Primary Industries and Regional Development	12	-
Keep Australia Beautiful Council (WA)	261	260
Main Roads WA	3	53
Public Transport Authority	3	-
WA planning Commission	5	-
Water Corporation	12	-
Western Power	3	-
Other agencies	1	17
Total resources provided free of charge	788	330

# Outcome-based performance management

In 2018–19, the department had one broad government goal and was funded to deliver this goal through six outcomes and nine services. This table illustrates the relationship between our services and desired outcomes, and the government goal they contribute to.

Appendix B shows the relationships between our indicators, outcomes and services.

Following the machinery of government changes, the Department of Water, the Department of Environment Regulation and the Office of the Environmental Protection Authority were amalgamated and formed the Department of Water and Environmental Regulation (DWER) on 1 July 2017. This is the second reporting period for the new department.

Results with significant variances of 10 per cent or more compared to the target and prior year results are explained.

## ➤ Outcome-based management framework

Government goal	Agency outcome	Agency services
Better places: A quality	Western Australia's growth and development is supported by the sustainable management of water	1. Water information and advice
environment with liveable and affordable	resources for the long-term benefit of the state	2. Water planning, allocation and optimisation
communities and vibrant regions		3. Water regulation, licensing and industry governance
	Emissions, discharges and clearing of native vegetation are effectively regulated to avoid unacceptable risks to public health and the environment	4. Environmental regulation
	Development and implementation of strategic policy and legislation that promoted sustainable environmental outcomes	5. Environmental policy
	Waste avoided and the recovery of materials from landfill maximised	6. Waste strategies
	Quality advice to the Environmental Protection Authority (EPA) and Minister for Environment (the	7. Environmental impact assessment services to the EPA
	Minister) on significant proposals and environmental issues	8. Environmental management services to the EPA
	Compliance with Ministerial Statement implementation conditions are monitored effectively	9. Compliance monitoring services to the Minister for Environment

## Key performance indicators

As shown in the outcome-based table, the department aims to use performance measurement to gain insight into, and make judgements about, the effectiveness and efficiency of the services we provided to the community in 2018–19. This both measures our achievements and shows where we need to improve and develop our services to the community.

In this section, we provide the details of our agreed measurements in two ways, through key effectiveness and key efficiency indicators. Through key **effectiveness** indicators, we measure the extent of impact and success in the delivery of our services against the achievement of desired outcomes. The key **efficiency** indicators monitor the relationship between the services delivered and the resources we use to produce our services.

## Certification of key performance indicators

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 and Environmental Regulation's performance, and fairly represent the performance of the Department of Water and Environmental Regulation for the financial year ended 30 June 2019.

Mike Rowe
Director General
18 September 2019

## Key effectiveness indicators

## **▶** List of indicators

Agency outcome	Ke	y effectiveness indicators	Page
1	1.	Proportion of stakeholders who perceive the department to be effectively managing the state's water as a resource for sustainable, productive use	<u>158</u>
	2.	Proportion of priority growth areas that have a water supply planning strategy	<u>159</u>
2	3.	Percentage of regulatory compliance activities completed as planned	<u>161</u>
	4.	Percentage of potential environmental risks identified during compliance monitoring program that are rectified within two months	<u>162</u>
3	5.	Percentage of advice and recommendations that met Ministerial approval, without the need for significant modification	<u>163</u>
4	6.	Percentage of municipal solid waste reported as diverted from landfill through recycling compared to waste strategy target in the Perth metropolitan region	<u>164</u>
	7	Percentage of commercial and industrial waste reported as diverted from landfill through recycling compared to the statewide waste strategy target	<u>165</u>
	8.	Percentage of construction and demolition waste reported as diverted from landfill through recycling compared to the statewide waste strategy target	<u>166</u>
5	9.	The EPA's satisfaction with the department's environmental impact assessment (EIA) service, during the year, in line with best practice principles of EIA	<u>167</u>
	10.	Percentage of project-specific conditions which did not require significant change following the appeal process	<u>168</u>
	11.	Percentage of assessments that met agreed timelines	<u>168</u>
	12.	The EPA's satisfaction with the department's provision of environmental management services during the year	<u>169</u>
6	13.	The number of Ministerial Statements audited compared to targets	<u>169</u>

indicators

Actual

64%

2017-18

Overview

performance

Actual

52%

2018-19

issues



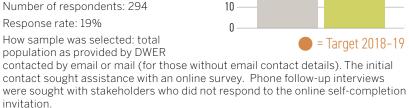
## Outcome 1

Proportion of stakeholders who perceive the department to be effectively managing the state's water as a resource for sustainable, productive use

- 1 Proportion of stakeholders who perceive the department to be effectively managing the state's water as a resource for sustainable, productive use(a)
- The 2018-19 survey results have a confidence interval of +/-5.0% at 95% confidence level.

Other survey statistics include:

- Population size: 1540 stakeholders
- Population character: stakeholder contacts provided by DWER
- Stakeholders invited to participate: 1540 stakeholders
- Number of participants: 294
- Number of respondents: 294
- Response rate: 19%
- How sample was selected: total population as provided by DWER



40

30

20

The management of the state's water resources to enable growth and development is a core objective for the department, 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 March 2019 with the intent to determine the extent to which stakeholders perceive the department to be effectively

2 Proportion of priority growth areas that have a water supply

## planning strategy

fulfilling the statutory and other obligations that form its core role rather than satisfaction with a particular decision or handling of a specific issue.

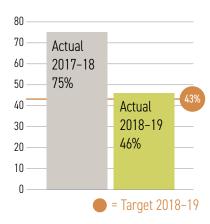
The indicator is based on feedback received from stakeholders through the survey. It is calculated as a percentage of respondents answering 'Very effective' or 'Quite effective' to a question in the survey about their perception of the department effectively managing the state's water as a resource for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

## ► Variance analysis

The 2018–19 Actual is lower than the Target and prior year due to an increase in uncertainty responses. The increase in uncertainty responses is mainly from categories of large water licence holders and other stakeholders rather than the top/key stakeholder category. Analysis of responses show that the key reasons for an increase in uncertainty ('Neither' and 'Don't know' responses) are:

- a request for greater communication and engagement
- issue with transparency in decisions and a perception that the department errs on the side of water sustainability over industry
- concerns about the resources available for water management.

'Priority growth areas' refers to a list of significant projects and water resources areas. For each priority growth area, the department or key stakeholders in collaboration with 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 supports the timely development of resource and supply options to meet demand in areas of state priority.



Projects included in the priority growth areas have strategic significance for the state; and include areas identified through the Water Supply–Demand Model as having a gap between future water demand and water availability.

The indicator is calculated as a percentage of the priority growth areas with a water supply planning strategy (or advisory report for key stakeholders) out of the total priority growth areas that the department is currently working on.



indicators

performance

## ► Variance analysis

Prior to 2018–19, the proportion of priority growth areas with implemented water supply planning strategy was based on five-year water supply strategic plan for the period 2013–14 to 2017–18. The five-year plan ended in 2017–18. The approach for establishing the total priority growth areas has changed since 2018–19. Under the new plan a list of total priority growth areas will be reset every three years so that the target and actual percentage of priority growth areas with a water supply planning strategy or advisory report will be reported on cumulative number of areas that have a water supply planning strategy over a three-year period.

