

**LEGISLATIVE COUNCIL STANDING COMMITTEE ON ESTIMATES AND FINANCIAL OPERATIONS**

**ANSWERS TO 2021-22 BUDGET ESTIMATES - QUESTIONS PRIOR TO HEARING**

**Department of Water and Environmental Regulation**

**Hon Tjorn Sibma MLC asked:**

1. Income statement, page 697, regarding note (d), with specific reference to the agency's circumstances, what factors explain the net cost of services in 2021-22 being more than double those of the previous financial year?

Answer:

The net cost of services increase in 2021-22 is mainly due to the misalignment of revenue and expenses for some programs, where revenue was received in 2020-21 but the expense for those programs has been carried forward into 2021-22. There is also an increase to the 2021-22 net cost of services through changes to Treasurer's Instruction 1102 which moves revenue received from Government out of the calculation of net cost of services.

2. Income statement, page 697, expenses:

- (1) What assumptions are made for the \$12 million growth in employee benefits in 2021-22 compared to the previous FY; and

Answer:

The Department will increase its employee expenses in 2021-22 mainly due to increases in the whole-of-Government Regulatory Approvals (\$8.257M), *Western Australian Climate Policy* (\$0.301M), Resourcing for Industry Regulation Assessments and Licenses (\$0.300M), Ban on E-waste to Landfill (\$0.366M), implementing the Peel-Harvey Estuary Protection Plan (\$0.363M), Rural Water Planning (\$0.227M), Carbon Innovation Grants Program (\$0.267M), National Waste Export Ban (\$0.138M) and Pilbara Environmental Offsets Fund (\$0.245M).

- (2) What assumptions are made which explain the reduction in forecast employee benefits in 2024-25 compared to the previous FYs?

Answer:

The decrease in 2024-25 is mainly due to the ceasing of temporary FTEs in whole-of-Government regulatory approvals (\$1.25M), and a reduction of employment costs in ban on e-waste to landfill (\$0.472M), *Western Australian Climate Policy* (\$0.180M) and Carbon Innovation Grants Program (\$0.117M).



3. Income statement, page 697, grants and subsidies:

- (1) What factors led to the 2020-21 estimated actual being nearly \$13 million below the budgeted amount;

Answer:

The estimated actual 2020-21 is below the budgeted amount mainly due to:

- Underspends in the following grant and subsidy programs:
    - Clean WA Waste Paper and Cardboard Processing (\$5M);
    - National Partnership on Recycling Infrastructure (\$5M);
    - Clean Energy Future Fund – WA Recovery Program (\$1.892M);
    - Clean Energy Future Fund (\$1.852M);
    - Offsets Fund for Recovery (\$1.565M);
    - Rural Water Deficiency and Community Water Supply (\$1.182M);
    - Rural Water Grants (\$0.687M); and
    - Watering Western Australia (\$0.644M).
  - A change in expense type from grants and subsidies for:
    - Rural Water Deficiency and Community Water Supply (\$1.758M); and
    - Pilbara Environmental Offsets Fund (\$0.877M).
  - This is offset by increases in grants and subsidies for:
    - National Partnership on Recycling Infrastructure (\$2.5M);
    - National On-Farm Emergency Water Infrastructure Rebate Scheme (\$2.65M); and
    - A change in expense type for Clean Energy Future Fund (\$1.852M).
- (2) What factors contribute to the 2021-22 budget estimate being more than four times larger than the 2020-21 estimated actual; and

Answer:

The 2021-22 budget estimate of \$68.4M when compared with the 2020-21 estimated actual of \$19.67M is more than three times larger mainly due to:

- A carry forward of grant and subsidy programs not spent in 2020-21 (\$13.207M);
- An increase in National Partnership on Recycling Infrastructure (\$12.5M);
- Rural Water Planning (\$1.802M);
- Increase to Establishing and Maintaining Vegetation Offsets Account (\$1M);
- A carry forward of small election commitments – Greening our Community (\$1M);
- An increase to Clean Energy Future Fund due to change in expense type (\$0.999M); and
- A reversal of estimated outturn results for 2020-2021 as detailed in 3(a).



