



Government of **Western Australia**  
Department of **Water**

# Annual Report

## 2009–2010



*Looking after all our water needs*





# Annual Report 2009–2010 Department of Water

*Looking after all our water needs*

September 2010

**Department of Water**

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## From the Director General

The year was dominated by priority issues associated with supply of, and demand for, water resources, with the department responding accordingly. This gave a solid platform for the department's leadership role in enabling growth and development in Western Australia through good water planning, policy and management.

In particular, the department has responded to priorities to improve delivery of water to industry. It is estimated that the department's programs support up to \$50 billion in projects in WA.

The department worked with the mining industry and other state agencies to help mining companies to get the water they need. At the end of the year, mining was the biggest water user group in the state – outstripping agriculture.

The department progressed an initiative to recoup an annual flow of more than 100 Gls a year as part of the Collie salinity recovery plan. This work supports both power generation and agriculture, ensuring economic activity is not constrained in the South West by lack of available water.

In the state's north, the department was an active partner in the \$220 million Ord irrigation expansion scheme as part of the Ord-East Kimberley Development Plan.

### Managing our water sustainably

The department provided advice to industry, government and the community about water use, quality and availability based on good science.

In the past financial year, the department's water information was used to facilitate over \$1 billion in new projects.

As leaders of the Gngangara Sustainability Strategy's across-government task force the department continued its work to improve the Gngangara groundwater resource's health – including developing ways to assist recharge in low rainfall times. Good management by the department has significantly slowed the previous rapid decline of the groundwater system, despite recharge problems associated with climate.

### Good management: good science

The 2009-2010 year had one of the driest summers on record followed by one of the driest winters, demonstrating the need for good management in the way we use, protect and distribute water.

The department's scientists and researchers continued in 2009-2010 to be at the forefront of establishing the national position on changing rainfall patterns and their implications for harnessing and managing available water.

The department, with the assistance of federal funding, put an enormous effort into improving the use and understanding of the state's vast underground water resources.

Groundwater investigations on the north Gngangara during the past year led to a breakthrough in mapping the groundwater system that has benefits that range from changing the way water is abstracted, to locating the best areas for groundwater replenishment as part of any future managed aquifer recharge with treated wastewater.

It also allows us to potentially abstract more water if needed, while not affecting the wetlands and lakes that need the groundwater to survive.

The department's role in catchments and waterways health continued, with the department coordinating a further \$14 million in new projects across the state targeted at improving water quality.

These projects range from revegetation to combat past land use, sediment removal from degraded waterways and stormwater drain improvements. Installing new and better water design into growing suburbs will see not only less flood risk, it will also reduce pollution in waterways and groundwater and lay the foundations for the harnessing of storm water to a fit-for-purpose use.

The department spent considerable effort in the area of informing and supporting land use planning, and this work will guide the growth of towns and cities across the state.

At the end of the year, the department began a review of its strategic direction to strengthen its focus on three key areas:

- ◆ Enabling state development, ensuring there is sufficient water of the right quality for WA now and for future generations
- ◆ Strengthening our strategic policy capacity
- ◆ Implementing water reform.

This review will be complete in 2010-2011.

**Maree De Lacey**  
A/Director General Department of Water

## Operational structure

### Legislation administered by the Department of Water as at 30 June 2010:

The Department of Water is the government agency that looks after the state's total water resources.

It regulates and supports water use to ensure that the water cycle remains active and sustainable. This includes keeping waterways and aquifers healthy.

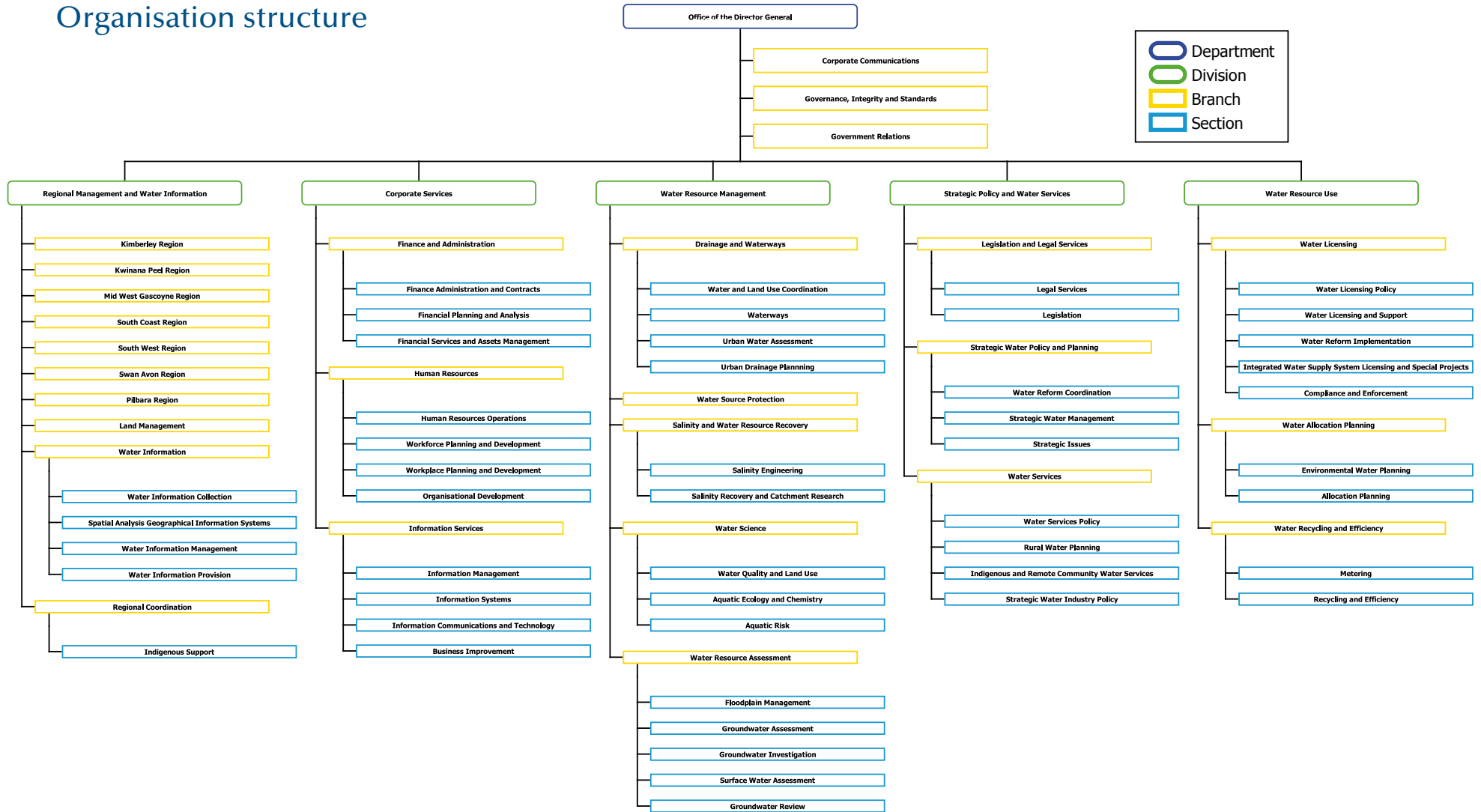
Its ongoing mission is to work with government, industry and the community to find well-informed solutions to current and future water needs of Western Australia.