Twelve (75 per cent) outputs were completed for the sixteen priority growth areas identified for the Water Supply Planning Strategy during the period 2013-2014 to 2017-18. At the end of 2017-18, a list of thirteen new priority growth areas were established with six completed in 2018–19 (46 per cent).



indicators

performance



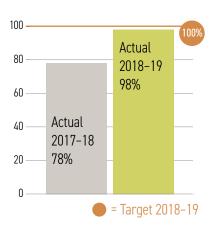
## Outcome 2

Emissions, discharges and clearing of native vegetation are effectively regulated to avoid unacceptable risks to public health and the environment

## 3 Percentage of regulatory compliance activities completed as planned

Compliance activities are an integral part of the department's regulatory work and include promotion, monitoring and enforcement. Information gathered and assessed through compliance activities is also used to inform and revise both regulation and policy frameworks as well as to inform legislative reform programs.

The department is a risk-based regulator that channels its resources to address the greatest risks to public



health, the environment and water resources and is responsive to emerging risks and issues.

The Prescribed Premise Compliance Monitoring Program is focused on the assessment of emissions and discharges from premises to ensure they are managed appropriately by the current instrument and relevant legislation to ensure there is no unacceptable risk to public health, the environment or water resources. The program identifies premises and targets activities based on a risk assessment informed by environmental and operational risk including type of activity, compliance history and intelligence gathered including from complaints and incidents. The nominated inspections are scheduled.

4 Percentage of potential environmental risks identified during compliance monitoring program that are rectified within two months

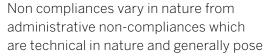
The Waste sector compliance monitoring program assessed compliance at landfills and associated industries with the requirements of the landfill levy.

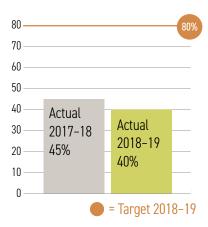
## ► Variance analysis

The department planned 245 inspections and conducted 240 inspections in 2018–19. In addition, 110 unplanned inspections have been completed for landfill levy compliance monitoring program.

The improved percentage of regulatory compliance activity from 78 per cent in 2017–18 to 98 per cent in 2018–19 is in part due to a reduction in the number of planned inspections for 2018–19, to allow more time to dedicate to emerging issues and risks through unplanned inspections.

Non compliances identified through inspections undertaken as part of Prescribed Premises Compliance Monitoring Program and the Waste sector compliance monitoring program are recorded and the length of time taken for these non-compliances to be rectified is tracked.





a low risk to public health, the environment or water resources through to operational non compliances and emissions.

As compliance monitoring programs target inspections at areas of greatest risk, the resolution of non-compliance is often protracted and relies on work by third parties, therefore requiring longer than the two calendar month target timeframe.

## ► Variance analysis

During 2018–19, a total of 134 non-compliances were identified as a result of inspections under the Waste Sector Program and Prescribed Premises Compliance Program. The target of 80 per cent of non-compliances being closed within two calendar months was not achieved. Forty per cent of noncompliances were closed within the specified timeframe. As a result

of the Prescribed Premises Compliance Program targeting its inspections at areas of greatest risk, resolution of non-compliances is often protracted, and relies upon work undertaken by third parties requiring longer than the two calendar month timeframe.

The reduction in the Actuals for 2018–19 from the 2017–18 was primarily due to the Prescribed Premises Compliance Program targeting its inspections at areas of greater risk which increased the protracted work by third parties.

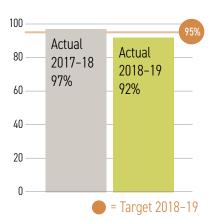


## Outcome 3

Development and implementation of strategic policy and legislation that promoted sustainable environmental outcomes

5 Percentage of advice and recommendations that met Ministerial approval, without the need for significant modification

This indicator seeks to ensure that the advice provided by the department is consistent with the government's policy direction by measuring how well it meets the Minister's expectations.





## Outcome 4 Waste avoided and the recovery of materials from landfill maximised

## 6 Percentage of municipal solid waste reported as diverted from landfill through recycling compared to waste strategy target in the Perth metropolitan region

The indicator is a direct measure of the effectiveness of the government's waste management goal of diverting waste from landfill and reflects the target in the waste strategy.

Municipal solid waste includes construction and demolition waste generated by local governments.

Due to significant time required to gather the relevant information, 2017–18 data, as reported in *Recycling activity in* 



Actual

Western Australia 2017–18, was used to calculate this indicator for 2018–19, the same basis used in prior year.

## ► Variance analysis

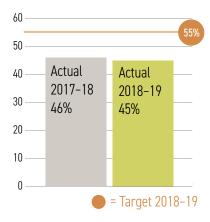
The variance between the 2018–19 Target and the 2018–19 Actual reflects the lack of significant change in the services and infrastructure being provided by local governments to households. The majority of household waste is collected directly from the kerbside. In Western Australia, the best kerbside systems for waste recovery are those that include a third bin. It is anticipated that the rollout of a third kerbside bin by local governments under the Better Bins program will start to have a positive impact on the landfill diversion rates.

The improvement in the KPI from 33 per cent in 2017–18 to 40 per cent in 2018–19 reflects an increase in reported recovery of about 60 000 tonnes and reduced landfill of almost 40 000 tonnes.

# 7 Percentage of commercial and industrial waste reported as diverted from landfill through recycling compared to the statewide waste strategy target

The indicator is a direct measure of the effectiveness of the government's waste management goal of diverting waste from landfill and reflects the target in the waste strategy.

Due to significant time required to gather the relevant information, 2017–18 data, as reported in *Recycling activity in Western Australia 2017–18*, was used to calculate this indicator for 2018–19, the same basis used in prior year.



## ► Variance analysis

Increases in the waste levy rate since 2015 have increased the cost of landfilling but led to a more limited response from the industry than expected. The commercial and industrial (C&I) waste recovery rate has remained largely unchanged over the past three years. Although organic waste already represents a significant proportion of recovered materials from the C&I stream, there are likely to be significant opportunities to improve performance against this target with increased recovery of this material type.

Percentage of construction and demolition waste reported as

Effectiveness indicators

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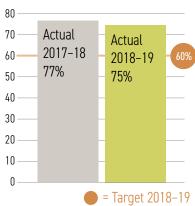
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The indicator is a direct measure of the effectiveness of the government's waste management goal of diverting waste from landfill and reflects the target in the waste strategy.

Due to significant time required to gather the relevant information, 2017–18 data, as reported in *Recycling Activity in Western Australia 2017–18*, was used to calculate this indicator for 2018–19, the same basis used in prior year.



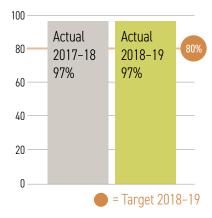
#### ► Variance analysis

The variance between the 2018–19 Target and the 2018–19 Actual is primarily due to a decrease in the total amount of construction and demolition (C&D) waste reported as being disposed of to landfill rather than an increase in the amount recycled. Scheduled increases in the waste levy since 2015 have made C&D waste landfilling more cost prohibitive. Furthermore, it is likely that industry has engaged in more stockpilling of C&D waste in lieu of disposal which has contributed to the decrease in the quantity of C&D disposed of to landfill, thus increasing the overall diversion rate.



Outcome 5 Quality advice to the Environmental Protection Authority (EPA) and Minister for Environment (the Minister) on significant proposals and environmental issues 9 The Environmental Protection Authority's satisfaction with the department's environmental impact assessment (EIA) service, during the year, in line with best practice principles of EIA

The indicator is determined through surveys of the EPA members (service recipients) who rate the quality of each service against best practice principles (currently, the International Association for Impact Assessment's principles of EIA best practice).