- (3) Are there policy or program decisions which underpin the volatility in expenditure profile for this line item across the forward estimates?

Answer:

The volatility of grants and subsidy expenditure across the forward estimates is mainly due to:

- In 2022-23:
  - A reduction in Clean Western Australia – Waste Paper and Cardboard Procession (\$7.5M);
  - A reduction in Clean Energy Future Fund (\$3.745M);
  - A reduction in Offset Fund for Recovery (\$1.566M);
  - A reduction in Native Vegetation Rehabilitation Scheme (\$1.422M);
  - The ceasing of Watering Western Australia (\$0.644M);
  - The ceasing of Greening our Community (\$1M); and
  - Offset by increases in Waste Export Ban (\$5M), National Partnership on Recycling Infrastructure (\$4M), Ban on E-Waste to Landfill (\$2m) and Carbon Innovation Grants Program (\$1.45M).
- In 2023-24:
  - A reduction in National Partnership on Recycling Infrastructure (\$15.5M);
  - Ceasing of Native Vegetation Rehabilitation Scheme (\$4.77M);
  - Ceasing of Offset Fund for Recovery (\$2.666M); and
  - Offset by increases in Ban on E-Waste to Landfill (\$4.629M) and Carbon Innovation Grants Program (\$1.45M).
- In 2024-25:
  - Ceasing of Clean Energy Future Fund (\$3.128M);
  - Ceasing of Clean Western Australia – Waste Paper and Cardboard Processing (\$2.5M); and
  - Ceasing of National Partnership on Recycling Infrastructure (\$1M);
  - Reduction in Ban on E-Waste to Landfill (\$5.129M); and
  - Offset by an increase in Carbon Innovation Grants Program (\$1.45M).

Full details can be viewed on page 698 Details of Controlled Grants and Subsidies.



**LEGISLATIVE COUNCIL STANDING COMMITTEE ON ESTIMATES AND FINANCIAL OPERATIONS**

**ANSWERS TO 2021-22 BUDGET ESTIMATES - QUESTIONS PRIOR TO HEARING**

**Department of Water and Environmental Regulation**

**Hon Tjorn Sibma MLC asked:**

7. Regarding the Statement of Financial Position on page 699, I ask:

- (1) What accounts for the forecast movements in the cash assets line item from the 2020-21 Budget column onwards;

Answer:

The increase in cash assets between 2020-21 Budget and 2020-21 Estimated Actual is mainly due to:

- underspend in grants and subsidies programs in 2020-21 (\$8.965M);
- Environment Online reclassification from Capital to Recurrent (\$5.146M);
- underspend in employee benefits 2020-21 (\$5.113M);
- capital carryover for Land Acquisition in Priority 1 Areas reprofiled from 2020-21 to 2021-22 (\$3.41M); and
- State Groundwater Investigation Program reprofile from 2020-21 into forward estimates (\$0.7M).

The decrease in cash assets between 2020-21 Estimated Actual and 2021-22 Budget is mainly due to:

- additional spending on grants and subsidies programs from an underspend in 2020-21 (\$9.146M); and
- capital carryover for Land Acquisition in Priority 1 Areas reprofiled from 2020-21 to 2021-22 (\$3.41M).

The forward estimates remain relatively stable.

- (2) What accounts for the forecast movements in the restricted cash line item from the 2020-21 Budget column onwards;

Answer:

The increase in restricted cash between 2020-21 Budget and 2020-21 Estimated Actual is mainly due to:

- Pilbara Environmental Offsets Fund reprofile (\$5.081M);
- underspend in grants and subsidies programs in 2020-21 (\$3.423M); and
- National Partnership on Recycling Infrastructure (\$2.5M).



The decrease in restricted cash between 2021-22 Budget and 2022-23 Budget is mainly due to additional spending in:

- Waste Export Ban (\$10M);
- Clean Energy Future Fund (\$3M); and
- Offsets Fund for Recovery Program (\$2.666M).

