

Part 7

Minister for Environment

Minister for Water

Summary of Portfolio Appropriations

Agency	2016-17 Budget \$'000	2016-17 Estimated Actual '000	2017-18 Budget Estimate '000
Water and Environmental Regulation			
– Delivery of Services	86,609	88,528	90,813
– Capital Appropriation	11,091	5,732	11,329
Total	97,700	94,260	102,142
GRAND TOTAL			
– Delivery of Services	86,609	88,528	90,813
– Capital Appropriation	11,091	5,732	11,329
Total.....	97,700	94,260	102,142

Division 13 Water and Environmental Regulation

Part 7 Minister for Environment

Minister for Water

Appropriations, Expenses and Cash Assets ^(a)

	2015-16 Actual \$'000	2016-17 Budget \$'000	2016-17 Estimated Actual \$'000	2017-18 Budget Estimate \$'000	2018-19 Forward Estimate \$'000	2019-20 Forward Estimate \$'000	2020-21 Forward Estimate \$'000
DELIVERY OF SERVICES							
Item 20 Net amount appropriated to deliver services ^(b)	88,738	86,023	87,915	90,200	85,148	86,378	91,334
Amount Authorised by Other Statutes - Salaries and Allowances Act 1975	578	586	613	613	613	613	613
Total appropriations provided to deliver services.....	89,316	86,609	88,528	90,813	85,761	86,991	91,947
CAPITAL							
Item 95 Capital Appropriation	6,319	11,091	5,732	11,329	6,294	7,603	7,226
TOTAL APPROPRIATIONS	95,635	97,700	94,260	102,142	92,055	94,594	99,173
EXPENSES							
Total Cost of Services.....	172,090	178,097	184,730	180,259	172,320	183,165	183,189
Net Cost of Services ^(c)	69,710	73,735	81,432	71,215	61,308	71,936	71,539
CASH ASSETS ^(d)	65,986	47,528	58,350	55,854	56,162	56,522	57,399

- (a) The 2015-16 Actual, 2016-17 Budget and 2016-17 Estimated Actual financial data has been recast for comparative purposes due to Machinery of Government changes to amalgamate the Departments of Water and Environment Regulation and the Office of the Environmental Protection Authority on 1 July 2017.
- (b) The Department's net amount appropriated to deliver services from the 2016-17 Estimated Actual onwards includes the transfer of appropriation for staff reallocated from the Department of Finance to various agencies in response to changes to government procurement policy.
- (c) Represents Total Cost of Services (expenses) less retained revenues applied to the agency's services. Reconciliation to the 'Total appropriations provided to deliver services' includes adjustments related to movements in cash balances and other accrual items such as resources received free of charge, receivables, payables and superannuation.
- (d) As at 30 June each financial year.

Spending Changes

Recurrent spending changes, other than cashflow timing changes and non-discretionary accounting adjustments, impacting on the agency's Income Statement since the publication of the 2016-17 Pre-election Financial Projections Statement on 9 February 2017, are outlined below:

	2016-17 Estimated Actual \$'000	2017-18 Budget Estimate \$'000	2018-19 Forward Estimate \$'000	2019-20 Forward Estimate \$'000	2020-21 Forward Estimate \$'000
Election Commitment					
Peel-Harvey Estuary ^(a)	-	-	500	500	500
Other					
2016-17 Estimated Outturn	(114)	(157)	(157)	(157)	(157)
2017-18 Resources Received Free of Charge Review.....	830	830	830	830	830
2017-18 Streamlined Budget Process Incentive Funding.....	-	720	-	-	-
Agency Expenditure Review Savings Measure.....	-	(57)	(57)	(58)	(58)
Asset Investment Plan Funding Reclassifications.....	641	2,495	400	400	400
Freeze Salaries and Allowances Tribunal Determined Salaries	-	(9)	(19)	(28)	(29)
Keralup Iron-Man-Gypsum Testing.....	150	-	-	-	-
Regional Workers Incentive Allowance Payments	-	(34)	(38)	(43)	(20)
Review of Depreciation and Amortisation of Intangibles.....	767	767	767	767	767
Revision to Indexation for Non-Salary Expenses	-	-	(372)	(710)	(962)
Transforming Peel Phase 1	(192)	(470)	-	-	-
Water for Food Innovation and Infrastructure Fund.....	-	(13,500)	(25,190)	(10,243)	4,232
Watering Western Australia.....	-	(5,579)	(5,435)	(11,786)	-
Western Suburbs Regional Organisation of Councils.....	25	35	170	-	-

- (a) Existing agency spending has been reprioritised to meet some or all of the costs of this commitment.