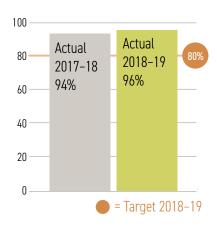
## ► Variance analysis

The department strives to ensure that all advice provided to the EPA is as practical, efficient, rigorous,

participative and fit for purpose as possible. In line with this goal, this year the EPA considered the EIA services provided by the department were of a very high standard, which resulted in the KPI being exceeded by more than 10 per cent.

## 10 Percentage of project-specific conditions which did not require significant change following the appeal process

The indicator assists stakeholders in ascertaining the quality of conditions recommended by the department's EIA services. The department provides periodic reports to the EPA outlining the results of the appeals process and drawing attention to significant changes to the recommended conditions. This provides an important part of the government's expectation of a 'continuous improvement loop' in the appeals process.



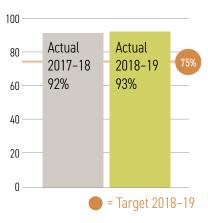
A significant change can be deemed as a substantial change to the form of a condition, the deletion or addition of a new condition, a substantial change to the outcome or objective specified in a condition. A substantial change to the specified requirements of an environmental management plan or environmental monitoring plan and a change to a prescribed action are determined on a case-by-case basis.

## ► Variance analysis

The department strives to ensure the conditions recommended to the EPA are as robust and comprehensive as the project requires and therefore does not require substantial change by the Office of the Appeals Convenor. In line with this goal, this year the department's recommended conditions required minimal substantial changes and therefore exceeded the KPI by more than 10 per cent.

#### 11 Percentage of assessments that met agreed timelines

The agreed timeline is stated in the EPA's 100 report and recommendations and refers to the time between the endorsement of the final assessment document and the release of the report and recommendations. The timeline for an assessment may vary according to the complexity of the project and is usually agreed with the proponent soon after the level of assessment is determined.



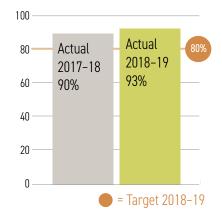
#### ▶ Variance analysis

The department strives to ensure that assessments are completed in a timely manner and within the timelines published in EPA guidelines. In line with this goal, this year the department exceeded the KPI by more than 10 per cent.

## 12 The EPA's satisfaction with the department's provision of environmental management services during the year

The level of quality is determined by the EPA with reference to the desirable underlying qualities of good environmental management advice. The EPA rates the quality of advice on strategic advice, statutory policies or guidelines provided by the department.

Each of the EPA members who participate in a decision rates the product on a scale of one to five (poor to excellent) and the scores



of each member are averaged, combined and proportionally adjusted to a percentage. The final indicator is the average rating awarded to all environmental management services endorsed by the EPA during the period.

## ► Variance analysis

The department strives to ensure that all environmental management services provided to the EPA have a clear purpose, are rigorous, readable, applicable and consistent and informed by stakeholder input as possible. In line with this goal, this year the EPA considered the EIA services provided by the department were of a very high standard, which resulted in the KPI being exceeded by more than 10 per cent.

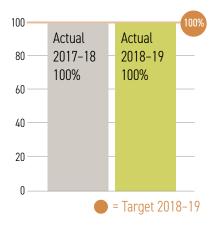


## Outcome 6 Compliance with Ministerial Statement implementation conditions are monitored effectively

## 13 The number of Ministerial Statements audited compared to targets

Compliance monitoring is managed through a structured annual compliance management program. The annual program sets out the number of audits to be undertaken and using a priority matrix, identifies the Ministerial Statements to be audited.

The Minister imposes conditions on proposals in order to ensure that they are managed in an environmentally acceptable manner.



# Key efficiency indicators

## ► List of indicators

Se	rvices	Key efficiency indicators	Page
		Proportion of statutory referrals from decision-making authorities where advice is provided within target timeframes	<u>171</u>
1	0	Average cost per statutory referral assessment	<u>172</u>
		Average cost per water measurement site managed	<u>172</u>
		Average cost per plan, report or guidance document to support water planning, allocation and optimisation	<u>173</u>
2		Average cost per hour of scientific support for water planning, allocation and optimisation	174
	_	Average cost of assessing a water licence application by risk assessment category	<u>175</u>
3	<b>m</b>	Average time taken (days) to assess a licence application by risk assessment category	176
		Average cost of compliance monitoring and enforcement action	<u>178</u>
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9		Average cost per environmental audit completed	<u>185</u>

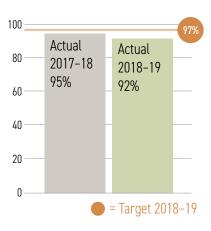
performance



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.

## Proportion of statutory referrals from decision-making authorities where advice is provided within target timeframes

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. Decision-making authorities include the departments of Water and Environmental Regulation; Planning, Lands and Heritage; Mines, Industry Regulation and Safety; and Local Government, Sports and Cultural



Industries. 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.

## Average cost per statutory referral assessment

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.

Actual	Target	Actual
2017–18	2018–19	2018–19
\$	\$	\$
13 072	11 912	11 442

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 a 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 reduction in the Actuals for 2018–19 from the 2017–18 Actuals was driven by an increase in the volume of statutory referral assessments and a reduction in the total costs allocated to this indicator in 2018–19, relative to 2017–18

## Average cost per water measurement site managed

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.

Actual	Target	Actual	
2017–18	2018-19	2018–19	
\$	\$	\$	
8754	7085	7118	

Stakeholders access water information and data to support investment and business decisions. It also supports accurate water resource management decisions and advice. To service this need, the department measures or holds water data for over 116 000 groundwater 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, and verification, storage and accessibility are essential to make data available as reliable information.

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

#### ▶ Variance analysis

The reduction in the Actuals for 2018–19 from the 2017–18 Actuals resulted from improved efficiency. This resulted in a reduction in the total cost for measurement sites managed with the volume of sites managed remaining relatively consistent.

performance



## Service 2 Water planning, allocation and optimisation

The department undertakes and facilitates water planning, allocation and optimisation to ensure the sustainable management of water resources for the long-term benefit of the state 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.

Average cost per plan, report or guidance document to support water planning, allocation and optimisation

Water resources need to be sustainably managed to achieve sufficient water quantity and quality for current and future needs. Increasingly precise, systematic and transparent

Actual	Target	Actual
2017–18	2018–19	2018–19
\$	\$	\$
417 794	334 511	431 338

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 protection notes and information sheets
- Local water licensing strategy

## 5. Status reports including:

- Annual or tri-annual compliance Jandakot and Gnangara compliance reports
- Water allocation plan evaluations
- Drinking water source protection reviews
- Statewide planning reports (e.g. water resources inventory)
- Pre-planning or implementation phase status reports
- Communication products (or sets of communication products)

## ► Variance analysis

The variance between the 2018–19 Target and the 2018–19 Actual is greater than expected due to fewer documents or advice being delivered than the predicted target. This is due to the reprioritisation of senior staff onto priority projects, increasing the cost per document or advice.

## Average cost per hour of scientific support for water planning, allocation and optimisation

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

	Actual	Target	Actual
	2017–18	2018-19	2018–19
	\$	\$	\$
t	196	194	145

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 dividing annual cost of FTE and operational expenses by total hours worked by employees directly supporting scientific outcomes for this service.

#### ► Variance analysis

The variance between the 2018–19 Target and the 2018–19 Actual is largely due to an increase in the number of hours of scientific support resulting from additional projects delivered compared to the 2018–19 Target.