The decrease in restricted cash between 2022-23 estimates and 2023-24 estimates is mainly due to additional spending in:

- Establishing and Maintaining Vegetation Offsets Account (\$3M); and
- Clean Energy Future Fund (\$1.28M).

- (3) What divestments or write downs have applied and will apply across the estimates period that can explain the \$50 million reduction in property, plant and equipment for each year from the 2019-20 Actual;

Answer:

The divestments and write downs decrease property, plant and equipment for non-current assets from 2019-20 through 2020-21 and the forward estimates reflecting the additional amortisation of Environment Online projects and other intangible assets.

Property, plant and equipment	2019-20	2020-21	2020-21	2021-22	2022-23	2023-24	2024-25
	Actual	Budget	Estimated	Budget	Forward	Forward	Forward
	\$'000	\$'000	Actual	Estimate	Estimate	Estimate	Estimate
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Property, Plant and equipment	357,319	372,690	366,495	372,023	377,536	379,523	391,945
Accumulative amortisation and Depreciation	3,804	15,733	15,628	37,741	59,888	76,488	90,629
<b>Total</b>	<b>353,515</b>	<b>356,957</b>	<b>350,867</b>	<b>334,282</b>	<b>317,648</b>	<b>303,035</b>	<b>301,316</b>

- (4) What accounts for, or will account for, the growth in holding account receivables line item from \$67.45 million as an estimated actual in 2020-21 to \$121.5 million in 2024-25; and

Answer:

The growth in holding account receivables from 2020-21 estimated actual into the forward estimates is mainly due to lower amounts withdrawn for the replacement of assets compared to amounts put aside for asset replacement. The holding account covers asset replacement, leave liability and depreciation of right-of-use assets.

The holding account funds asset replacement programs including:

- Replace and Maintain Monitoring Bores;
- Plant, Equipment and Minor Works; and
- Replace and Maintain River Gauging Stations.

Holding account receivable	2019-20	2020-21	2020-21	2021-22	2022-23	2023-24	2024-25
	Actual	Budget	Estimated	Budget	Forward	Forward	Forward
	\$'000	\$'000	Actual	Estimate	Estimate	Estimate	Estimate
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Amounts Receivable for Services - Non-Current (Asset Replacement)	46,862	61,833	61,772	75,227	88,684	102,134	115,577
Amounts Receivable for Services - Non-Current (Leave Liability)	5,683	5,683	5,683	5,683	5,683	5,683	5,683
Amounts Receivable for Services - Non-Current (RoU Depreciation)	-	-	-	85	131	177	222
<b>Total</b>	52,545	67,516	67,455	80,995	94,498	107,994	121,482

- (5) Can you broadly account for the composition of assets labelled 'Intangibles' and explain the forecast growth in this category across the estimates period?

Answer:

Intangibles includes the following classes:

- Licences;
- Software that is not integral to the operation of related hardware; and
- Geophysical datasets and surveys to improve the understanding and management of water resources.

A significant portion of forecast growth in intangibles relates to the Environment Online program.

**LEGISLATIVE COUNCIL STANDING COMMITTEE ON ESTIMATES AND FINANCIAL OPERATIONS**

**ANSWERS TO 2021-22 BUDGET ESTIMATES - QUESTIONS PRIOR TO HEARING**

**Department of Water and Environmental Regulation**

**Hon Tjorn Sibma MLC asked:**

11. Statement of Cashflows, page 700, cashflows from operating activities, noting that approximately \$188 million will be spent across the estimates on grants and subsidies, can you please outline which specific grants/subsidies and what associated amounts comprise forecast expenditure in:
- (a) 2021-22;
  - (b) 2022-23;
  - (c) 2023-24; and
  - (d) 2024-25?

Answer:

(a)-(d) A full breakdown of grant and subsidy payments is detailed on page 698.

A handwritten signature in cursive script, appearing to read "Sando", is located in the bottom right corner of the page.