In 2009-2010, it was responsible to the Minister for Water Dr Graham Jacobs.

- ◆ *Busselton Water Board (Supply of Water to Dunsborough) Act 2009*
- ◆ *Country Areas Water Supply Act 1947*
- ◆ *Country Towns Sewerage Act 1948*
- ◆ *Land Drainage Act 1925*
- ◆ *Land Drainage (Validation) Act 1996*
- ◆ *Metropolitan Water Authority Act 1982*
- ◆ *Metropolitan Water Supply, Sewerage and Drainage Act 1909*
- ◆ *Rights in Water and Irrigation Act 1914*
- ◆ *Water Boards Act 1904*
- ◆ *Waterways Conservation Act 1976*
- ◆ *Water Agencies (Powers) Act 1984*
- ◆ *Water Services Licensing Act 1995*
- ◆ *Water Efficiency Labelling and Standards Act 2006*



# Organisation structure



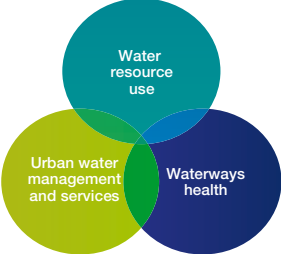
# Performance management framework

## Outcomes based management framework

The performance framework below shows the relationships between government goals, agency level government desired outcomes and the agency’s services.

The department manages the state’s water resources to support the lifestyle, environment and economy of WA. The department’s focus on managing one of WA’s most precious resources aligns it primarily within one of the government’s strategic goals.

**Government goal:** Ensuring that economic activity is managed in a socially and environmentally responsible manner for the long term benefit of the state.

| Government goal   | Desired outcome  | Services   |
|---|--|--|
| Ensuring that economic activity is managed in a socially and environmentally responsible manner for the long term benefit of the state. | Sufficient quality water to support the needs of the community, environment and state development. | <ol style="list-style-type: none"> <li>1 Urban water management and industry services</li> <li>2 Water use allocation and optimisation</li> <li>3 Catchment and waterways health</li> </ol>  |

## Agency level desired outcome: Sufficient,<sup>1</sup> quality<sup>2</sup> water to support the needs of the community, environment and state development

Water is one of the state’s most valuable resources, providing communities with drinking water, food and recreation opportunities. It is also essential for Western Australia’s continued economic development. The department ensures the state’s water resources are planned, managed and developed to meet social, environmental and economical needs now and into the future. It exists to ensure that the state has sufficient water of the required quality (whether this is for agricultural use, industrial use, or drinking).

<sup>1</sup> Sufficient – refers to the quantity of water, and relates to the department’s role in ensuring that there is enough water to support social, environmental and economic needs

<sup>2</sup> Quality – refers to the varying standards of water quality the department is responsible for managing and allocating for industry use, agricultural use or fit for human consumption

The key relationships between our performance indicators and these functions are:

Effectiveness indicators

- ◆ Proportion (%) of water resources with licensed allocations that are within the allocation limit
- ◆ Proportion (%) of public water supplies covered by a drinking water source protection plan
- ◆ Proportion (%) of water resource management areas that are planned appropriate to their water resource category

The department progresses towards the achievement of this outcome through the provision of three services:

Service 1: Urban water management and industry services

Drainage water planning is seen as a critical component of the urban water cycle. Drainage water plans give consideration to the impacts of drainage on flood protection, wetlands, groundwater systems, ground water-dependent ecosystems, and receiving water bodies, while providing liveable and attractive communities. Drainage planning across the metropolitan area will incorporate the needs of urban development with better management of our water resources.

The salinity work undertaken is in relation to managing and providing water from catchments of a required quality for human consumptive use (this includes drinking water, water for irrigation, water for industry). This water is usually distributed to the community via water service providers.

The key relationships between our performance indicators and these functions are:

Efficiency indicators

- ◆ Average cost per industry water services policy instrument
- ◆ Average cost per drinking water source protection plan
- ◆ Average cost per km<sup>2</sup> of designated proclaimed water supply catchments where salinity and water resource recovery management measures are implemented
- ◆ Average cost per drainage and water management plan and assessment

Service 2: Water use allocation and optimisation

The department is responsible for ensuring the state has sufficient water now and into the future. To achieve this, the department undertakes the following interrelated activities:

- ◆ Water use **allocation** – allocating water from water resource areas for various types of use, while leaving enough water

in the environment to meet ecological, recreational and cultural needs

- ◆ Water use **management** – managing the conditions by which water is extracted from water resource areas including quantity, timing, water use and any impacts of such use
- ◆ Water use **optimisation** – optimising the use of water by prescribing and encouraging the efficient use of water extracted from water resource areas. This is achieved through undertaking water recycling and efficiency initiatives.

The key relationships between our performance indicators and these functions are:

Efficiency indicators

- ◆ Average cost per allocation plan completed<sup>3</sup>
- ◆ Average time taken (days) to process a license by water category grouping
  - Category 1
  - Category 2
  - Category 3
  - Category 4

3 This indicator is based on a 3 year rolling average

- ◆ Expenditure on water licence administration
  - Average cost per water licence (all categories)
- ◆ Total number of licences processed by category grouping
  - Category 1
  - Category 2
  - Category 3
  - Category 4

### Service 3: Catchment and waterways health

The service is concerned with managing and recovering catchments and waterways to best meet social, economical and environmental needs. It includes activities such as catchment management (e.g. monitoring water nutrient levels, flora and fauna, acidity levels), dry land salinity. The salinity work undertaken is focused purely on the maintenance or recovery of environmental values of waterways and catchments. The water quality in these catchments and waterways is currently at a quality level that is unsuitable for any human consumptive use. Agricultural production will also benefit from this work.