Significant Issues Impacting the Agency

- As a result of Machinery of Government changes announced by the Government on 28 April 2017, and implemented on 1 July 2017, the Department is creating a 'one-stop shop' for industry and developers with the aim of streamlining and simplifying Western Australia's water and environmental regulation.
- The Government has committed to funding the development of a \$1.7 million Container Deposit scheme in Western Australia. The Department is designing the scheme and, following consultation with stakeholders and finalisation of the scheme design, will be responsible for its implementation. It is anticipated that the scheme will commence from 1 January 2019.
- In 2017-18, the Department will review its waste levy policy and the operation of the Waste Avoidance and Resource Recovery Account.
- A series of major initiatives will be implemented over the period from 2017-18 to 2020-21 to support development in the Perth and Peel regions, including delivery of a new water allocation plan to support the long-term, sustainable use of the Gnangara groundwater system (which makes up nearly half of Perth's scheme water supply), improving the management of the Peel-Harvey Estuary and catchment to support long-term water quality improvements and identifying and securing key environmental values in the region.
- As more than 80% of Western Australians live in, or around, estuaries, the Department will continue to deliver priority strategic initiatives to improve the health of some of the State's most at-risk estuaries through the \$20 million Regional Estuaries Initiative and the four year Revitalising Geopraphe Waterways Royalties for Regions projects.
- The Department will work to ensure that water, waste and environmental issues and opportunities for innovative approaches to these issues are considered during urban design and planning, including major Government infrastructure initiatives such as METRONET.
- In 2017-18, the Department will commence work on a Fitzroy River water allocation plan, using the outcomes of scientific programs undertaken by local, State and national organisations and working with community, pastoral and Aboriginal stakeholders.
- As a result of a changing climate, the South West of Western Australia is experiencing declining annual rainfall. This trend is creating significant water resource management and supply planning issues, driving reduced dam inflows, lower stream flows, and declining groundwater levels. In response to this, the Department is undertaking a stocktake of actions and measures being taken across general government agencies and Government Trading Enterprises to guide the Government's future approach and priorities in this area.
- In 2017-18, the Department will finalise the Perth Region Confined Aquifer Capacity study and the RfR funded groundwater investigations and commence a series of investigations in priority areas across the State, including identifying potential water supply options to maintain urban green spaces.
- The Department will continue to provide up-to-date contaminated sites guidance specific to Western Australia, including updates to its Assessment and Management of Contaminated Sites and Use of Monitored Natural Attenuation for Groundwater Remediation guidelines.
- In partnership with Aboriginal stakeholders, industry, technical experts, communities and local governments, the Department will develop a strategy to provide a long-term framework for monitoring and analysing changes to the world-class Aboriginal rock art located at the Burrup Peninsula and to ensure management responses are in place to address any changes to the rock art.
- Strategic monitoring programs to investigate local and ambient air quality issues in regional areas will be commenced, with a focus on Port Hedland, Newman, Kalgoorlie and Collie.
- The Department is seeking to reduce red tape, and simplify how its stakeholders do business, by progressing a comprehensive digital strategy and investigating enhanced data management capacity options. This work will also provide stakeholders with greater online accessibility to information and services, while ensuring security of information.
- Through high-calibre science and strong partnerships across Government, industry, water utilities, research and community stakeholders, the Department will continue to demonstrate how water in the urban landscape can improve the sustainability, productivity, resilience and liveability of Western Australian communities, while achieving water quality improvements in drainage to rivers and estuaries.

Resource Agreement

The following performance information (financial and non-financial) is the subject of a Resource Agreement signed by the Minister for Water, Minister for Environment, Accountable Authority and Treasurer under Part 3, Division 5 of the *Financial Management Act 2006*.

The relationship of Ministers to services is shown below.

Responsible Minister	Services
Minister for Water	1. Water Information and Advice 2. Water Planning, Allocation and Optimisation 3. Water Regulation, Licensing and Industry Governance
Minister for Environment	4. Environmental Regulation 5. Environment Policy 6. Waste Strategies 7. Environmental Impact Assessment Services to the Environmental Protection Authority (EPA) 8. Environmental Management Services to the EPA 9. Compliance Monitoring Services to the Minister for Environment

Outcomes, Services and Key Performance Information

The Outcomes, Services and Key Performance Information reflect the amalgamation of the Departments of Water and Environment Regulation and the Office of the Environmental Protection Authority due to Machinery of Government changes on 1 July 2017. Where practical, the 2015-16 Actual, 2016-17 Budget and 2016-17 Estimated Actual has been recast for comparative purposes.

Relationship to Government Goals

Broad government goals are supported at agency level by specific outcomes. Agencies deliver services to achieve these outcomes. The following table illustrates the relationship between the agency's services and desired outcomes, and the government goal it contributes to. The key effectiveness indicators measure the extent of impact of the delivery of services on the achievement of desired outcomes. The key efficiency indicators monitor the relationship between the service delivered and the resources used to produce the service.

Government Goal	Desired Outcomes	Services
Better Places: A quality environment with liveable and affordable communities and vibrant regions.	Western Australia's growth and development is supported by the sustainable management of water resources for the long-term benefit of the State.	1. Water Information and Advice 2. Water Planning, Allocation and Optimisation 3. Water Regulation, Licensing and Industry Governance
	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. Environment Policy
	Waste avoided and the recovery of materials from landfill maximised.	6. Waste Strategies
	Quality advice to the EPA and Minister for Environment on significant proposals and environmental issues.	7. Environmental Impact Assessment Services to the EPA 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

Service Summary

Expense	2015-16	2016-17	2016-17	2017-18	2018-19	2019-20	2020-21
	Actual \$'000	Budget \$'000	Estimated Actual \$'000	Budget Estimate \$'000	Forward Estimate \$'000	Forward Estimate \$'000	Forward Estimate \$'000
1. Water Information and Advice	41,717	40,204	41,348	43,286	38,107	42,781	45,299
2. Water Planning, Allocation and Optimisation	33,407	36,017	40,281	34,373	32,529	35,699	31,166
3. Water Regulation, Licensing and Industry Governance	18,495	16,405	17,797	17,706	16,576	19,389	20,660
4. Environmental Regulation	40,678	40,954	40,463	39,277	39,721	39,732	40,089
5. Environment Policy	6,296	6,999	8,057	6,910	6,988	6,991	7,054
6. Waste Strategies	17,395	23,197	22,163	24,604	24,665	24,670	24,798
7. Environmental Impact Assessment Services to the EPA	8,890	8,958	8,905	8,229	7,956	8,113	8,241
8. Environmental Management Services to the EPA	3,353	3,330	3,562	3,483	3,426	3,433	3,488
9. Compliance Monitoring Services to the Minister for Environment	1,859	2,033	2,154	2,391	2,352	2,357	2,394
Total Cost of Services	172,090	178,097	184,730	180,259	172,320	183,165	183,189

Outcomes and Key Effectiveness Indicators ^(a)

