



Estimates and Financial Operations Committee
2017-18 Budget Estimates Hearings - Questions Prior to Hearings

Department of Water and Environmental Regulation

Hon Jacqui Boydell MLC asked:

1. I refer to Budget Paper 2, Volume 1, Page 221 under the Explanation of Significant Movements and I ask:

The 2016-17 estimated actual income is significantly less than the 2016-17, what caused this reduction in expected levels of revenue?

Answer: The Department experienced reduced revenues from externally funded projects and own source revenues including rental receipts during the 2016-17 financial year. Externally funded projects are subject to fluctuation based on the project agreement. The Department has reviewed its rental revenue forecast and has identified lower than anticipated ongoing returns.

2. I refer to Budget Paper 2, Volume 1, Page 217 under the spending changes and I ask:

- (a) The line that refers to regional Workers Incentive Allowance Payments decreases by over half in the 2020-21 forward estimates, what has caused this decrease?

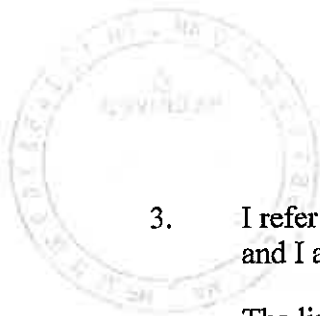
Answer: The decrease in the District Allowance has resulted from reduced cost of living expenses being experienced in regional locations. The District Allowance is reviewed annually to reflect changes to cost of living which increase or decrease the allowance and the attached funding. Also, the District Allowance expense within 2020-21 was not previously included for the former Department of Environment Regulation. The \$20 000 decrease is the net of the inclusion of the former Department of Environment Regulation and the reductions in the District Allowance.

- (b) If the workers are no longer receiving incentive allowance payments, will they be compensated in another way?

Answer: The District Allowance will continue to be paid. The amount of the allowance is calculated by the Labour Relations Division within the Department of Mines, Industry Regulation and Safety using a methodology that was created under the previous Liberal National Government. The Department is advised on the applicable District Allowance amount to be paid to affected staff during each year.

- (c) What impacts does a reduction in this allowance have on the regional workers that currently receive it?

Answer: The District Allowance is calculated to reflect the applicable cost of living expenses within a particular regional locality and can rise or fall depending on the surveyed cost of living changes. Movements within the District Allowance are reflective of movements in costs incurred by staff who should therefore not be impacted.

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3. I refer to Budget Paper 2, Volume 1, Page 228 under the Details of Controlled Grants and I ask:

The line that refers to the Royalties for Regions - Water WA is only funded till the 2018-19 forward estimates, will it no longer be funded after this time?

Answer: The Watering WA program was established as a fixed term program by the previous Liberal/ National government with funding until 2019-20. Any further decisions on funding will be made in future budgets.

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Department of Water and Environmental Regulation

Hon Diane Evers MLC asked:

1. I refer to Budget Paper 2, Volume 1, page 235: Income Statement (controlled) note (b) details that a reduction of full time equivalents (FTEs) is expected from 876 in 2016-17 Estimated to 834 FTEs for the 2017-18 Budget Estimate (we note that the number of FTEs in 2015-16 was 827):
 - (a) What is the reason for the reduction from 876 FTEs from 2016-17 estimated to 834 FTEs in the 2017-2018 Budget Estimate;

Answer: The FTE reductions relate to Governmental corrective measures including the Public Sector Workforce Renewal, the funding of an internal Voluntary Severance Scheme and the accounting policy change to the recognition of FTEs funded through the Waste Avoidance and Resource Recovery Account.
 - (b) How many FTEs will be lost from each of the following areas in 2017-18:
 - (i) South West;

Answer: Specific positions or areas have not been identified for reduction at this time. The Department is undertaking an internal review to identify its future service delivery model and where FTE reductions may be targeted.
 - (ii) Great Southern; and

Answer: As above
 - (iii) Peel; and

Answer: As above
 - (c) What FTE positions and levels will be vacated in 2017-18, in each of the following areas:
 - (i) South West;

Answer: Not applicable
 - (ii) Great Southern; and

Answer: Not applicable
 - (iii) Peel?

Answer: Not applicable
2. I refer to point 4 of Significant Issues Impacting the Agency on page 218 of Budget Paper 2, Volume 1, which mentions the delivery of a new water allocation plan to support the long-term, sustainable use of the Gnamptara groundwater system:



- (a) When will the water allocation plan be completed;

Answer: A plan for public comment will be completed during 2018.