The reduction in the Actuals for 2018–19 compared with Actuals for 2017–18 was driven by improved efficiency that resulted in a reduction in the total cost for scientific support for water planning, allocation and optimisation despite an increase in the numbers of hours of scientific support for additional projects delivered.

performance



## 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.

## Average cost of assessing a water licence application by risk assessment category

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

Risk assessment category	Actual Restated 2017–18 \$	Target 2018-19 \$	Actual 2018–19 \$
Low	3400	2236	3788
Medium	4534	7604	5051
High	5667	15 655	6313

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.

The 2017–18 audited figures were previously reported as \$1 071 (Low Risk), \$14 297 (Medium Risk) and \$28 762 (High Risk). 2017–18 Actual costs

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have been restated in order to reflect the same calculation methodology that was used in the current year.

#### ► Variance analysis

The variance between the 2018–19 Target costs and the 2018–19 Actual costs reflects an overall increase in the total number of water licence application assessments completed in 2018–19 relative to the budgeted volumes, a significant shift in the distribution of the completed assessments across the three risk categories – which prompted a recalibration of the actual cost calculation methodology (revised cost ratios applied), and a reduction in the total costs allocated to this indicator in 2018–19 relative to the budgeted costs.

The slight variance in Actuals from 2017–18 to Actuals in 2018–19 is driven by an increase in the total costs allocated to this indicator in 2018–19 relative to the 2017–18 cost allocation.

## Average time taken (days) to assess a licence application by risk assessment category

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

Risk assessment category	Actual 2017–18 (days)	Target 2018–19 (days)	Actual 2018–19 (days)
Low	73	65	57
Medium	134	75	133
High	158	95	213

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 bed and banks, licences to construct a well, licences to access water, and 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 the 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 2018–19 Target and the 2018–19 Actual results in the medium and high-risk categories is a reflection of the new risk assignment methodology embedded within the COMPASS system (which more accurately reflects the actual risk of each application and the associated application assessment effort).

Further, the target figures did not account for some significant outliers within these risk categories that upwardly skew the 2018–19 Actual figures. Removing the top 5 per cent of assessment durations within each risk category significantly reduces the average time taken to complete assessments to 49 days (8 day reduction) for low risk category, 114 days (19 day reduction) for medium-risk category and 186 days (27 days reduction) for high risk category.

The variation in average time taken to assess a licence application by risk category from 2017–18 Actuals to 2018–19 Actuals is mainly due to the clearing of long standing high risk applications under an application backlog reduction initiative, which has upwardly skewed the average processing duration for high risk applications, and the fast-tracking of a greater proportion of low risk applications, which has downwardly skewed the average processing duration for low risk applications.

## Average cost of compliance monitoring and enforcement action

The department relies on water usage information for accurate water resource management advice and decisions. The department's compliance monitoring of licensed use

Actual	Target	Actual
2017–18	2018–19	2018–19
\$	\$	\$
743	413	

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
- educational letter
- licence amendment
- · warnings, infringements or direction notice
- prosecutions.

### ► Variance analysis

The significant increase in average cost of compliance monitoring and enforcement action for 2018–19 Actual from the 2018–19 Target reflects a more accurate view of the operational activities and costs supporting compliance monitoring and enforcement action. This is relative to the budgeted costs following the internal restructure of the directorate activities delivering and supporting water regulation, licensing and industry governance.

The improvements in the 2018–19 Actuals over 2017–18 Actuals is primarily driven by a significant increase in the compliance monitoring and enforcement actions taken during 2018–19.



The department seeks to prevent, control and abate activities with the potential to cause pollution or environmental harm. It has adopted a risk-based approach to delivering its regulatory role, which broadly fits into three main functions:

- 1. approvals and licensing
- 2. monitoring, audit and compliance inspections
- 3. enforcement, including complaint and incident investigation.

Average cost per works approval and licence application, Average cost per native vegetation clearing permit application

	Actual 2017–18 (days)	Target 2018–19 (days)	Actual 2018–19 (days)
Average cost per works approval and licence application	55 962	68 503	57 821
Average cost per native vegetation clearing permit application	34 405	28 428	29 865

These measures of efficiency were established to reflect the costs per regulatory action for an instrument for the department's Industry Regulation and Clearing Regulation functions. These are considered relevant efficiency indicators as:

- they capture the primary regulatory functions of the department
- they measure the amount of resources required to assess and determine an industry regulation instrument and clearing regulation instrument
- they are of interest to parties paying regulatory fees
- they are relevant to the review and determination of the department's regulatory fees and charges.

The indicators are considered relevant to the service as they can track the efficiency of the assessment of regulatory instruments over time and provide a simple metric for users of the department's budget statements and annual report.

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The indicator is calculated by dividing the total group costs deemed relevant to the agency activity of carrying out and administering the function of works approvals and licences – being applications assessment and decision-making on works approval and licence applications under Part V Division 3 of the *Environmental Protection Act 1986* by the number of work approvals, licences, licence renewals and amendments assessed to provide the average cost.

#### ► Variance analysis

The reduction in average cost per works approval and licence application between the 2018–19 Target and the 2018–19 Actual is due to an eight per cent increase in the number of Works Approval and Licence Applications completed, further complemented by an eight per cent reduction in the total cost base supporting this Service.

The decrease in average cost per Native Vegetation Clearing Permit Application between 2018–19 and 2017–18 was primarily driven by a reduction in the total cost base resulting from business efficiencies.





Develop and implement policies and strategies that promote environmental outcomes.

#### Average cost per hour of policy advice and recommendations

This measure of efficiency was established to reflect the cost per hour of policy advice. This is considered a relevant efficiency indicator as:

Actual	Target	Actual
2017–18	2018-19	2018–19
\$	\$	\$
89	114	84

- · it captures a significant function of the department
- it measures the amount of resources required to develop and implement policies and strategies
- it is of interest as it shows the cost of policy development
- it is relevant to the use of funds being expended to develop and implement strategic policy and legislation that promotes sustainable environmental outcomes.

The indicator is relevant to this service as it can track the efficiency of the policy development and implementation over time and provide a simple metric for users of the department's budget statements and annual report.

The indicator is calculated by totalling the functional group costs associated with agency activity of carrying out and administering the function of providing policy advice and recommendations. The advice and recommendations mainly relate to the development, review and amendment of environmental policy, national policy, primary and subsidiary legislation, and environmental programs, providing advice to the Minister and the government in relation to legislation administration. The total number of available FTE hours for the services are divided into the costs to provide an average cost per hour of policy advice and recommendations.

## ► Variance analysis

The significant decrease in average cost per hour of policy advice and recommendations between the 2018–19 Target and 2018–19 Actual is due to allocation methodology changes and a lack of precision on the allocation of particular policy staff to the service across budget years.



Waste avoided and the recovery of materials from landfill maximised.

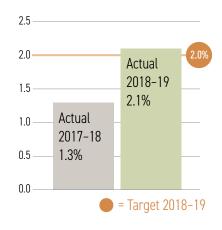
## Cost of landfill levy compliance as a percentage of landfill levy income collected

This measure of efficiency was established to reflect the cost of levy compliance as a percentage of the landfill levy income collected. This is considered a relevant efficiency indicator as:



- it is of interest as it shows the cost of managing the waste strategies
- it is relevant to the use of funds being expended to develop and implement strategic policy and legislation that promotes sustainable environmental outcomes.