	2015-16 Actual	2016-17 Budget	2016-17 Estimated Actual	2017-18 Budget Target	Note
Outcome: Western Australia's growth and development is supported by the sustainable management of water resources for the long-term benefit of the State:					
Proportion of stakeholders who perceive the Department to be effectively managing the State's water as a resource for sustainable, productive use	57%	60%	69%	60%	
Proportion of priority growth areas that have a water supply planning strategy	56%	63%	63%	94%	1
Outcome: Emissions, discharges and clearing of native vegetation are effectively regulated to avoid unacceptable risks to public health and the environment:					
Percentage of regulatory compliance activities completed as planned ^(b)	n/a	n/a	n/a	100%	
Percentage of potential environmental risks identified during compliance monitoring program that are rectified within two months ^(b)	n/a	n/a	n/a	80%	
Outcome: 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	99%	95%	99%	95%	
Outcome: Waste avoided and the recovery of materials from landfill maximised:					
Percentage of municipal solid waste reported as diverted from landfill through recycling compared to waste strategy target in the Perth Metropolitan Region	40%	50%	36%	50%	2
Percentage of commercial and industrial waste reported as diverted from landfill through recycling compared to the State-wide waste strategy target	52%	55%	56%	55%	3
Percentage of construction and demolition waste reported as diverted from landfill through recycling compared to the State-wide waste strategy target	42%	60%	57%	60%	4
Outcome: Quality advice to the EPA and the Minister for Environment on significant proposals and environmental issues:					
The EPA's satisfaction with the Department's Environmental Impact Assessment (EIA) services, during the year, in line with Best Practice Principles of EIA	88%	80%	89%	82%	
Percentage of project-specific conditions which did not require significant change following the appeal process	82%	80%	94%	80%	5
Percentage of assessments that met agreed timelines	67%	75%	82%	83%	
The EPA's satisfaction with the Department's provision of environmental management services during the year	87%	80%	83%	83%	
Outcome: Compliance with Ministerial statement implementation conditions are monitored effectively:					
The number of Ministerial statements audited compared to targets	100%	100%	100%	100%	

(a) Further detail in support of the key effectiveness indicators is provided in the agencies' Annual Reports.

(b) This key effectiveness indicator was introduced for the 2017-18 financial year. Comparative data is not available for prior years.

Explanation of Significant Movements

(Notes)

1. The increase in the proportion of priority growth areas that have a water supply planning strategy between the 2016-17 Estimated Actual and the 2017-18 Budget Target is due to an increase in the expected number of completed reports against the 16 identified priority growth areas over the period from 2013-14 to 2016-17.
2. Municipal solid waste includes construction and demolition waste generated by local governments. There was a reduction of 74,000 tonnes in construction and demolition materials reported as recovered from municipal solid waste between the 2015-16 Actual and the 2016-17 Estimated Actual. This was largely attributable to uncertainty around the discontinuation of local government amalgamations affecting long-term planning decisions about investment in improved mixed waste processing and the recovery of materials from municipal solid waste.
3. An increase of almost 130,000 tonnes of additional commercial and industrial waste between the 2015-16 Actual and the 2016-17 Estimated Actual was reported as recovered, continuing a trend of improved performance.
4. There was a 50% reduction in construction and demolition waste reported as disposed of to landfill between the 2015-16 Actual and the 2016-17 Estimated Actual.
5. Due primarily to improvements in EPA policy and guidance released in December 2016, a high proportion of the recommended conditions did not require significant change.

Services and Key Efficiency Indicators

1. Water Information and Advice

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

	2015-16 Actual	2016-17 Budget	2016-17 Estimated Actual	2017-18 Budget Target	Note
Total Cost of Service.....	\$'000 41,717	\$'000 40,204	\$'000 41,348	\$'000 43,286	
Less Income.....	1,663	1,522	291	314	1
Net Cost of Service.....	40,054	38,682	41,058	42,972	
Employees (Full Time Equivalents).....	204	204	203	194	
Efficiency Indicators					
Proportion of Statutory Referrals from Decision-making Authorities Where Advice is Provided within Target Timeframes ^(a)	97%	96%	95%	96%	
Average Cost per Statutory Referral Assessment.....	\$7,675	\$8,898	\$9,457	\$10,273	2
Average Cost per Water Measurement Site Managed.....	\$8,718	\$8,264	\$10,656	\$12,933	3

(a) 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. The target timeframe is 35 business days.

Explanation of Significant Movements

(Notes)

1. The 2016-17 Estimated Actual income is less than the 2016-17 Budget due to a review and subsequent reduction in the expected levels of revenues received for fees and charges.
2. The increase in the Average Cost per Statutory Referral Assessment in the 2016-17 Estimated Actual compared to the 2016-17 Budget is mainly due to a reduction in the number of assessments carried out while overhead costs increased, resulting in an increase in costs allocated to each application.
3. The increase in Average Cost per Water Measurement Site Managed from the 2016-17 Budget to the 2016-17 Estimated Actual is due to higher depreciation and overhead costs being allocated to a reduced number of currently monitored hydrometric stations.

2. Water Planning, Allocation and Optimisation

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

	2015-16 Actual	2016-17 Budget	2016-17 Estimated Actual	2017-18 Budget Target	Note
Total Cost of Service.....	\$'000 33,407	\$'000 36,017	\$'000 40,281	\$'000 34,373	1
Less Income.....	494	2,300	207	223	2
Net Cost of Service.....	32,913	33,717	40,074	34,150	
Employees (Full Time Equivalents).....	132	132	146	139	
Efficiency Indicators					
Average Cost per Plan, Report or Guidance Document to Support Water Planning, Allocation and Optimisation.....	\$265,185	\$259,847	\$310,260	\$218,250	3
Average Cost per Hour of Scientific Support for Water Planning, Allocation and Optimisation.....	\$172	\$192	\$221	\$210	4

Explanation of Significant Movements

(Notes)

1. The increase in Total Cost of Service between the 2016-17 Budget and the 2016-17 Estimated Actual is due to additional spending associated with the Water for Food and Regional Estuaries Initiative RfR projects.
2. The reduction of income between the 2016-17 Budget and the 2016-17 Estimated Actual is following a review of the amount of fees received.
3. The increase in the Average Cost per Plan, Report or Guidance Document to Support Water Planning, Allocation and Optimisation is due to additional spending associated with the Water for Food and Regional Estuaries Initiative RfR projects.
4. The Average Cost per Hour of Scientific Support for Water Planning, Allocation and Optimisation increased between the 2016-17 Budget and the 2016-17 Estimated Actual due to increased expenditure associated with the Water for Food and Regional Estuaries Initiative RfR projects.