The key relationships between our performance indicators and these functions are:

#### Efficiency indicators

- ◆ Average cost per km<sup>2</sup> of designated inland rural catchments where dryland salinity management measures are implemented
- ◆ Average cost per waterway management plan developed

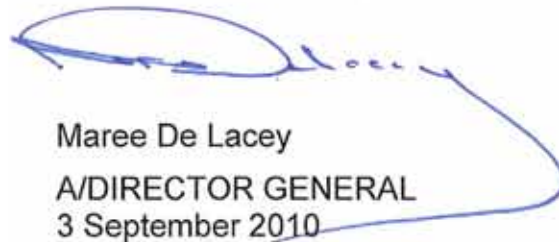
# Agency Performance

## ***Performance Indicators***

**Certification of Performance Indicators for the year ended 30 June 2010**

### ***Financial Management Act 2006***

I hereby certify that the performance indicators are based on proper records, are relevant and appropriate for assisting users to assess the Department of Water's performance, and fairly represent the performance of the Department of Water for the financial year ended 30 June 2010.



Maree De Lacey  
A/DIRECTOR GENERAL  
3 September 2010

## Summary of key performance indicators

Agency level desired outcome: sufficient quality water to support the needs of the community, environment and state development

| Effectiveness indicators  |      |      |              |              |              |
|---|------|------|--------------|--------------|--------------|
| Performance Indicator   | Note | Unit | Actual 08-09 | Actual 09-10 | Target 09-10 |
| Proportion (%) of water resources with licensed allocations that are within the allocation limit                | A    | %    | 87           | 86           | 85           |
| Proportion (%) of public drinking water supplies covered by drinking water source protection plan               | B    | %    | 70           | 80           | 80           |
| Proportion (%) of water resource management areas that are planned appropriate to their water resource category | C    | %    | 56           | 57           | 60           |

### Service 1: Urban water management and industry services

| Efficiency indicators   |      |      |              |              |              |
|---|------|------|--------------|--------------|--------------|
| Performance indicator   | Note | Unit | Actual 08-09 | Actual 09-10 | Target 09-10 |
| Average cost per industry water service policy instrument   | D    | \$   | 100,550      | 53,192       | 60,401       |
| Average cost per drinking water source protection plan  | E    | \$   | 618,935      | 673,803      | 397,980      |
| Average cost per km <sup>2</sup> of designated proclaimed water supply catchments where salinity and water resource recovery measures are implemented | F    | \$   | 603          | 546          | 606          |
| Average cost per drainage and water management plan and assessment  | G    | \$   | 7,901        | 7,699        | 7,777        |

## Service 2: Water use allocation and optimisation

| Efficiency indicators   |      |      |                  |              |              |
|---|------|------|------------------|--------------|--------------|
| Performance Indicator   | Note | Unit | Actual 08-09     | Actual 09-10 | Target 09-10 |
| Average cost per allocation plan completed <sup>1</sup>                   | H    | \$   | n/a <sup>2</sup> | 1,399,813    | 1,916,626    |
| Average time taken (days) to process a licence by water category grouping | I    | Days |                  |              |              |
| Category 1  |      |      | 59               | 51           | 50           |
| Category 2  |      |      | 82               | 41           | 60           |
| Category 3  |      |      | 72               | 43           | 65           |
| Category 4  |      |      | 81               | 46           | 75           |
| Expenditure on water licence administration                               | J    | \$   |                  |              |              |
| Average cost per water licence all categories                             |      |      | 2,066            | 2,211        | 1,829        |
| Total number of licences processed by category grouping                   |      |      |                  |              |              |
| Category 1  |      |      | 1,049            | 1,003        | 900          |
| Category 2  |      |      | 2,271            | 2,184        | 2,300        |
| Category 3  |      |      | 4,513            | 4,225        | 4,450        |
| Category 4  |      |      | 5,051            | 5,251        | 5,650        |

1 This indicator is calculated using a three year rolling average

2 The 2008-2009 actual could not be recast due to legacy issues with 2006-07 financial data

## Service 3: Catchment and waterways health

| Efficiency indicators   |      |      |              |              |              |
|---|------|------|--------------|--------------|--------------|
| Performance Indicator   | Note | Unit | Actual 08-09 | Actual 09-10 | Target 09-10 |
| Average cost per km <sup>2</sup> of designated inland rural catchments where dryland salinity management measures are implemented | K    | \$   | 1,053        | 751          | 2,753        |
| Average cost per waterway management plan developed   | L    | \$   | 346,949      | 617,220      | 372,026      |

## Notes to the performance indicators

### For the year ended 30 June 2010

**Desired outcome: Sufficient quality water to support the needs of the community, environment and state development.**

- A Proportion % of water resources with licensed allocations that are within the allocation limit

#### Relevance to desired outcome

The department is responsible for ensuring equitable and efficient use of water resources, while ensuring the environment is protected. Having set sustainable limits for environmental, social and economic demands in plans, the department aims to license and regulate water usage, such that it does not exceed these limits.

This indicator is relevant to the outcome because it shows how the department is managing water resources to ensure the long term availability of the resource.

The effectiveness in the management of a water resource is reflected in whether the resource is being used in excess of the allocation limit (i.e. beyond the sustainable limit), based on assessed available resources.

The indicator is derived by determining the number of groundwater resources in the state that have a licensed use greater than the management objective.

#### Effectiveness measure

The current year actual is comparable to both the budget target and the previous year actual.

- B Proportion % of public drinking water supplies covered by a drinking water source protection plan

#### Relevance to desired outcome

Western Australia relies heavily on groundwater for water supply and the generally sandy soils make the underlying groundwater highly vulnerable to groundwater contamination in this state. In addition, there is a high demand to access our surface water reservoirs and their catchments. The resultant activities can create a high contamination risk, especially from micro-organisms.