The indicator is relevant to the service as it can track the efficiency of managing the waste strategies, and provides a simple metric for users of the department's budget statements and annual report.



The cost of landfill levy compliance as a percentage of landfill levy income collected is determined by totalling those functional group costs deemed relevant to the department's activity of carrying out and administering the function of providing landfill levy compliance – being the administration of the landfill levy returns, auditing of those returns, processing of exemptions and undertaking inspections at a range of waste facilities and carrying out unauthorised waste activity investigations. The indicator is calculated by dividing the cost of levy compliance by the amount of landfill levy income collected for the year.

## ► Variance analysis

The increase in the KPI from 1.3 per cent in 2017–18 to 2.1 per cent in 2018–19 is primarily driven by an increase in the cost of landfill compliance due to internal business restructure that led to an increase in the cost centres allocated to the cost base for this KPI.



## Service 7 Environmental impact assessment services to the EPA

Conduct, for the EPA, environmental impact assessments of significant proposals and schemes.

#### Cost per standardised unit of assessment output

While the variation in assessment complexity is reflected in the level of assessment set, a number of other factors affect how complex a proposal is to assess. To account for this range in difficulty, each assessment completed is assigned a weighting.

Actual	Target	Actual
2017–18	2018–19	2018–19
\$	\$	\$
34 681	31 467	33 082

The difficulty often influences the amount of time spent dealing with a proposal, how the complexity weightings were allocated and trialled, in consultation with experienced officers, according to inherent proposal characteristics that cause a proposal to be more difficult rather than what causes an assessment to take more time to complete. This ensures that the indicator measures the efficiency of the department's provision of EIA advice to the EPA rather than the department's cost per hour. The total complexity is calculated by summing the individual complexities allocated to each assessment according to their inherent characteristics.

The cost per standardised unit of assessment output is calculated by dividing the total cost of assessments (including an allocation of post approval costs and a portion of costs for policy and administrative support)

by the total complexity weighting of assessments completed during the financial year.



## Service 8

## Environmental management services to the EPA

Develop, for the EPA, statutory policies, guidelines and strategic advice to manage environmental impacts and protect the environment.

## Cost per standardised unit of environmental management services output

Due to the variation in complexity of environmental management services provided, an average cost per piece of advice provided would not fairly represent the department's efficiency in

Actual 2017–1		arget 2018–19	Actual 2018–19 \$
31 3	77	39 577	21 049

providing such advice to the EPA. In fact, such a measure could provide a perverse incentive to produce many straightforward pieces of advice rather than tackling more complex issues that are more difficult to investigate. To account for this range in difficulty, each assessment completed is assigned a weighting.

The difficulty often influences the amount of time spent investigating a matter, how the complexity weightings were allocated, in consultation with experienced officers, according to inherent characteristics that cause a piece of environmental management advice to be more difficult rather than what causes it to take more time to complete. This ensures that the indicator measures the efficiency of the department's provision of environmental management advice to the EPA rather than the department's cost per hour.

The cost per standardised unit of environmental management services output is calculated by dividing the total cost of environmental management services (including an allocation of administrative support) by the total complexity weighting of environmental management services endorsed during the period.

## ► Variance analysis

Strategic advice and support for environmental management services to the EPA is provided by a dedicated EPA services directorate within the department with support from other functions of the department for specialist environmental services. The cost per standardised unit of environmental management services output is lower than the target for 2018–19 and 2017–18 Actual due to more technical support provided by the Science and Planning and the Strategic Policy functions from within the department than previously predicted. This enabled the delivery of highly cost effective environmental management outputs in comparison to the 2018–19 Target.



## Service 9 Compliance monitoring services to the Minister

Audit the compliance with conditions set under Ministerial approvals and undertake enforcement action as appropriate.

#### Average cost per environmental audit completed

The indicator is calculated by dividing the total cost (including an allocation of administrative overheads) allocated to compliance monitoring services by the total number of audits (not

Actual	Target	Actual	
2017–18	2018-19	2018-19	
\$	\$	\$	
18 069	35 207		

including desktop scans) completed during the period.

#### ► Variance analysis

Compliance Monitoring Services to the Minister for Environment are provided by a dedicated Compliance and Enforcement Directorate within the department with support from other functions of the department. The movement in Actuals from 2017–18 to Actuals in 2018–19 is primarily driven by improved costing of the levels of support for this service from across the agency, than previously predicted.



## Ministerial directives

## Other financial disclosures

## Pricing policies of services provided

There were no Ministerial directives in 2018–19.

The department provided technical services to the Indian Ocean Territories of Christmas and the Cocos (Keeling) Islands through service delivery agreements with the Commonwealth. These services differentiate between water services and environmental services.

The water services are related to policy advice as well as planning, assessment, allocation and protection of groundwater resources.

The environmental services are related to environmental regulation, environmental policy, waste policy and programs, and response to pollution incidents.

Services are provided on a cost-recovery basis which includes the incurred salary and operational costs plus on-costs calculated at the rate specified by the Department of Infrastructure, Transport, Cities and Regional Development.

## Capital works

The department's capital works consisted of asset replacement programs and new projects.

The ongoing asset replacement program includes installing, replacing and upgrading water modelling, 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 2018–19 included further investment in the groundwater investigation and bore monitoring programs across the state.



performance

## Governance disclosures

## Executive recruitment

## Government building contracts

Seven executive recruitments occurred during the fiscal year.

No contracts subject to the *Government* building training policy were awarded in 2018–19.











## Boards and committee remuneration

All remuneration paid by the Department of Water and Environmental Regulation during 2018–19 to positions on boards and committees is summarised in the table below.

Board name	Position	Member name	Type of remuneration	Period of membership	Gross/actual remuneration (\$)
	Member	Lesley George	Sitting fee	01/07/18 – 30/06/19	Nil
	Member	Terence Fitzgerald	Sitting fee	01/07/18 – 30/06/19	Nil
	Member	Domenico Condo	Sitting fee	01/07/18 – 30/06/19	Nil
Carnarvon Water Allocation Advisory Committee	Member	Christopher Boston	Sitting fee	01/07/18 – 30/06/19	Nil
	Member	Edward Smith	Sitting fee	01/07/18 – 30/06/19	Nil
	Member	Kim Nguyen	Sitting fee	01/07/18 – 30/06/19	Nil
	Member	Danny Latimer	Not eligible for remuneration	01/07/18 – 30/06/19	Nil
	Member	Nikolaus Sellheim	Sitting fee	01/07/18 – 30/06/19	1 056
	Member	Julie Howes	Sitting fee	01/07/18 – 30/06/19	1 056
	Member	Geoffery Oddy	Sitting fee	01/07/18 – 30/06/19	352
	Member	David Kemp	Sitting fee	01/07/18 – 30/06/19	352
	Member	Jeffry Falconer	Sitting fee	01/07/18 – 30/06/19	1 056
Geographe Catchment Council	Member	Coralie Tarbotton	Sitting fee	01/07/18 – 30/06/19	352
	Member	Joanne Hoyes	Sitting fee	01/07/18 – 30/06/19	1 056
	Chair	Christopher Adams	Annual	01/07/18 – 30/06/19	3 067
	Member	William Hosken	Sitting fee	01/07/18 - 30/06/19	Nil
	Member	Brian Hearne	Sitting fee	01/07/18 - 30/06/19	1232
	Member	Felicity Bradshaw	Sitting fee	01/07/18 – 30/06/19	8 227