3. Water Regulation, Licensing and Industry Governance

Responsible and proportional regulation ensures that 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 and the management of the legislation governing the operations of water service providers.

	2015-16 Actual	2016-17 Budget	2016-17 Estimated Actual	2017-18 Budget Target	Note
Total Cost of Service.....	\$'000 18,495	\$'000 16,405	\$'000 17,797	\$'000 17,706	1
Less Income.....	869	475	149	160	2
Net Cost of Service.....	17,626	15,930	17,648	17,546	
Employees (Full Time Equivalents).....	108	108	104	99	
Efficiency Indicators					
Average Cost of Assessing a Water Licence Application by Risk					
Assessment Category:					
Low Risk.....	\$4,099	\$5,553	\$4,136	\$4,709	3
Medium Risk.....	\$4,763	\$4,909	\$6,159	\$5,551	
High Risk.....	\$6,518	\$6,064	\$6,381	\$8,571	
Average Time Taken (Days) to Assess a Licence Application by Risk					
Assessment Category:					
Low Risk.....	62	65	65	65	4
Medium Risk.....	60	75	75	75	
High Risk.....	50	95	57	57	
Average Cost of Compliance Monitoring and Enforcement Action.....	\$839	\$543	\$544	\$576	

Explanation of Significant Movements

(Notes)

1. The increase in Total Cost of Service between the 2016-17 Budget and the 2016-17 Estimated Actual is due to additional external expenditure including the Transforming Peel project.
2. The reduction in income between the 2016-17 Budget and the 2016-17 Estimated Actual is following a review of the amount of fees expected.
3. The variance between the 2016-17 Budget and the 2016-17 Estimated Actual Average Cost of Assessing a Water Licence Application by Risk Category Assessment for Medium Risk applications is primarily due to increased application volumes.
4. The Average Time Taken (Days) to Assess a Licence Application by Risk Assessment Category variance of High Risk applications between the 2016-17 Budget and the 2016-17 Estimated Actual is due to the implementation of a new recording system which enabled a high volume of High Risk applications to be finalised.

4. Environmental Regulation

The Department seeks to prevent, control and abate activities that have 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:

- approvals and licensing;
- monitoring, audit and compliance inspections; and
- enforcement, including complaint and incident investigation.

	2015-16 Actual	2016-17 Budget	2016-17 Estimated Actual	2017-18 Budget Target	Note
Total Cost of Service.....	\$'000 40,678	\$'000 40,954	\$'000 40,463	\$'000 39,277	
Less Income.....	29,821	29,165	29,774	30,646	
Net Cost of Service.....	10,857	11,789	10,689	8,631	
Employees (Full Time Equivalents).....	243	241	243	223	1
Efficiency Indicators					
Average Cost per Works Approval and Licence Application.....	\$14,146	\$19,823	\$28,856	\$24,263	2
Average Cost per Native Vegetation Clearing Permit Application.....	\$7,001	\$7,296	\$7,620	\$7,991	3

Explanation of Significant Movements

(Notes)

1. The decrease in Full Time Equivalents (FTEs) between the 2016-17 Estimated Actual and the 2017-18 Budget Target relates to the change in the methodology applied to the FTEs calculation.
2. The Average Cost per Works Approval and Licence Application increased between the 2016-17 Budget and the 2016-17 Estimated Actual due to a lower number of approvals and applications, without a corresponding reduction in Total Cost of Service, resulting in the allocation of greater expenses per application.
3. The Average Cost per Native Vegetation Clearing Permit Application increased between the 2016-17 Budget and the 2016-17 Estimated Actual due to increased salary costs and a higher number of permit approvals.

5. Environment Policy

Develop and implement policies and strategies that promote environmental outcomes.

	2015-16 Actual	2016-17 Budget	2016-17 Estimated Actual	2017-18 Budget Target	Note
Total Cost of Service.....	\$'000 6,296	\$'000 6,999	\$'000 8,057	\$'000 6,910	1
Less Income.....	465	-	135	135	2
Net Cost of Service.....	5,831	6,999	7,922	6,775	
Employees (Full Time Equivalents).....	35	39	44	46	3
Efficiency Indicator					
Average Cost per Hour of Policy Advice and Recommendations	\$95	\$103	\$101	\$107	

Explanation of Significant Movements

(Notes)

1. The increase in Total Cost of Service between the 2016-17 Budget and the 2016-17 Estimated Actual is due to additional expenditure incurred by the Low Emissions Energy Development grant program.
2. The increase in income between the 2016-17 Budget and the 2016-17 Estimated Actual relates to the interest on investments allocation.
3. The increase in FTEs between the 2016-17 Budget and the 2017-18 Budget Target relates to the change in the methodology applied to the FTEs calculation.

6. Waste Strategies

Waste avoided and the recovery of materials from landfill maximised.

	2015-16 Actual	2016-17 Budget	2016-17 Estimated Actual	2017-18 Budget Target	Note
Total Cost of Service.....	\$'000 17,395	\$'000 23,197	\$'000 22,163	\$'000 24,604	
Less Income.....	69,045	70,750	72,591	77,446	
Net Cost of Service.....	(51,650)	(47,553)	(50,428)	(52,842)	
Employees (Full Time Equivalents).....	23	60	44	46	1
Efficiency Indicator					
Cost of Landfill Levy Compliance as a Percentage of Landfill Levy Income Collected.....	2.9%	3%	2.3%	2.8%	

Explanation of Significant Movements

(Notes)

- The decrease in FTEs between the 2016-17 Budget and the 2016-17 Estimated Actual is due to a change in the methodology for determining FTE allocations during 2016-17.