- (b) What is the anticipated cost of the development of the allocation plan;

Answer: The plan is being developed as part of ongoing water planning activities. The Department is not able to provide a separate anticipated cost of the development of the Gnamptara groundwater allocation plan as the majority of the work is funded from the consolidated fund and the Department's accounting systems do not provide for that level of individual detail. The development of the allocation plan has been ongoing over the past three years. The project is complex and crosses over many different work areas, from water science, assessment, information and modelling, policy development, communication, licensing, regulation, innovation and planning.

Importantly, the recently completed \$7 million Perth Region Confined Aquifer Capacity Study funded additional drilling, geophysics and monitoring work that improved the Department's understanding of the groundwater system and allowed the Department to complete an update to the Perth Regional Aquifer Modelling System.

- (c) Have the economic benefits of long term sustainable management of the Gnamptara groundwater system been estimated, or will they be estimated:

Answer: A cost benefit analysis framework has recently been developed for the Department of Water and Environmental Regulation and a comprehensive cost/benefit analysis is planned before the plan is finalised.

- (i) If not, why not; and

Answer: Not applicable.

- (d) Who will be involved in the development of the allocation plan and how will they be involved?

Answer: A significant amount of stakeholder consultation has already been undertaken. Consultation will continue with key stakeholders including the Water Corporation, local governments, industry peak bodies like vegetablesWA and Turf Growers Association of Western Australia, environmental groups like the Urban Bushland Council WA Inc and local farmers from Carabooda, the Swan Valley and Gingin. The Department of Primary Industries and Regional Development and the Department of Planning Lands and Heritage are also involved.

Most of the consultation and collaborative problem solving needed to develop the plan will continue to occur with targeted engagement groups designed around the main uses of Gnamptara groundwater – public water supply (~43 per cent of use), agriculture (~22 per cent), irrigating public open space (~16 per cent) and water taken by domestic garden bores (~13 per cent). Environmental groups and the broader community are engaged through various forums, workshops and conferences.

The plan will be released for public comment in 2018. During the public comment period anyone can make a submission on the plan. The public comment period will be advertised in state and local papers and on the Department's website.

3. I refer to the Spending Changes table on page 286 of Budget Paper 2, Volume 1, which lists funding changes for Peel-Harvey Estuary grants and FTEs:

- (a) Why does funding for Peel-Harvey Estuary grants and FTEs cease in the 2020-21 forward estimates?

Answer: This program is being delivered by the Department of Primary Industries and Regional Development and the question should be referred to this agency for an answer.

4. I refer to point 4 of Significant Issues Impacting the Agency, on Page 218 of Budget Paper 2, Volume 1, which mentions improving the management of the Peel-Harvey Estuary and catchment to support long-term water quality improvements:

- (a) What actions will the Government undertake to improve the management of the estuary and catchment;

Answer: The Government has committed to develop a comprehensive Estuary Protection Plan for the Peel-Harvey. The Peel-Harvey Estuary Protection Plan will form a whole-of-Government response to improve water quality in the estuary and the streams and rivers in its catchment, and prevent additional deterioration.

- (b) How much funding will be allocated to undertake these actions; and

Answer: As part of the four year Regional Estuaries Initiative led by the Department of Water and Environmental Regulation, \$6 million will be spent to understand and improve the condition of the Peel-Harvey estuary and the Serpentine, Murray and Harvey catchments. For the Peel-Harvey estuary, this will:

- fund the Peel-Harvey Catchment Council for joint delivery of onground actions resulting in evidence-based long term management strategies for the Peel-Harvey estuary and catchment;
- in partnership with the Department of Primary Industries and Regional Development, the Peel-Harvey Catchment Council and farmers, reduce the nutrient runoff from farms while supporting farm productivity;
- include work with catchment groups to restore stream function and modify drainage to improve water quality at priority sites;
- trial new materials to treat soil, water and drains to reduce nutrient exports; and
- update numerical modelling to evaluate potential estuary management actions and fund ongoing monitoring of the Peel-Harvey estuary and its catchments.

The McGowan Labor Government has allocated a further \$1.5 million to fund rehabilitation projects to improve the health of the Peel-Harvey estuary.

(c) What are the estimated economic benefits of improving the management of the estuary and catchment?