One of the department's key roles is to ensure that the community has access to safe, quality drinking water. Drinking water source protection plans (DWSPPs) help protect the water quality in public drinking water sources in WA by protecting the water sources from land use developments and water based activities that may contaminate it.

This indicator shows the department's progress in completing DWSPPs for the required water source areas in WA.

#### Effectiveness measure

The current year actual is comparable to both the budget target and the previous year actual.

- C Proportion (%) of water resource management areas that are planned appropriate to their water resource category.

#### Relevance to desired outcome

The publication of water resource allocation plans is the core element of the water resource management process, and therefore is a reasonable key indicator of the department's performance. This indicator demonstrates the effectiveness of planning water resource areas through the water allocation process. These plans drive other water resource management activities including water licensing, assessment, measurement and protection by providing the following information:

- ◆ Boundaries of the surface and groundwater management areas
- ◆ Quantity of water that can be used for various purposes including licensed water use
- ◆ Quantity and quality of water required to meet environmental, social and sustainability objectives

#### Effectiveness measure

The current year actual is comparable to both the budget target and the previous year actual.



## Service 1: Urban water management and industry services

### D Average cost per industry water services policy instrument

#### Relevance to service

The department is responsible for the development of water services policy. The effective delivery of water services policy ensures that the department’s objectives are met. Specifically these are to:

- ◆ Ensure the safety, reliability, efficiency and quality of water services are maintained by means of regulatory and licensing requirements.
- ◆ Facilitate a competitive and sustainable water service industry that is responsive to the needs of all West Australians and delivers water services at efficient prices.

#### Efficiency measure

The indicator is derived by dividing the total cost of service for producing a water services policy instrument divided by the number of water services policy instruments produced.

|   | Quantity | Expenditure | Unit cost |
|---|----------|-------------|-----------|
| Average cost per water services policy instrument | 80       | \$4,255,325 | \$53,192  |

The variation between the 2009-2010 actual and both budget target and previous year actual is primarily due to higher than projected policy instruments processed due to unanticipated additional briefings including issues associated with the Economic Regulation Authority inquiry into implementation of cost recovery measures for the department.

### E Average cost per drinking water source protection plan

#### Relevance to service

One of the department’s key roles is to ensure that the community has access to safe, quality drinking water. The development of drinking water source protection plans is a key mechanism to help protect the water quality in public drinking water sources in WA. Drinking water source protection plans ensure that drinking water source areas are offered maximum protection from inappropriate land use developments and water based activities that may contaminate the water source. Western Australia’s heavy reliance on groundwater for water supply together with its generally sandy soils makes the underlying groundwater vulnerable to contamination. These plans ensure safe, quality water supplies that will require minimal treatment in order to meet the Australian Drinking Water Guidelines and public health expectations.

This indicator shows the average cost of producing a DWSPP. The indicator is relevant to the service because it provides a measure of cost efficiency of the development of protection plans.

#### Efficiency measure

The indicator is derived by taking the total cost of service for water source protection divided by the number of drinking water source protection plans developed.

|  | Quantity | Expenditure | Unit cost |
|--|----------|-------------|-----------|
| Average cost per drinking water source protection plan | 9        | \$6,064,229 | \$673,803 |

The variation between the 2009-2010 actual and budget target is primarily due to fewer protection plans being developed due to resources being redirected to standing committee inquiry on the recreation in public drinking water source protection areas project.

The current year actual is comparable to the previous year actual.

### F Average cost per km<sup>2</sup> of designated proclaimed water supply catchments where salinity and water resource recovery measures are implemented.

#### Relevance to service

The department utilises a range of engineering measures in relation to managing and providing water from catchments of a required quality for human consumptive use. This would include drinking water, water for irrigation and industry. The nature of the work involves managing the effects of salinity on land and water assets.

Efficiency measure

The indicator is derived by dividing the total cost of service for evaluation and implementation of salinity management measures in designated proclaimed water supply catchments divided by the total area of recovery catchments where salinity and water management initiatives are in place.

|  | Quantity               | Expenditure | Unit cost |
|--|------------------------|-------------|-----------|
| Average cost per km <sup>2</sup> of designated proclaimed water supply catchments where salinity and water resource recovery measures are implemented. | 11 180 km <sup>2</sup> | \$6 100 430 | \$546     |

The current year actual is comparable to both the budget target and the previous year actual.

G Average cost per drainage and water management plan and assessment

Relevance to service

Drainage water planning is an integral component of the urban water cycle. The plans give consideration to the impacts of drainage on flood protection, wetlands, groundwater systems, ground water dependent ecosystems, and

receiving water bodies, while providing liveable and attractive communities. Drainage planning across the metropolitan area incorporates the needs of urban development with better management of our water resources.

Efficiency measure

The indicator is derived by dividing the total cost of service for drainage and water management plans or assessments divided by the total number of plans or assessments completed.

|  | Quantity | Expenditure  | Unit cost |
|--|----------|--------------|-----------|
| Average cost per drainage and water management plan and assessment | 2 105    | \$16 205 761 | \$7 699   |

The current year actual is comparable to both the budget target and the previous year actual.

Service 2: Water use allocation and optimisation

H Average cost per allocation plan completed

Relevance to service

The department manages and regulates Western Australia’s water resources and produces water allocation plans to achieve sustainable water allocation and development for current and future users, and the protection of groundwater dependent ecosystems.

Water allocation plans provide objectives, policies, principles and strategies that will be used to manage water resources to ensure their sustainable use for the benefit of the local community. The plans improve certainty for existing and potential water users by aiming to protect the environment, while fostering a sound economy and social well being for the people of the region.

Efficiency measure

The unit cost is calculated by dividing the total cost of service for water allocation planning by the number of allocation plans developed. The indicator shows the three year rolling average cost of producing an allocation plan. A three year rolling average has been selected as it takes approximately three years to complete an allocation plan. In one year no allocation plans may be completed, whereas in another year five may be completed. To accommodate these fluctuations from year to year, a rolling average has been chosen.

|  | Quantity | Expenditure  | Unit cost   |
|--|----------|--------------|-------------|
| Average cost per allocation plan completed | 11       | \$15 817 884 | \$1 399 813 |

The variation between 2009-2010 actual and budget target is primarily due to greater than anticipated number of plans being completed in 2009-2010.