7. Environmental Impact Assessment Services to the EPA

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

	2015-16 Actual	2016-17 Budget	2016-17 Estimated Actual	2017-18 Budget Target	Note
Total Cost of Service.....	\$'000 8,890	\$'000 8,958	\$'000 8,905	\$'000 8,229	
Less Income.....	15	150	151	120	
Net Cost of Service.....	8,875	8,808	8,754	8,109	
Employees (Full Time Equivalents).....	52	52	54	51	
Efficiency Indicator					
Cost per Standardised Unit of Assessment Output.....	\$30,760	\$29,362	\$29,901	\$23,513	

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.

	2015-16 Actual	2016-17 Budget	2016-17 Estimated Actual	2017-18 Budget Target	Note
Total Cost of Service.....	\$'000 3,353	\$'000 3,330	\$'000 3,562	\$'000 3,483	
Less Income.....	5	-	-	-	
Net Cost of Service.....	3,348	3,330	3,562	3,483	
Employees (Full Time Equivalents).....	18	20	22	21	
Efficiency Indicator					
Cost per Standardised Unit of Environmental Management Services Output....	\$46,573	\$33,297	\$26,983	\$26,790	1

Explanation of Significant Movements

(Notes)

- The Cost per Standardised Unit of Environmental Management Services Output indicator measures policy and strategic advice prepared for the EPA. The 2016-17 Estimated Actual reduced relative to the 2016-17 Budget due to a lower complexity of policies and strategic advice work carried out.

9. Compliance Monitoring Services to the Minister for Environment

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

	2015-16 Actual	2016-17 Budget	2016-17 Estimated Actual	2017-18 Budget Target	Note
Total Cost of Service.....	\$'000 1,859	\$'000 2,033	\$'000 2,154	\$'000 2,391	
Less Income.....	3	-	-	-	
Net Cost of Service.....	1,856	2,033	2,154	2,391	
Employees (Full Time Equivalents).....	12	12	16	15	
Efficiency Indicator					
Average Cost per Environmental Audit Completed.....	\$29,985	\$33,875	\$35,907	\$39,846	

Asset Investment Program

The Department is forecast to spend \$17.1 million on its Asset Investment Program (AIP) in 2017-18, and \$60.1 million over the forward estimates period. This expenditure will see the purchase of Priority 1 Land Acquisition, and the completion of the Kent Street Weir, the Water Online and the Peel Development Commission Transforming Peel Stage 1 projects.

The Department will also continue investment in:

- the groundwater investigation and monitoring bore program;
- the plant and equipment asset replacement program; and
- information and communications technology, in order to integrate one or more of the legacy applications inherited as part of the Machinery of Government amalgamation with the Water Online project.

	Estimated Total Cost \$'000	Estimated Expenditure to 30-6-17 \$'000	2016-17 Estimated Expenditure \$'000	2017-18 Budget Estimate \$'000	2018-19 Forward Estimate \$'000	2019-20 Forward Estimate \$'000	2020-21 Forward Estimate \$'000
WORKS IN PROGRESS							
Engineering Works - Kent Street Weir.....	4,805	1,805	1,687	3,000	-	-	-
Water Online.....	14,132	13,896	1,491	236	-	-	-
COMPLETED WORKS							
Computing and Office Equipment Replacement Program ... Information Management and Equipment Case Management System.....	531	531	6	-	-	-	-
Peel Development Commission Transforming Peel Stage 1 - 2016-17 Program.....	263	263	186	-	-	-	-
Pilbara Cities Initiative ^(a)	192	192	192	-	-	-	-
Plant and Equipment 2015-16 Program.....	12,292	12,292	682	-	-	-	-
2016-17 Program.....	875	875	561	-	-	-	-
Plant, Equipment and Minor Works - 2016-17 Program....	167	167	167	-	-	-	-
Replace and Maintain Monitoring Bores 2016-17 Program.....	120	120	120	-	-	-	-
Replace and Maintain River Gauging Stations 2016-17 Program.....	2,764	2,764	2,764	-	-	-	-
State Groundwater Investigation - 2016-17 Program.....	1,574	1,574	1,574	-	-	-	-
Upgrades to Oxygenation Plants - Bacon Street and Camsell Way.....	2,528	2,528	2,528	-	-	-	-
Water Modelling - 2016-17 Program.....	765	765	597	-	-	-	-
NEW WORKS	1,327	1,327	1,327	-	-	-	-
Land Purchase in Priority 1 Areas 2016-17 Program.....	2,738	-	-	2,738	-	-	-
2019-20 Program.....	1,000	-	-	-	-	1,000	-
2020-21 Program.....	1,000	-	-	-	-	-	1,000
Peel Development Commission - Transforming Peel Stage 1 - 2017-18 Program.....	470	-	-	470	-	-	-