Board name	Position	Member name	Type of remuneration	Period of membership	Gross/actual remuneration (\$)
	Member DPIRD	Peta Richards	Not eligible for remuneration	Term at discretion of organisation	Nil
	Member	Cliff Winfield	Sitting fee	01/07/18 - 30/06/19	Nil
	Member	Bob Pessotto		01/07/18 - 30/06/19	Nil
	Member	Dianne Fry	Sitting fee	01/07/18 – 30/06/19	Nil
Warren Donnelly Water Advisory Committee	Member	John Omodei	Sitting fee	01/07/18 – 30/06/19	Nil
	Member, Shire rep	Paul Omodei		01/07/18 – 30/06/19	Nil
	Member	Travis Luzney	Sitting fee	01/07/18 - 30/06/19	Nil
	Member	Bill Rice	Sitting fee	01/07/18 - 30/06/19	Nil
	Member, WCC	Julian Sharp	Term at discretion of organisation	01/07/18 - 30/06/19	Nil
	Chair	Dr Tom Hatton	Annual	01/07/18 - 30/06/19	303 178
	Deputy Chair	Robert Harvey	Annual	01/07/18 - 30/06/19	85 445
Environmental Protection Authority	Member	Elizabeth Carr	Annual	01/07/18 - 30/06/19	42 723
	Member	Glen McLeod	Annual	01/07/18 - 30/06/19	42 459
	Member	Jennifer Pope	Sitting fee	01/07/18 - 30/06/19	27 770
	Member	Jim Limerick	Annual	01/07/18 - 30/06/19	15 528
	Chair	Marcus Geisler	Annual	01/07/18 - 30/06/19	40 609
	Deputy Chair	Jenny Bloom	Annual	01/07/18 - 30/06/19	25 238
Waste Authority Committee	Member	Neil Foley	Sitting fee	01/07/18 - 30/06/19	20 203
	Member	Victoria Bond	Sitting fee	01/07/18 - 30/06/19	20 203
	Member	Glen McLeod	Sitting fee	01/07/18 - 30/06/19	20 360

Overview

Board name	Position	Member name	Type of remuneration	Period of membership	Gross/actual remuneration (\$)
	Chair	Jim Malcolm	Annual	01/07/18 – 30/06/19	70 956
	Member	Warren Dodge	Sitting fee	01/07/18 - 30/06/19	9 471
Contaminated Sites Committee	Member	Anthony Jarvis	Sitting fee	01/07/18 – 30/06/19	6 573
	Member	Michael Hardy	Sitting fee	01/07/18 - 30/06/19	7 287
	Member	Jeremy Hogben	Sitting fee	01/07/18 – 30/06/19	5 082
	Chair	Kateryna Longley	Sitting fee	01/07/18 - 30/06/19	24 521
Keep Australia Beautiful Council	Member	Michael Aspinall	Annual	01/07/18 - 30/06/19	12 958
	Member	Robin Belford	Sitting fee	01/07/18 - 30/06/19	704
Geographe Catchment Council	Member	Janet Mannolini	Sitting fee	01/07/18 - 30/06/19	528
	Member	Andrew Weinert	Sitting fee	01/07/18 - 30/06/19	528
Total					800 130



## Other legal requirements

## Expenditure on advertising, market research, polling and direct mail

In accordance with section 175ZE of the *Electoral Act 1907*, the department incurred the following expenditure in advertising, market research, polling, direct mail and media advertising. Total expenditure for 2018–19 was \$247 917.71 (excluding GST).

Expenditure was incurred in the following areas:

Expenditure	Total	Expenditure paid to	Amount
Advertising agencies	\$3813.69	AdCorp Australia	\$3813.69
Market research orgn's	Nil		Nil
Polling organisations	Nil		Nil
Direct mail organisation	Nil		Nil
		AdCorp Australia	\$29 977.99
		Metropolitan WA	\$15 201.62
		Facebook	\$795.32
Media advertising organisations	\$311 288.08	Optimum Media	\$35 381.73
organisations		Initiative Media Australia	\$179 385.36
		Carat Australia Media Services	\$70 524.14
		Independent & general media	\$9999.91
Total			\$341 266.07

## Disability access and inclusion plan

In line with our value, 'Better together', we recognise that people with a disability, their families and carers have the same rights as other members of the community to access employment and services, information and facilities, and to participate in community consultation.

In support of its commitment to improved disability access and inclusion, our Equity and Diversity Panel has championed a number of initiatives under the department's five-year Disability access and inclusion plan.

Critical to the plan, a diversity mission statement was approved by our Corporate Executive to embed diversity and inclusion in all that we do: 'Every day we support and inspire each other to be our whole selves and best selves to thrive and reach our full potential. We celebrate, acknowledge, respect and embrace differences because we know that when people from different backgrounds and with different points of view work together, we create the most value and reflect the community we serve.'

During 2018–19, we progressed the following initiatives:

- Developed a detailed equity and diversity plan for the next three years to foster real change for key focus groups including people with disabilities and neuro-diverse employees.
- Ensured accessibility requirements for our new leased offices at Prime House. Joondalup. This included a post-move review of accessibility, recorded voice announcements in lifts, push button entry and nearly universal access ambulant toilets to improve accessibility.
- Reviewed recruitment processes, policies, internal and external websites, forms and documents as part of gaining accreditation as a Disability Confident Recruiter through the Australian Network on Disability.
- · Delivered 'Unconscious Bias' training to managers.
- Delivered presentations to employees by guest speakers with disabilities to increase awareness through storytelling.



- Endorsed a draft employee community involvement policy to invite staff to participate in a trial volunteer activity in the disability sector as a paid work day. designed to improve awareness and understanding.
- Continued to promote and support flexible working arrangements.
- Established a 12-month traineeship program with three positions for young people with a disability.



## Public sector standards and ethical codes

Eight claims of breaches of the Western Australian Public Sector Standards in Human Resources (Employment Standard) were lodged in the fiscal year. None were upheld.



## Recordkeeping

We are committed to continuously improving our recordkeeping culture, tools and practices to ensure compliance with the *State Records Act 2000* and best business outcomes for the department. In line with the State Records Commission (SRC) Standard 2, Principle 6, the following information is provided.

In 2017–18, our recordkeeping plan was approved by the SRC in accordance with the State Records Act. Our Records management policy was approved in May 2019 and communicated to staff. Activities undertaken this year included the launch of a new online training system (Blue Print) and the development of a mandatory records awareness module for staff.

We introduced 'Business Toolbox' to help staff to create, collaborate and share documents more effectively and securely, while supporting mobility and ensuring the integrity of our information assets. Staff training in regional offices will be completed next financial year. With the move to Joondalup completed, we continued our 'paper-lite' initiative, reducing our use of physical documents. When files are recalled from offsite storage now, they are scanned into a digital format complying with SRC Standard 8. This approach reduces impacts on the environment, improves information availability and enhances the digital workplace.

## Government policy requirements

## Substantive equality

We are committed to implementing substantive equality measures and strive to make our services available to all Western Australians in a form that meets individual needs

We deliver this by ensuring our processes associated with water and environmental management and planning practices are developed with input from the public and stakeholders as well as broad public invitations to comment on draft documents.

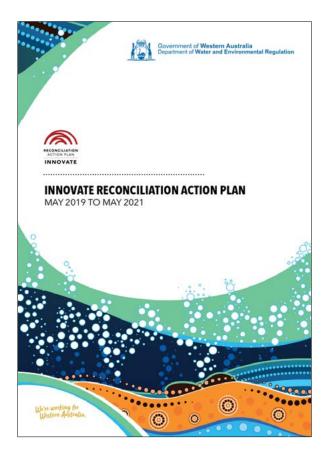
The Equity and Diversity Panel has oversight of the development and implementation of an equity framework which integrates substantive equality strategies.