The 2008-2009 actual figures could not be calculated for this indicator due to the complexity of recasting the 2006-07 total cost of services following changes to the department's outcome based management framework.

I Average time taken (days) to process a licence by water category grouping

Relevance to service

The department is responsible for regulating the use of the state's water resources. Licensing is the main tool to enable sharing and allocation of the state's water resources. A water licence grants a licensee an entitlement to an allocation of a particular water resource. Licensing processing times will vary according to the category level of the licence being processed. The higher the category level, the higher the complexities and compliance monitoring involved, thus taking longer to administer.

Efficiency measure

This indicator shows the average time taken (days) to process a licence by water category grouping.

| Average time taken (days) to process a licence by water category grouping | Quantity | Total number of days | Average time taken |
|---|----------|----------------------|--------------------|
| Category 1  | 312      | 15,845               | 51                 |
| Category 2  | 738      | 30,449               | 41                 |
| Category 3  | 1021     | 44,396               | 43                 |
| Category 4  | 997      | 45,948               | 46                 |

The variation between the 2009-2010 actual and both budget target and previous year actual is primarily due to a number of fast track renewal initiatives being implemented, complemented by a shift in resources and priorities to assist in licensing activities.

J Expenditure on water licence administration

Average cost per water licence (all categories)

Total number of licences processed by category grouping

Relevance to service

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 costs will vary according to the category level of the licence being processed.

This indicator shows the average cost of administering a water licence. The number of licenses processed for each category level will also be reported to demonstrate licence administration cost efficiency.

Efficiency measure

Average cost per water licence all categories.

|   | Quantity | Expenditure  | Unit cost |
|---|----------|--------------|-----------|
| Average cost per water licence (all categories) | 14,569   | \$32,218,013 | \$2,211   |

The variation between the 2009-2010 actual, and the budget target, is primarily due to a reduction in the number of anticipated groundwater licences processed. Unit cost has also been affected by additional funding received associated with externally funded projects, which are included as part of the corporate oncost overhead allocated across services.

| Total number of licences processed by category group | Quantity |
|--|----------|
| Category 1   | 1,003    |
| Category 2   | 2,184    |
| Category 3   | 4,225    |
| Category 4   | 5,251    |

The current year actual is comparable to both the budget target and the previous year actual.

### Service 3: Catchment and waterways health

- K Average cost per km<sup>2</sup> of designated inland rural catchments where dryland salinity management measures are implemented.

#### Relevance to service

Dry land salinity is a significant problem in the state. The department prepares and implements, in partnership with local communities – salinity abatement plans, including application of land use and engineering measures. This service is provided to recover the state’s catchments and waterways to a healthy quality. The focus is on management options for the maintenance or recovery of environmental values of waterways and catchments. The water quality in these catchments and waterways is currently at a quality level that is unsuitable for any human consumptive use.

#### Efficiency measure

The unit cost is calculated by dividing the total cost of service for monitoring, evaluation and implementation of salinity engineering measures in designated inland rural catchments divided by the total area in which recovery catchments and engineering initiatives are in place.

|  | Quantity              | Expenditure | Unit cost |
|--|-----------------------|-------------|-----------|
| Average cost per km <sup>2</sup> of designated inland rural catchments where dryland salinity management measures are implemented. | 5 095 km <sup>2</sup> | \$3 825 483 | \$751     |

The variation between 2009-2010 actual and the budget target is primarily due to an increase in actual area, where dry land salinity management measures are implemented compared to target. The area increased by 3,895 km<sup>2</sup> to include additional catchments in Hillman River South, Kulin, Narembeen and Yilgarn. The variation between 2009-2010 actual and 2008-2009 actual is primarily due to the ceasing of Commonwealth and State Natural Resource Management funds associated with this program together with the increase in area managed in 2009-2010.

- L Average cost per waterway management plan developed

#### Relevance to service

Managing waterways health is one of the three key services of the department. We achieve this firstly through managing and protecting to prevent and minimise degradation and secondly by repairing degraded waterways. Policy development, management plans and assessment are essential to delivering this service. It provides a measure of

the efficiency of management of the health of our waterways by maintaining or increasing their health at minimal cost.

#### Efficiency measure

The unit cost is calculated by dividing the total cost of service for developing and supporting implementation of waterway management plans divided by the total number of plans.

|   | Quantity | Expenditure | Unit cost |
|---|----------|-------------|-----------|
| Average cost per waterway management plan developed | 14       | \$8 641 084 | \$617 220 |

The variation between 2009-2010 actual and budget target is primarily due to additional funding received part way through 2009-2010 financial year from State Natural Resource Management Office for waterways catchment management. This lead to an increase in expenditure in 2009-2010 however units did not increase as the waterway management plans will be completed in 2010-11. The variation between 2009-2010 actual and previous year actual is primarily due to reduction of waterway management plans developed and completed.

## Report on operations

Mining, power generation, construction, manufacturing, food production – all rely on water for their operations.

Our water is needed to fill pools, water sporting grounds, grow turf, cut timber, wash vegetables, and keep animals in zoos clean and cool.

Bottlers, boutique brewers, hardwood, sandalwood – you name it and water use is tied to just about every aspect of the state's prosperity – from the household to the shop floor and the road in between.

There are over 180 activities and categories of water users that the department regulates to access, use and move the state's water.

Not only do we license this use to make sure it is equitable and sustainable, we actively work with all of these activities and the sectors to which they belong, to improve the way that they interact with water.

The department has four divisions that deliver the programs that make up the agency service model. It also has a division that runs the corporate services for the department and an Office of the Director General.

Functions of each division may provide discrete or coordinated input into statewide water management solutions and programs.

Overall the department employs just over 600 full-time staff housed in two Perth and seven regional offices.

### Water resource use

Access to the state's water resources is managed by the Water Resource Use division. This includes public water supplied by the Water Corporation and other licensed water service providers.

The division manages water demand by setting system allocation volumes available to be accessed in proclaimed areas, and then licensing access to that water.

As traditional water supplies have come under pressure, the division also has a third integrated function introducing improvements in efficiency and fit-for-purpose use into the demand and supply matrix, to assist in sustainable use of available water resources.

Just over 140 people worked on the divisional program in 2009–2010, with around 65 of these based in regional offices.