	Estimated Total Cost \$'000	Estimated Expenditure to 30-6-17 \$'000	2016-17 Estimated Expenditure \$'000	2017-18 Budget Estimate \$'000	2018-19 Forward Estimate \$'000	2019-20 Forward Estimate \$'000	2020-21 Forward Estimate \$'000
Plant, Equipment and Minor Works							
2017-18 Program	2,055	-	-	2,055	-	-	-
2018-19 Program	1,328	-	-	-	1,328	-	-
2019-20 Program	1,346	-	-	-	-	1,346	-
2020-21 Program	1,410	-	-	-	-	-	1,410
Replace and Maintain Monitoring Bores							
2017-18 Program	2,843	-	-	2,843	-	-	-
2018-19 Program	4,492	-	-	-	4,492	-	-
2019-20 Program	4,492	-	-	-	-	4,492	-
2020-21 Program	4,492	-	-	-	-	-	4,492
Replace and Maintain River Gauging Stations							
2017-18 Program	1,507	-	-	1,507	-	-	-
2018-19 Program	2,148	-	-	-	2,148	-	-
2019-20 Program	2,148	-	-	-	-	2,148	-
2020-21 Program	2,148	-	-	-	-	-	2,148
State Groundwater Investigation Program							
2017-18 Program	2,943	-	-	2,943	-	-	-
2018-19 Program	3,974	-	-	-	3,974	-	-
2019-20 Program	4,519	-	-	-	-	4,519	-
2020-21 Program	4,295	-	-	-	-	-	4,295
Water Modelling							
2017-18 Program	1,347	-	-	1,347	-	-	-
2018-19 Program	1,367	-	-	-	1,367	-	-
2019-20 Program	1,387	-	-	-	-	1,387	-
2020-21 Program	1,408	-	-	-	-	-	1,408
Total Cost of Asset Investment Program.....	99,192	39,099	13,882	17,139	13,309	14,892	14,753
FUNDED BY							
Capital Appropriation			5,732	11,329	6,294	7,603	7,226
Drawdowns from the Holding Account.....			3,887	4,622	7,015	7,289	7,527
Internal Funds and Balances.....			3,660	1,188	-	-	-
Other			80	-	-	-	-
Drawdowns from Royalties for Regions Fund ^(b)			523	-	-	-	-
Total Funding.....			13,882	17,139	13,309	14,892	14,753

(a) Funded from the Royalties for Regions Fund.

(b) Regional Infrastructure and Headworks Fund.

Financial Statements

The 2015-16 Actual, 2016-17 Budget and 2016-17 Estimated Actual financial data has been recast for comparative purposes due to Machinery of Government changes to amalgamate the Departments of Water and Environment Regulation and the Office of the Environmental Protection Authority on 1 July 2017.

Income Statement

Expenses

The decrease in Total Cost of Services in 2017-18 and 2018-19 is due to an increase in grant expenditure for Watering WA funded projects and Water for Food Infrastructure Fund, offset by a reduction in employee benefits and supplies and services costs.

Statement of Financial Position

The Department's total equity is expected to increase by \$9.8 million in 2017-18 compared to the 2016-17 Estimated Actual. This is mainly attributable to increases in non-current assets from the AIP.

INCOME STATEMENT ^(a)
(Controlled)

	2015-16 Actual \$'000	2016-17 Budget \$'000	2016-17 Estimated Actual \$'000	2017-18 Budget Estimate \$'000	2018-19 Forward Estimate \$'000	2019-20 Forward Estimate \$'000	2020-21 Forward Estimate \$'000
COST OF SERVICES							
Expenses							
Employee benefits ^(b)	94,523	101,733	103,823	99,592	95,447	94,962	96,770
Grants and subsidies ^(c)	15,991	16,827	12,314	14,209	18,089	28,509	27,048
Supplies and services	34,542	32,648	42,469	38,306	30,497	30,444	25,718
Accommodation	10,238	10,752	10,471	10,542	10,615	10,659	10,734
Depreciation and amortisation	9,815	9,195	11,381	13,334	13,376	14,302	18,622
Other expenses.....	6,981	6,942	4,272	4,276	4,296	4,289	4,297
TOTAL COST OF SERVICES	172,090	178,097	184,730	180,259	172,320	183,165	183,189
Income							
Sale of goods and services.....	4,042	4,108	3,783	3,783	3,783	3,783	3,783
Regulatory fees and fines.....	22,217	25,111	22,925	23,797	26,311	26,724	27,145
Grants and subsidies.....	4,230	2,467	5,098	3,951	3,355	3,187	3,187
Landfill Levy.....	68,046	70,000	70,000	76,000	76,000	76,000	76,000
Other revenue	3,845	2,676	1,492	1,513	1,563	1,535	1,535
Total Income.....	102,380	104,362	103,298	109,044	111,012	111,229	111,650
NET COST OF SERVICES	69,710	73,735	81,432	71,215	61,308	71,936	71,539
INCOME FROM STATE GOVERNMENT							
Service appropriations.....	89,316	86,609	88,528	90,813	85,761	86,991	91,947
Resources received free of charge	2,091	1,077	1,817	1,775	1,734	1,743	1,743
Royalties for Regions Fund:							
Regional Community Services Fund	8,486	9,000	10,530	8,261	5,443	17,095	18,595
Regional Infrastructure and Headworks Fund	3,725	9,018	8,695	8,905	8,341	6,334	-
TOTAL INCOME FROM STATE GOVERNMENT	103,618	105,704	109,570	109,754	101,279	112,163	112,285
SURPLUS/(DEFICIENCY) FOR THE PERIOD.....	33,908	31,969	28,138	38,539	39,971	40,227	40,746

(a) Full audited financial statements are published in the agencies' Annual Reports.

(b) The Full Time Equivalents for 2015-16 Actual, 2016-17 Estimated Actual and 2017-18 Budget Estimate are 827, 876 and 834 respectively. In some cases the figures for 2015-16 and 2016-17 may differ from previously published figures due to changes in calculation methodology.

(c) Refer to the Details of Controlled Grants and Subsidies table below for further information.