**LEGISLATIVE COUNCIL STANDING COMMITTEE ON ESTIMATES AND FINANCIAL OPERATIONS**

**ANSWERS TO 2021-22 BUDGET ESTIMATES - QUESTIONS PRIOR TO HEARING**

**Department of Water and Environmental Regulation**

**Hon Tjorn Sibma MLC asked:**

12. Statement of Cashflows, page 700, cashflows from operating activities, can you please account (by category of item) for the expenditure recorded against the 'supplies and services' line item for the following years:

(a) 2019-20 Actual; and

Answer:

Supplies and Services consists of four categories being:

- Communication payments (\$2.107M);
- Consumable payments (\$2.369M);
- Payments for consultancies (\$1.256M); and
- Services and Contracts payments for professional services (\$24.048M).

Services and Contracts payments accounts for the majority of Supplies and Services.

(b) 2020-21 Estimated Actual?

Answer:

Supplies and Services consists of four categories being:

- Communication payments (\$3.137M);
- Consumable payments (\$2.218M);
- Payments for consultancies (\$0.220M); and
- Services and Contracts payments for professional services (\$14.590M).

The large decrease in Services and Contracts payments between 2019-20 Actual and 2020-21 Estimate Actual includes:

- a carry forward of Royalties for Regions funding for *Healthy Estuaries WA* and *Watering WA* from the 2020-21 Estimated Actual into forward estimates (\$3.749M);
- a change in expense type to grants and subsidies for the Pilbara Environmental Offsets Fund (\$2.167M);
- a change in expense type to grants and subsidies for Clean Energy Future Fund (\$1.852M); and
- the transfer of Water Monitoring of the Swan and Canning Rivers to the Department of Biodiversity, Conservation and Attractions (\$1.033M).





**LEGISLATIVE COUNCIL STANDING COMMITTEE ON ESTIMATES AND FINANCIAL OPERATIONS**

**ANSWERS TO 2021-22 BUDGET ESTIMATES - QUESTIONS PRIOR TO HEARING**

**Department of Water and Environmental Regulation**

**Hon Tjorn Sibma MLC asked:**

15. Statement of Cashflows, page 700, cashflows of investing activities, regarding the purchase of non-current assets line item, please outline what planned expenditure will occur in the 2021-22 financial year?

Answer:

The details of non-current assets purchased are provided in the Asset Investment Program table on page 695.

021

**LEGISLATIVE COUNCIL STANDING COMMITTEE ON ESTIMATES AND FINANCIAL OPERATIONS**

**ANSWERS TO 2021-22 BUDGET ESTIMATES - QUESTIONS PRIOR TO HEARING**

**Department of Water and Environmental Regulation**

**Hon Tjorn Sibma MLC asked:**

Spending Changes Table, page 680, I refer to the measure 'Western Australia Regulatory Approvals Framework - Short term resourcing relief' and I ask:

- (a) What was the \$465,000 spent on in 2020-21, and what will it be spent on in 2021-22;

Answer:

This initiative was identified as a priority by Government to better support the development of major projects of State significance, and aid Western Australia's recovery from the COVID-19 pandemic. The provision of short-term funding was provided to a number of agencies to manage the increased number of regulatory approval assessments, particularly relating to major projects. Within the Department of Water and Environmental Regulation (DWER), this short term funding was provided to increase capacity to deliver environmental assessments under Part IV of the *Environmental Protection Act 1986* (EP Act) and Part V of the EP Act being Industry Regulation

- (b) What will happen after 2021-22; and

Answer:

While the Western Australia Regulatory Approvals Framework initiative only provided short term resourcing relief, on 21 July 2021, the WA Government announced a \$120 million approvals and reform package. This package was to boost the capacity in a number of departments, including DWER, to speed up project approvals and support agencies in the delivery of Streamline WA initiatives and ongoing approvals reform.

DWER received \$40.09 million, with an allocation provided for 70.5 FTE for frontline approvals assessment and reform officers. Recruitment for these approvals frontline and reform officers is underway.

- (c) How can this be a new initiative when spending was incurred in the previous financial year?

Answer:

The Western Australia Regulatory Approvals Framework - Short term resourcing initiative was provided in the latter part of 2020-21 and extended partly into 2021-22. Given this initiative was developed and finalised in the latter part of 2020-21 it was not reported in the 2020-21 budget papers.