Importantly, we seek to listen, learn and build strong partnerships with the traditional custodians of the land. We aim to provide genuine opportunities for Aboriginal people within our workforce and through our business.

Our first Reconciliation Action Plan was launched in May 2019 during Reconciliation Week and commits the department to continuing to build sustainable relationships with the Aboriginal community.

Our <u>Disability access and inclusion plan</u> provides the framework for universally inclusive access.







## Providing safe spaces

We understand that family and domestic violence is a complex issue within our society and recognise the adverse impact it can have on our employees and therefore fully support the government's safe spaces initiative. We acknowledge there is a strong need to provide affected employees with the appropriate levels of support, as and when required.

In November 2018, we rolled out a number of initiatives as part of '16 Days in WA' to stop violence against women. These included:

- lunch-and-learn sessions on domestic violence awareness with our employment assistance program provider
- presentation to staff by Damian Green, CEO of Stopping Family Violence
- training workshops delivered by Lifeline on domestic and family violence response training for peer officers and line managers, including a tailored program at our Kununurra office
- communication campaign to staff on Safe Spaces
- promotion of our specialist employment assistance services

- encouragement of staff to wear orange to show their support
- participation in #ItsintheBag initiative run by charity organisation Share the Dignity. Staff were invited to donate a small bag filled with new toiletries to be donated to women in crisis. Around 300 bags and heartfelt notes were collected from staff.

## Occupational safety and health and injury management

We have established a three-tier occupational safety and health (OSH) consultation system that includes an OSH Steering Committee, OSH Reference Group, area committees and safety and health representatives.

These groups focus on the continuous improvement of OSH systems, processes and performance, workplace safety, and risk and hazard awareness.

The OSH committees, including employee representatives, are integral to effective OSH consultation within the agency. The locations and details of the safety and health

representatives are available to all staff through our intranet.

Our OSH management system was subject to an internal audit which highlighted areas for improvement that are being actioned by the OSH team and committees.

## Commitment to return employees back to work after injury

To address any workplace injuries that occur, the department has a *Workers' compensation* and injury management policy and guidelines to assist injured employees to return to work as soon as medically appropriate.

This system ensures we can intervene promptly and effectively in injury management, so injured employees can remain at work or return to work at the earliest possible time. This system and our 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.



## Freedom of information

## Support of safety and health representatives and increasing staff awareness of the occupational health and safety system

In late 2018, we trained six new safety and health representatives, with training conducted centrally for all representatives through a recognised provider. We require all our managers and employees to undertake annual OSH training, which is made available through our online learning system.

Our flagship OSH training program known as OSHtober provides an annual program of communication and awareness-raising which includes:

- · Bullshift training for mental health and positive workplaces
- refresher training for OSH representatives
- training in field safety awareness for pollution response by four experienced officers from USEPA (United States Environmental Protection Agency). Australia uses USEPA as a benchmark for much of its work in environmental emergency response.

#### Performance

In managing the health and safety of our people, our obligations are primarily set out under the Public Sector Commissioner's Circular: 2012–05 Code of Practice occupational safety and health in the Western Australian public sector and the requirements of the Occupational Safety and Health Act 1984 and the Workers' Compensation and Injury Management Act 1981. The department complies with the code and the requirements of the Acts.

## ▶ Vision to Reality

To ensure alignment with the Australian Work Health and Safety Strategy 2012-2022, we committed to developing a Public Sector Workplace Health and Safety: Vision to Reality plan and an accompanying CEO commitment statement. This plan details our commitment to providing a safe and healthy workplace (including targets) for all employees.

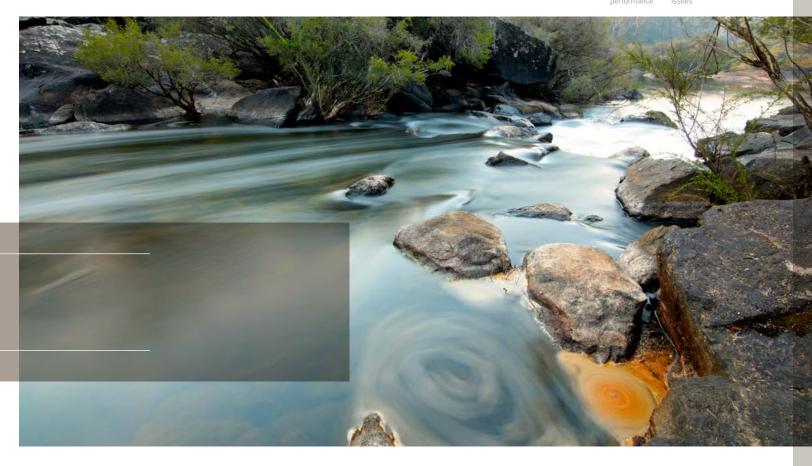
We continued to prepare for the introduction of the government's new Work Health and Safety Act, which will replace the Occupational Safety and Health Act 1984 (WA). The new legislation will require us to take a more active role in the management of our department's work health and safety environment.

In accordance with s. 10 of the Freedom of Information Act 1992 (FOI Act), a person has a right to be given access to documents of an agency subject to and in accordance with the FOI Act. It is our commitment to make information available as soon as possible and at the least possible cost.

For the 2018–19 period, we received 298 freedom of information applications and of these, six applications progressed to an internal review and five to external review with the Office of the Information Commissioner.







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## Appendix A: Legislation

Legislation administered by the Department of Water and Environmental Regulation as at 30 June 2019

- Carbon Rights Act 2003
- Contaminated Sites Act 2003
- Country Areas Water Supply Act 1947
- Environmental Protection Act 1986
- Environmental Protection (Landfill) Levy Act 1998
- Litter Act 1979 [The Department of Water and Environmental Regulation is the agency principally assisting the Minister for Environment in the administration of this Act assisted by the Keep Australia Beautiful Council (Western Australia)]
- Metropolitan Arterial Drainage Act 1982
- Metropolitan Water Supply, Sewerage and Drainage Act 1909
- National Environmental Protection Council (Western Australia) Act 1996

- Plumbers Licensing Act 1995 (except part 5A which is administered by the Minister for Commerce principally assisted by the Department of Mines, Industry Regulation and Safety) alternative citations are Water Services Coordination Act 1995 and Water Licensing Act 1995)
- Rights in Water and Irrigation Act 1914
- Waste Avoidance and Resource Recovery Act 2007 [The Department of Water and Environmental Regulation is the agency principally assisting the Minister for Environment in the administration of this Act assisted by the Waste Authority]
- Waste Avoidance and Resource Recovery
  Levy Act 2007 [The Department of Water
  and Environmental Regulation is the
  agency principally assisting the Minister for
  Environment in the administration of this Act
  assisted by the Waste Authority]

- Water Agencies (Powers) Act 1984
- Water Agencies Restructure (Transitional and Consequential Provisions) Act 1995
- Water Corporations Act 1995
- Water Efficiency Labelling and Standards Act 2006
- Water Resources Legislation Amendment Act2007
- Water Services Act 2012
- Water Services Coordination Act 1995
- Water Services Licensing Act 1995
- Waterways Conservation Act 1976









Regulations administered by the Department of Water and Environmental Regulation as at 30 June 2019