The division has three branches which carry out the integrated functions of managing water supply and demand on behalf of the state. They are:

- ◆ Water allocation planning
- ◆ Water efficiency and recycling
- ◆ Water licensing

### Water allocation planning

Knowing how much water can be used for industry, how much must be set aside for public drinking water supply and how much needs to be left to continue a healthy water cycle, is the role of water allocation planning.

Allocation plans allow for water effective social and economic development forecasting in regard to water requirements, and set critical data for across government and industry planning based on forecasts. This also ensures that existing water use where appropriate is not adversely affected by new water demands.

Starting in 2006, the department began a process to systematically establish and update allocation plans for surface and groundwater resources on a priority basis. Where no plans have been completed but licensed water use occurs, guidelines have been created that are tied to the licence conditions for each water user, until a full allocation plan can be completed.

| 2009-2010   |   |                                     |                                |
|-------------|---|-------------------------------------|--------------------------------|
| No of Plans | Allocation Plans  | Management Area (Total No of Areas) | Total Allocation Limit (GL/yr) |
| 1           | La Grange groundwater subareas allocation plan (Final)                        | 1                                   | 50                             |
| 2           | Gingin Surface water allocation plan (Draft)                                  | 1                                   | 5.01*                          |
| 3           | Gnangara groundwater allocation plan (Final)                                  | 8                                   | 303.72                         |
| 4           | Murray Groundwater areas water allocation water plan (Draft)                  | 1                                   | 62.1                           |
| 5           | Upper Collie water allocation plan (Surface and Groundwater Included) (Final) | 1 + 1                               | 129.34                         |
| 6           | Jurien groundwater allocation plan (Draft)                                    | 1                                   | 94.6                           |
| 7           | Arrowsmith groundwater allocation plan (Draft)                                | 1                                   | 189.25                         |
| 8           | Whicher area surface water allocation plan (Final)                            | 3                                   | 94.79                          |
| 9           | Warren Donnelly surface water allocation plan (Draft)                         | 2                                   | 62.63                          |
|             | <b>Total: 4 Final Allocation Plans, 5 Draft Allocation Plans</b>              | <b>Total: 20 Management Areas</b>   | <b>Total: 928.81 GL/yr</b>     |

\* Volume shown is for final Gingin SW plan, not the draft. Some changes to the allocation limits were made in finalising the plan. The final plan will not be released until November 2010 (so not in 09/10 report) public comment period.

Progress on allocation plans is also a state commitment to the Australian Government's National Water Initiative (NWI), with the National Water Commission providing substantial funding. This work ensures that community infrastructure does not collapse due to the cascading effect of over-use of water by one or more user groups, to the detriment of others.

The department's water allocation plans establish the total volume of water available for use across designated water management areas and set allocation limits accordingly. Their creation relies on solid science, which requires quite substantial field research and modelling to ensure decisions are based on an acceptable level of impact on water dependent values, and result in acceptable changes to the water environment.

In the 2009–2010 year the Water allocation planning branch continued to systematically progress surface and groundwater allocation plans to direct water licensing decisions for the state's 44 proclaimed groundwater areas, 22 surface water areas and seven irrigation districts.

In keeping with its priority scheduling, nine plans were finalised and drafted to cover 21 management areas and a total of 1201 GL/yr.

Four water allocation plans were completed and publicly issued for the Gnangara and La Grange groundwater areas, the Whicher surface water area and the Upper Collie surface and groundwater water areas. Plans for the Arrowsmith and Jurien groundwater areas were issued for public comment and finalised ready for publication in 2010-11.

Three draft allocation plans were also completed and will be finalised in 2010–2011 after public comment periods. These are for the Gingin surface water, Murray groundwater and Warren-Donnelly surface water areas. A mining guideline was completed and released to guide increased water use by the mining industry in the Pilbara region and to compliment an upcoming allocation plan.

### National water initiative projects and compliance

Obligations under the \$14.94 million National Water Initiative (NWI) Commonwealth grants funding (matched by \$16.89 million state funds) for statutory water plans for South West groundwater, integrated water resource management for the Collie catchment, Gnangara Mound and the Pilbara, continued with \$11.9 million of the federal grants acquitted by the close of the financial year.

The department is on track to complete the four statutory plans, based on the improved information, by 2012.

As part of its commitment to support the NWI and Water Smart Australia (WSA) program, the department continued to develop policies and management systems that ensure the state's allocation plans are consistent with the intent and key requirements of the NWI under the current Western Australian legislation.

With the conclusion of WSA projects in May 2010 and progress on new legislative arrangements, the department is expecting allocation planning reform in priority areas of the state to gain further momentum in 2010-11.

Policy development to identify options for dealing with over allocated water resources is continuing in partnership with licensing and strategic policy and planning branches. The final stage of this process will involve the issuing of policy directing the community on how the department may reduce current and future over-allocation. The branch is also contributing to the department's policies on climate change.

## Water efficiency and recycling

Predicted continued trends in lower rainfalls in the South West of the state, and a growing population and economic base to support it, requires conservation and efficiency gains in water user groups to ensure that progress and development are not constrained by available water resources.

This has been reflected in the department's allocation and management plans as an integral factor to achieve desired government level outcomes for sustainable but growing communities.

The department continued in 2009–2010 to introduce voluntary and non-voluntary efficiency gains in the state's water user groups. This work concentrated on promoting:

- ◆ the efficient use of scheme and non-scheme water
- ◆ minimal use of scheme water for non-drinking purposes
- ◆ the use of non-drinking water schemes where feasible.

## Winter sprinkler ban

The most significant initiative for the year involved jointly managing the trial winter sprinkler ban with Water Corporation at the behest of the Minister for Water. It ran for two months between 01 July and 31 August 2009.

The ban covered certain areas in the South West of the state and was compulsory for scheme water users, and voluntary to bore and licensed groundwater users.

It is estimated that the initiative conserved 2.2 billion litres or 2.2 GLs of water over the two month duration. This volume of water savings equates to the annual supply of water to 8800 homes, or 22 000 people, or 49 000 businesses.

Despite the trial causing some operational headaches in regard to public enquiries regarding exact terms of the ban and exemptions, the process informed the branch in preparation for a permanent ban.

Surveys and stakeholder consultation were undertaken by the department in partnership with Water Corporation following the trial ban, and it was decided in September 2009 to permanently introduce the ban during winter commencing 01 June 2010 for three months.