Answer: Improving the management of the estuary and catchment will help prevent further decline of the Peel-Harvey estuary and the economic benefit is in preventing the very high costs of repair and recovery. Historically, there was substantial investment in responding to the previous ecological collapse of the Peel-Harvey estuary. Over \$70 million was spent on the Dawesville Cut engineering solution, which alleviated algal bloom problems and led to Mandurah becoming a growth zone based around the value of the estuary.

The City of Mandurah estimated \$1 billion of infrastructure and development has resulted. However, this historical engineering solution was not paired with effective catchment management or development controls, and nutrient and organic matter flows have increased and again threaten the estuary.

The estimated value of ecosystem services across all of our six Regional Estuaries Initiative estuaries is \$742 million per annum for their role in nutrient cycling, food production, recreation, storm protection and flood control.

The Department of Water and Environmental Regulation and the Department of the Premier and Cabinet are partners in an Australian Research Council project led by Murdoch University to develop a decision support framework to help optimise trade-offs between socio-economic development goals and downstream ecological impacts on the Peel-Harvey Estuary.

5. I refer to funding for the Regional Estuaries Initiative, detailed in Table 1, Budget Paper 3, page 227:

(a) How much funding will each of the following south west Estuaries receive in 2017-18:

Answer:

The following south west estuaries will receive funding during the four year Regional Estuaries Initiative:

- (i) Peel-Harvey – \$6 million;
- (ii) Leschenault – \$7.5 million;
- (iii) Vasse-Wonnerup – \$0.5 million (noting that this is in addition to the \$7.15 million Revitalising Geopraphe Waterways funding);
- (iv) Hardy Inlet – \$2 million;
- (v) Wilson Inlet – \$2 million; and
- (vi) Oyster Harbour – \$2 million.

(b) Why does the amount of funding decrease from \$5.7 million in 2017-18, to \$4.6 million in 2018-19, and \$3.3 million in 2019-20; and

Answer: The variation in funding across the remaining three years of the Regional Estuaries Initiative is due to the nature of the work undertaken – most projects require a larger contribution up front for establishment and/or construction, with costs towards the end of the project tapering to cover monitoring, science synthesis and public reporting.

(c) Why is no funding provided for the Regional Estuaries Initiative beyond 2019-20?

Answer: The Regional Estuaries Initiative is a four year program planned for completion in June 2020.

6. I refer to funding listed for Watering Western Australia in Table 1, Royalties for Regions funding on page 226 of Budget Paper 2, page 227; and funding decreases listed for Watering Western Australia listed in Spending Changes in Budget Paper 2, Volume 1, page 217:

(a) A budget of \$1 million in 2017-18, \$2.5 million in 2018-19, and \$3 million in 2019-20 is shown in the Royalties for Regions funding table, while funding decreases of ~\$5.5 million in 2017-18, ~\$5.4 million in 2018-19, and ~\$11.7 million are shown in the Spending Changes table. Why has the funding for Watering Western Australia been decreased to this extent; and

Answer: State debt is forecast to go over \$42 billion. All Royalties for Regions funded programs and projects have been reviewed to ensure they are of value to West Australian taxpayers. Watering WA is one of the projects reviewed and the budget revised to \$6.5 million over the next three years to reflect an appropriate level of funding.

(b) How does the Government intend to deliver the services associated with the Watering Western Australia Initiative with reduced funding?

Answer: From 2020-21 support for farms and communities in the dryland agricultural area will continue through the ongoing Farm Water Supply Planning Scheme, Farm Water Rebate Scheme and Community Water Supply Program. The Watering WA expenditure has been prioritised to honour existing commitments and to maintain a focus on delivery of key parts of the Clean Waterways program, including:

- rebates of up to \$20 000 for 127 farmers' operations that had farm audits completed under Watering WA in 2016-17;
- \$2 413 356 has been committed to Watering WA Towns grants for regional communities (including eight projects approved by the previous Government) to improve local non-potable water sources; and

- \$1 650 000 is for a suite of water quality improvement projects under the Clean Waterways program covering restoration of native vegetation, and nutrient mapping and management in the Lower Avon Catchment.

No new applications will be accepted for the Watering WA Towns and Farms programs.

The Department of Water and Environmental Regulation's Rural Water Plan program, which is funded for \$6.25 million over the three years to 2019-20, will assist farm operations and regional communities in the areas covered by Watering WA.