DETAILS OF CONTROLLED GRANTS AND SUBSIDIES

	2015-16 Actual \$'000	2016-17 Budget \$'000	2016-17 Estimated Actual \$'000	2017-18 Budget Estimate \$'000	2018-19 Forward Estimate \$'000	2019-20 Forward Estimate \$'000	2020-21 Forward Estimate \$'000
Contaminated Sites Management Account							
Grants.....	11	442	442	442	442	442	442
Grants - Other.....	14	-	58	-	-	-	-
Low Emissions Energy Development Fund.....	568	1,018	1,018	-	-	-	-
Mowanjum Pastoral Lease Irrigation Trial	322	-	-	-	-	-	-
Royalties for Regions - Watering WA	-	-	685	700	2,080	-	-
Rural Water Grants	1,624	2,350	1,474	2,350	1,950	1,950	1,250
State-wide Water Efficiency Measures	56	50	53	50	50	50	50
Waste Avoidance and Resource Recovery Account.....	13,040	12,550	8,284	10,250	10,150	10,150	10,150
Water for Food Water Innovation and Infrastructure Fund.....	-	-	-	-	3,000	15,500	14,739
Water Innovation Partnership.....	197	267	173	267	267	267	267
Water Sensitive Cities - Cooperative Research Centre.....	159	150	127	150	150	150	150
TOTAL	15,991	16,827	12,314	14,209	18,089	28,509	27,048

STATEMENT OF FINANCIAL POSITION ^(a)
(Controlled)

	2015-16	2016-17	2016-17	2017-18	2018-19	2019-20	2020-21
	Actual	Budget	Estimated	Budget	Forward	Forward	Forward
	\$'000	\$'000	Actual	Estimate	Estimate	Estimate	Estimate
			\$'000	\$'000	\$'000	\$'000	\$'000
CURRENT ASSETS							
Cash assets	12,451	13,098	9,958	10,080	11,946	13,468	15,672
Restricted cash	53,535	33,968	48,045	45,056	43,139	41,617	39,914
Holding account receivables	6,342	6,567	6,617	7,711	7,689	7,977	7,977
Receivables	2,950	2,931	1,214	1,214	1,214	1,214	1,214
Other	18,894	20,364	17,737	17,737	17,737	17,737	17,737
Assets held for sale	1,701	2,237	-	-	-	-	-
Total current assets	95,873	79,165	83,571	81,798	81,725	82,013	82,514
NON-CURRENT ASSETS							
Holding account receivables	20,049	22,677	24,532	32,318	38,616	45,556	56,868
Property, plant and equipment	262,933	293,523	266,589	274,245	278,645	284,336	289,830
Intangibles	26,933	13,726	25,772	21,953	17,557	12,435	3,073
Restricted cash	-	462	347	718	1,077	1,437	1,813
Other	92	795	81	59	48	39	38
Total non-current assets	310,007	331,183	317,321	329,293	335,943	343,803	351,622
TOTAL ASSETS	405,880	410,348	400,892	411,091	417,668	425,816	434,136
CURRENT LIABILITIES							
Employee provisions	19,722	19,171	19,346	19,515	19,686	19,861	20,037
Payables	3,187	5,042	1,503	1,503	1,503	1,503	1,503
Other	1,012	2,967	1,066	1,249	1,410	1,573	1,734
Total current liabilities	23,921	27,180	21,915	22,267	22,599	22,937	23,274
NON-CURRENT LIABILITIES							
Employee provisions	5,504	5,719	5,432	5,471	5,511	5,551	5,592
Other	7	6	7	7	7	7	7
Total non-current liabilities	5,511	5,725	5,439	5,478	5,518	5,558	5,599
TOTAL LIABILITIES	29,432	32,905	27,354	27,745	28,117	28,495	28,873
EQUITY							
Contributed equity	289,621	286,740	284,040	284,307	250,541	218,084	185,280
Accumulated surplus/(deficit) ^(b)	26,327	31,969	28,138	38,539	78,510	118,737	159,483
Reserves	60,500	58,734	61,360	60,500	60,500	60,500	60,500
Total equity	376,448	377,443	373,538	383,346	389,551	397,321	405,263
TOTAL LIABILITIES AND EQUITY	405,880	410,348	400,892	411,091	417,668	425,816	434,136

(a) Full audited financial statements are published in the agencies' Annual Reports.

(b) The Accumulated surplus 2016-17 Estimated Actual of \$28.1 million is recognised as Contributed equity from 2017-18 onwards to acknowledge the transfer of functions to the new Department of Water and Environmental Regulation.

STATEMENT OF CASHFLOWS ^(a)
(Controlled)

	2015-16 Actual \$'000	2016-17 Budget \$'000	2016-17 Estimated Actual \$'000	2017-18 Budget Estimate \$'000	2018-19 Forward Estimate \$'000	2019-20 Forward Estimate \$'000	2020-21 Forward Estimate \$'000
CASHFLOWS FROM STATE GOVERNMENT							
Service appropriations.....	81,607	77,414	79,298	77,311	72,174	72,474	73,108
Capital appropriation.....	6,319	11,091	5,732	11,329	6,294	7,603	7,226
Holding account drawdowns.....	6,020	6,342	4,472	4,622	7,311	7,289	7,527
Royalties for Regions Fund:							
Regional Community Services Fund.....	8,486	9,000	10,530	8,261	5,443	17,095	18,595
Regional Infrastructure and Headworks Fund.....	5,175	9,553	9,218	8,905	8,341	6,334	-
Receipts paid into Consolidated Account.....	(28,250)	(35,530)	(35,530)	(40,030)	(40,030)	(40,030)	(40,030)
Net cash provided by State Government.....	79,357	77,870	73,720	70,398	59,533	70,765	66,426
CASHFLOWS FROM OPERATING ACTIVITIES							
Payments							
Employee benefits.....	(97,044)	(101,110)	(104,155)	(99,201)	(95,075)	(94,584)	(96,392)
Grants and subsidies.....	(16,676)	(16,827)	(12,314)	(14,209)	(18,089)	(28,509)	(27,048)
Supplies and services.....	(33,282)	(31,020)	(42,100)	(34,672)	(26,807)	(26,739)	(21,984)
Accommodation.....	(10,288)	(10,752)	(10,471)	(10,542)	(10,625)	(10,669)	(10,744)
Other payments.....	(12,915)	(16,836)	(12,900)	(14,662)	(13,453)	(13,680)	(12,026)
Receipts ^(b)							
Regulatory fees and fines.....	22,927	25,111	22,871	23,797	26,311	26,724	27,145
Grants and subsidies.....	4,308	2,467	5,098	3,951	3,355	3,187	3,187
Sale of goods and services.....	4,007	4,108	3,783	3,783	3,783	3,783	3,783
Landfill Levy.....	68,987	70,000	70,054	76,000	76,000	76,000	76,000
GST receipts.....	6,953	9,275	9,105	8,487	7,221	7,439	5,748
Other receipts.....	3,582	2,676	1,854	1,513	1,463	1,535	1,535
Net cash from operating activities.....	(59,441)	(62,908)	(69,175)	(55,755)	(45,916)	(55,513)	(50,796)
CASHFLOWS FROM INVESTING ACTIVITIES							
Purchase of non-current assets.....	(19,022)	(19,967)	(13,882)	(17,139)	(13,309)	(14,892)	(14,753)
Proceeds from sale of non-current assets.....	1,460	-	1,701	-	-	-	-
Net cash from investing activities.....	(17,562)	(19,967)	(12,181)	(17,139)	(13,309)	(14,892)	(14,753)
NET INCREASE/(DECREASE) IN CASH HELD.....							
	2,354	(5,005)	(7,636)	(2,496)	308	360	877
Cash assets at the beginning of the reporting period.....	63,632	52,533	65,986	58,350	55,854	56,162	56,522
Cash assets at the end of the reporting period.....	65,986	47,528	58,350	55,854	56,162	56,522	57,399