- Clean Air (Determination of Air Impurities in Gases Discharged to the Atmosphere) Regulations 1983
- Contaminated Sites Regulations 2006
- Country Areas Water Supply (Clearing Licence) Regulations 1981
- Environmental Protection (Abattoirs) Regulations 2001
- Environmental Protection (Abrasive Blasting) Regulations 1998
- Environmental Protection (Clearing of Native Vegetation) Regulations 2004
- Environmental Protection (Concrete Batching and Cement Product Manufacturing) Regulations 1998
- Environmental Protection (Controlled Waste) Regulations 2004
- Environmental Protection (Fibre Reinforced Plastics) Regulations 1998

- Environmental Protection (Goldfields Residential Areas) (Sulfur Dioxide) Regulations 2003
- Environmental Protection (Kwinana) (Atmospheric Wastes) Regulations 1992
- Environmental Protection (Metal Coating) Regulations 2001
- Environmental Protection (NEPM-NPI) Regulations 1998
- Environmental Protection (NEPM-UPM) Regulations 2013
- Environmental Protection (Noise) Regulations 1997
- Environmental Protection (Packaged Fertiliser) Regulations 2010
- Environmental Protection (Petrol) Regulations 1999
- Environmental Protection (Plastic Bag) Regulations 2018

- Environmental Protection (Recovery of Vapours from the Transfer of Organic Liquids) Regulations 1995
- Environmental Protection (Rural Landfill) Regulations 2002
- Environmental Protection (Solid Fuel Burning Appliances and Firewood Supply) Regulations 1998
- Environmental Protection (Unauthorised Discharges) Regulations 2004
- Environmental Protection Regulations 1987
- Litter Regulations 1981
- Noise Abatement (Noise Labelling of Equipment) Regulations (No. 2) 1985
- Plumbers Licensing and Plumbing Standards Regulations 2000
- Rights in Water and Irrigation Regulations 2000



## Other subsidiary legislation affecting our activities

standards, and guidelines, please go to:

www.legislation.wa.gov.au

For all other subsidiary legislation including In the performance of our functions, the by-laws, notices, declarations, proclamations, department complied with the following laws: approvals, exemptions, orders, policy, pollution • Aboriginal Heritage Act 1972 control areas, vesting orders, irrigation districts,

activities

- Auditor General Act 2006
- Corruption and Crime Commission Act 2003

Other key legislation affecting our

- 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
- National Environmental Protection Council Act 1997 (Cwlth)
- Long Service Leave Act 1958
- Minimum Conditions of Employment Act 1993
- Native Title Act 1993 (Cwlth)
- Occupational Safety and Health Act 1984
- Public Interest Disclosure Act 2003

- Waste Avoidance and Resource Recovery (Container Deposit Scheme) Regulations 2019
- Waste Avoidance and Resource Recovery Regulations 2008
- Waste Avoidance and Resource Recovery Amendment Regulations 2019
- Waste Avoidance and Resource Recovery Levy Regulations 2008
- Water Agencies (Entry Warrant) Regulations 1985
- Water Agencies (Infringements) Regulations 1994
- Water Corporations (Transitional Provisions) Regulations 2013
- Water Services Regulations 2013
- Water Services Coordination Regulations 1996
- Water Services (Water Corporations Charges) Regulations 2014
- Waterways Conservation Regulations 1981

- 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



## Appendix B: Summary of our services

We support the government goal of 'Better places: A quality environment with liveable and affordable communities and vibrant regions'. The diagram below illustrates the relationship between our services and desired outcomes, and the government goal to which we contribute.

Government goal: Better places: A quality environment with liveable and affordable communities and vibrant regions							
Outcome	Key effectiveness indicator	Servi	ces	Key efficency indicator			
Western Australia's growth and development is supported by the sustainable management of water resources for the long term benefit of the state	<ul> <li>Proportion of stakeholders who perceive the department to be effectively managing the state's water as a resource for sustainable, productive use</li> <li>Proportion of priority growth areas that have a water supply planning strategy</li> </ul>	6	1. Water information and advice	<ul> <li>Proportion of statutory referrals from decision-making authorities where advice is provided within target timeframes</li> <li>Average cost per statutory referral assessment</li> <li>Average cost per water measurement site managed</li> </ul>			
			2. Water planning, allocation and optimisation	<ul> <li>Average cost per plan, report or guidance document to support water planning, allocation and optimisation</li> <li>Average cost per hour of scientific support for water planning, allocation and optimisation</li> </ul>			
			3. Water regulation, licensing and industry governance	<ul> <li>Average cost of assessing a water licence application by risk assessment category</li> <li>Average time taken (days) to assess a licence application by risk assessment category</li> <li>Average cost of compliance monitoring and enforcement action</li> </ul>			
Emissions, discharges and clearing of native vegetation are effectively regulated to avoid unacceptable risks to public health and the environment	<ul> <li>Percentage of regulatory compliance activities completed as planned</li> <li>Percentage of potential environmental risks identified during compliance monitoring program that are rectified within two months</li> </ul>		4. Environmental regulation	<ul> <li>Average cost per works approval and licence application</li> <li>Average cost per native vegetation clearing permit application</li> </ul>			

issues

## Government goal: Better places: A quality environment with liveable and affordable communities and vibrant regions

Outcome	Key effectiveness indicator	Servi	ces	Key efficency indicator
Development and implementation of strategic policy and legislation that promoted sustainable environmental outcomes	Percentage of advice and recommendations that met Ministerial approval, without the need for significant modification		5. Water and environment policy	Average cost per hour of policy advice and recommendations
Waste avoided and the recovery of materials from landfill maximised	<ul> <li>Percentage of municipal solid waste reported as diverted from landfill through recycling compared to waste strategy target in the Perth metropolitan region</li> <li>Percentage of commercial and industrial waste reported as diverted from landfill through recycling compared to the statewide waste strategy target</li> <li>Percentage of construction and demolition waste reported as diverted from landfill through recycling compared to the statewide waste strategy target</li> </ul>	T.	6. Waste strategies	Cost of landfill levy compliance as a percentage of landfill levy income collected
Quality advice to the EPA and the Minister for Environment on significant proposals and environmental issues	<ul> <li>The EPA's satisfaction with the department's         Environmental Impact Assessment (EIA) service, during         the year, in line with Best Practice Principles of EIA</li> <li>Percentage of project-specific conditions which did not         require significant change following the appeal process</li> </ul>		7. Environmental impact assessment services to the EPA	Cost per standardised unit of assessment output
	<ul> <li>Percentage of assessments that met agreed timelines</li> <li>The EPA's satisfaction with the department's provision of environmental management services during the year</li> </ul>	<b>2</b> **	8. Environmental management services to the EPA	Cost per standardised unit of environmental management services output
Compliance with Ministerial Statement implementation conditions are monitored effectively	The number of Ministerial statements audited compared to targets		9. Compliance monitoring services to the Minister for Environment	Average cost per environmental audit completed





## Appendix C: Index to operational performance

See <u>Section 02</u> for more detail.

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Tina takes the lead in water licensing support

### Contact us

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# O1 O2 O3 O4 Overview Our Our Significant issues Disclosures

## Feedback form

Your feedback on our 2018–19 annual report would be greatly appreciated. We will use your comments to help improve the clarity and presentation of our publications. Thank you.

▶ 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
	,		-	1

When completed please return to:

## **Corporate Communications**

Email: communications@dwer.wa.gov.au

or

#### Mail to:

Department of Water and Environmental Regulation Locked Bag 10 Joondalup DC WA 6919

Please send your comments by 5 pm, 6 December 2019

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