Implementing the ban involved amending licences and operating strategies for over 600 businesses, local governments, schools and other organisations which are licensed to take groundwater for the irrigation of non-commercial lawns and gardens.

It also involved instructing the department's Legislation and Legal Services branch to draft the Water Agencies (Water Use) By-laws 2010 which were gazetted 16 March 2010 by the government.

Preparation for the permanent ban of 01 June 2010 required developing reference materials, advertising, points of contact for stakeholders and community awareness of the rules and exemptions attached to the ban - particularly in relation to testing and maintenance of bore equipment.

## Water conservation plans

During the year, the branch also furthered objectives by continuing the development of water conservation plans with local governments. This process engages local government authorities to introduce modernised water management regimes to ensure they remain within allocation limits while retaining public open space amenity.

Efforts were focused on plans for 22 regional areas where water is either scarce or predicted to be scarce in the near future. Seven of the 22 plans were finalised, the other 15 in draft status awaiting approval by council. This brings the total to 38 water conservation plans finalised by local government.

The direct impacts of water conservation and efficiency plans are at this stage difficult to show statistically, due to the early stages in regard to quantitative data, but progress in encouraging increased use of metering will improve this data deficiency in the coming years.

One of the major focuses of the water conservation planning process is the accurate measurement of water use through metering. Many local government authorities (LGAs) have undertaken programs to meter their water use across all irrigated areas. This is important, because it allows staff to establish a baseline of current water use, then to set monthly water budget targets.

The results of this investment in accurate water measurement are beginning to show. This work has complemented the licensing program in bringing over users to within their allocation. The Water recycling and efficiency branch and licensing section have worked together with one particular council in the Perth region to find 1 GL of savings in the first year of having a water conservation plan, and it's now on target to being within allocation.

Meter readings for most local governments are due between July and September each year for licensing branch use. This information allows us to track water use and compare it to usage the previous year.

Progress on planning indicates the process has been the catalyst for a culture and attitude change to use of groundwater. The primary change has been away from managing turf, to managing turf within the water allocation. This has led to a level of service decisions being made on how and where to “spend the water”.

Initiatives include planting of native plant species, hydrozoning, increasing uniformity of sprinklers, central irrigation control, soil amendments and irrigation scheduling based on soil moisture and/or evaporative transpiration data from weather stations.

### Waterwise Councils

A joint program with Water Corporation that recognises LGAs that move beyond water conservation plans to total-water-cycle efficiency improvements also continued in 2009–2010.

Water wise council status was awarded to the City of Perth, Shire of Augusta Margaret River and the City of Mandurah in October 2009. In April 2010, the Shire of Kalamunda, Town of Kwinana and Town of Cambridge were endorsed. Two LGAs were not endorsed due to non compliance of a licence condition, and exceeding extraction limits on groundwater.

During the year the branch also developed a Waterwise Community Toolkit for land developers, local governments and householders. This is an online resource about non-drinking water sources and the efficient use of water in the community.

### Domestic bore use

A research survey project was completed to determine the extent of garden bore use in the greater Perth metropolitan area, to update numbers and volume estimates of water used in this unlicensed.

The *Measuring water use of unlicensed domestic bores* project determined that there are about 176 645 dwellings in the greater Perth area (excluding the hills), that have bores to water gardens - updating the previous figure of 144 000 bores.

The prime use of the survey of garden bores and their distribution will be to improve the calibration of the Perth Regional Aquifer Modelling System and help determine allocation limits for the superficial aquifer.

### Non-drinking water sources and groundwater replenishment

The branch worked on the establishment of the inter-agency Non-drinking Water Steering Committee and the Non-drinking Water Working Group. This merged and made redundant the Alternative Water Services Working Group and the State Water Recycling Strategy Steering Committee.

The committee and working group were established to develop a regulatory framework that streamlines the approvals process for non-drinking water supplies, and to provide advice to proponents of non-drinking water schemes.

Agencies represented on the committee and working party are the Department of Water, Department of Health, Department of Environment and Conservation, Department of Planning, Water Corporation, Western Australian Local Government Association (WALGA), Building Commission (Department of Commerce), and the Urban Development Institute of Australia (WA).



The first meeting of the steering committee was held in October 2009, at which the terms of reference were established. This included overseeing implementation of the State Water Recycling Strategy to ensure that the 30 per cent target of recycled wastewater is met by 2030.

### Managed aquifer recharge (MAR)

Managed aquifer recharge (MAR) involves the purposeful recharge of an aquifer under controlled conditions, in order to store the water for later abstraction, or to achieve environmental benefits. It may also involve passive treatment of water within the aquifer.

The commencement of injection of treated wastewater as part of the Beenyup groundwater replenishment trial was postponed this year due to operational issues with the new advanced wastewater treatment plant being built by Water Corporation.

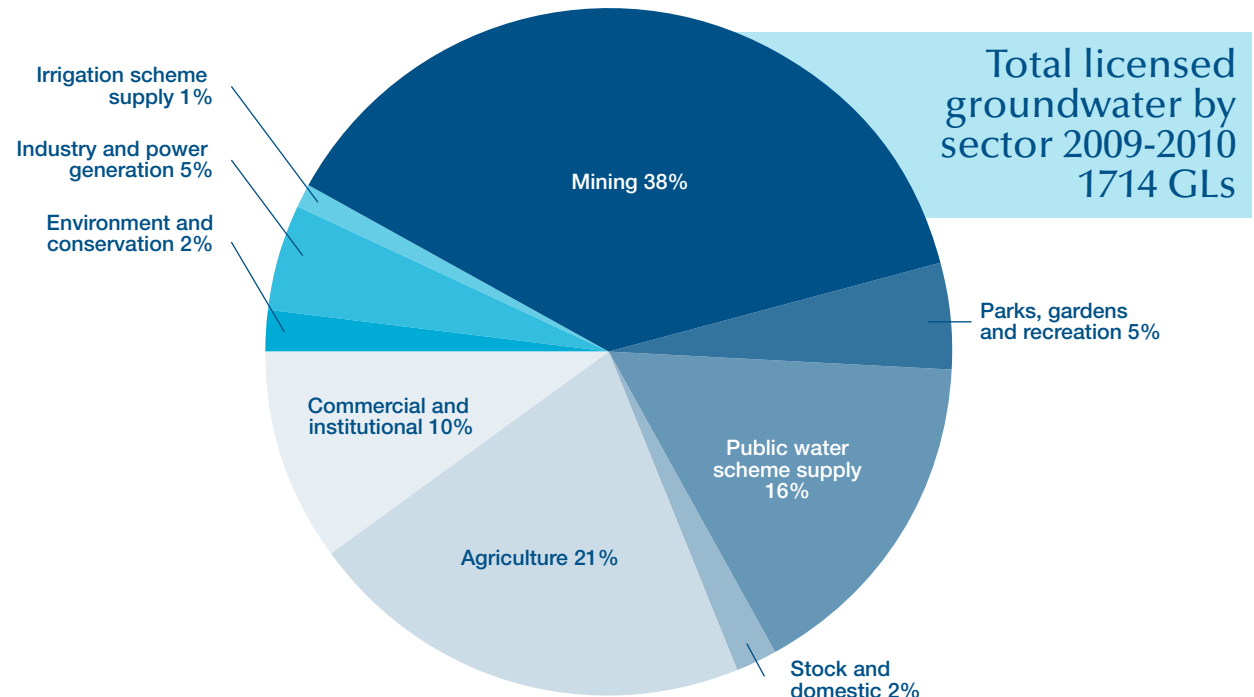
During the year, the department developed the draft *Strategic Policy 1.01 Managed aquifer recharge in Western Australia - allocation and water quality management* to guide the trial and future use of MAR and put it out for public comment. The policy outlines the process for licensing MAR schemes and includes general information required to support licence applications.