(a) Full audited financial statements are published in the agencies' Annual Reports.

(b) A determination by the Treasurer, pursuant to section 23 of the *Financial Management Act 2006*, provides for the retention of some cash receipts by the Department. Refer to the Net Appropriation Determination table below for further information. Other receipts are retained under the authority of other relevant Acts of Parliament.

NET APPROPRIATION DETERMINATION ^(a)

	2015-16 Actual \$'000	2016-17 Budget \$'000	2016-17 Estimated Actual \$'000	2017-18 Budget Estimate \$'000	2018-19 Forward Estimate \$'000	2019-20 Forward Estimate \$'000	2020-21 Forward Estimate \$'000
Regulatory Fees and Fines							
Regulatory Fees - Receipts	22,927	25,111	22,871	23,797	26,311	26,724	27,145
Grants and Subsidies							
Other Grants and Contributions	4,308	2,467	5,098	3,951	3,355	3,187	3,187
Sale of Goods and Services							
Sales of Goods and Services	4,007	4,108	3,783	3,783	3,783	3,783	3,783
Landfill Levy							
Landfill Levy	68,987	70,000	70,054	76,000	76,000	76,000	76,000
GST Receipts							
GST Receipts	6,953	9,275	9,105	8,487	7,221	7,439	5,748
Other Receipts							
Interest Received	1,412	750	750	750	750	750	750
Lease of Commercial Land and Buildings	458	441	296	319	344	346	346
Other Receipts	1,712	1,485	808	444	369	439	439
TOTAL	110,764	113,637	112,765	117,531	118,133	118,668	117,398

(a) The moneys received and retained are to be applied to the Department's services as specified in the Budget Statements.

DETAILS OF ADMINISTERED TRANSACTIONS

	2015-16 Actual \$'000	2016-17 Budget \$'000	2016-17 Estimated Actual \$'000	2017-18 Budget Estimate \$'000	2018-19 Forward Estimate \$'000	2019-20 Forward Estimate \$'000	2020-21 Forward Estimate \$'000
INCOME							
Commonwealth Grants							
National Water Infrastructure Development Fund - Feasibility	-	-	2,516	3,770	-	-	-
Fines							
Regulatory Fines	212	55	55	55	55	55	55
TOTAL ADMINISTERED INCOME	212	55	2,571	3,825	55	55	55
EXPENSES							
Grants to Charitable and Other Public Bodies							
National Water Infrastructure Development Fund - Feasibility	-	-	2,516	3,770	-	-	-
Other							
Receipts Paid into the Consolidated Account	212	55	55	55	55	55	55
TOTAL ADMINISTERED EXPENSES	212	55	2,571	3,825	55	55	55

Agency Special Purpose Account Details

CONTAMINATED SITES MANAGEMENT ACCOUNT

Account Purpose: The purpose of the trust account is to enable investigation or remediation of any site where the State or a public authority (excluding Local Government) is responsible for remediation.

	2015-16 Actual \$'000	2016-17 Budget \$'000	2016-17 Estimated Actual \$'000	2017-18 Budget Estimate \$'000
Opening Balance	1,325	998	1,771	1,629
Receipts:				
Other	478	335	300	300
	1,803	1,333	2,071	1,929
Payments	32	442	442	442
CLOSING BALANCE	1,771	891	1,629	1,487

WASTE AVOIDANCE AND RESOURCE RECOVERY ACCOUNT

Account Purpose: The purpose of the trust account is to fund nominated programs and other waste management initiatives approved by the Minister for Environment on the advice of the Waste Authority of Western Australia.

	2015-16 Actual \$'000	2016-17 Budget \$'000	2016-17 Estimated Actual \$'000	2017-18 Budget Estimate \$'000
Opening Balance	20,628	17,658	30,398	33,247
Receipts:				
Other	26,882	18,250	18,055	19,750
	47,510	35,908	48,453	52,997
Payments	17,112	17,334	15,206	19,000
CLOSING BALANCE	30,398	18,574	33,247	33,997

RESERVE 31165 TRUST ACCOUNT

Account Purpose: The purpose of the trust account is to hold moneys to be used for the purposes of protecting the water resource values of Lake Argyle and the Ord River Dam, protecting the Lake Argyle wetland values and maintaining and enhancing the traditional culture of the Miriwung-Gajerrong people.

	2015-16 Actual \$'000	2016-17 Budget \$'000	2016-17 Estimated Actual \$'000	2017-18 Budget Estimate \$'000
Opening Balance	-	-	-	387
Receipts:				
Other	-	-	399	48
	-	-	399	435
Payments	-	-	12	12
CLOSING BALANCE	-	-	387	423