### Water licensing

The department's Water licensing branch administers the state's water resources licensing program.

It issues licences and permits to take and use water for commercial use and public water supply, consistent with the requirements of the *Rights in Water and Irrigation Act 1914*. It also develops policies to support the equitable sharing of water resources and the water licensing process.

All ground and surface water users who irrigate over an 0.2 ha area or use more than 1 500 KL of water, require a licence from the department. In issuing a licence, the department has to consider a range of factors as part of the licence assessment process including the public interest, ecological and environmental impacts of water use, future water needs, allocation limits, relevant by-laws and conditions and requirements of other relevant decision making agencies.



The water licensing program is delivered in each of the seven regions and centrally managed through the Water licensing branch.

As at 30 June 2010, the water licensing program administered 14 761 licenses and permits covering 759 groundwater resources and 181 surface water resources.

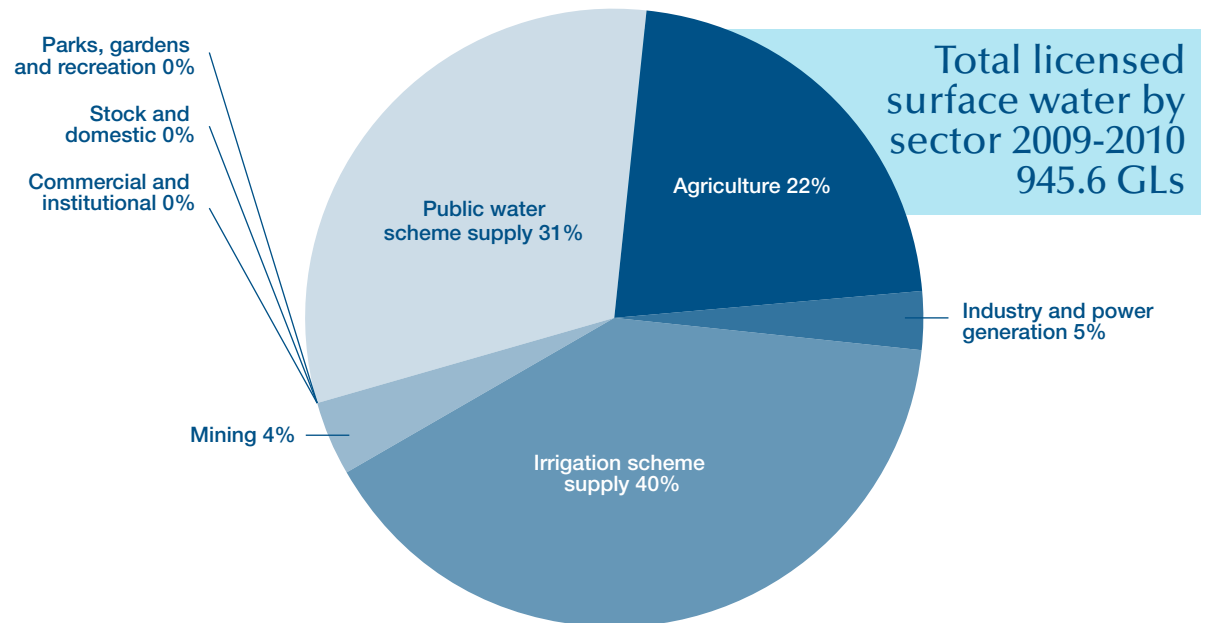
In the course of the year, the branch received 3250 applications and granted 4025 licences and permits reducing the backlog of applications that currently stands at 1200. 850 are outstanding greater than 90 days.

At the close of the 2009–2010 year these licences totalled 2653 GL of which 1707 GLs comes from underground sources, and 946 GL from surface water. A further 191 GL was licensed for future town water supplies as part of allocation planning.

The 2009–2010 year involved considerable progress in implementing licensing reform obligations to the National Water Initiative in tandem with the directions of the state government’s *Blueprint for water reform*.

Work continued on improving efficiency in processing and managing licence applications. This work focused on fast-tracking low risk applications and increasing resources and efforts to more substantial and complex licences.

This advancement in processing, supports state development by allocating appropriate resources to manage in a timely manner significant projects, in particular within the mining sector.



A centralised process to fast track the renewal of low risk licences continued within the Kwinana-Peel Region, including development of internal guidance documents.

Other significant areas of work completed during the year were:

- ◆ contribution to the Economic Regulation Authority water licensing administration fees inquiry process
- ◆ development of specific reporting guidelines for Water Corporation

to formalise a process for ensuring consistency of reporting requirements for groundwater and surface water schemes operated by the Water Corporation

- ◆ licence amendments for the winter sprinkler ban
- ◆ development of the *Drought Mitigation Strategy for Perth 2009-2011* to reduce risk of imposing summer water restrictions in the years preceding commissioning of the Southern Seawater Desalination Plant in 2011.

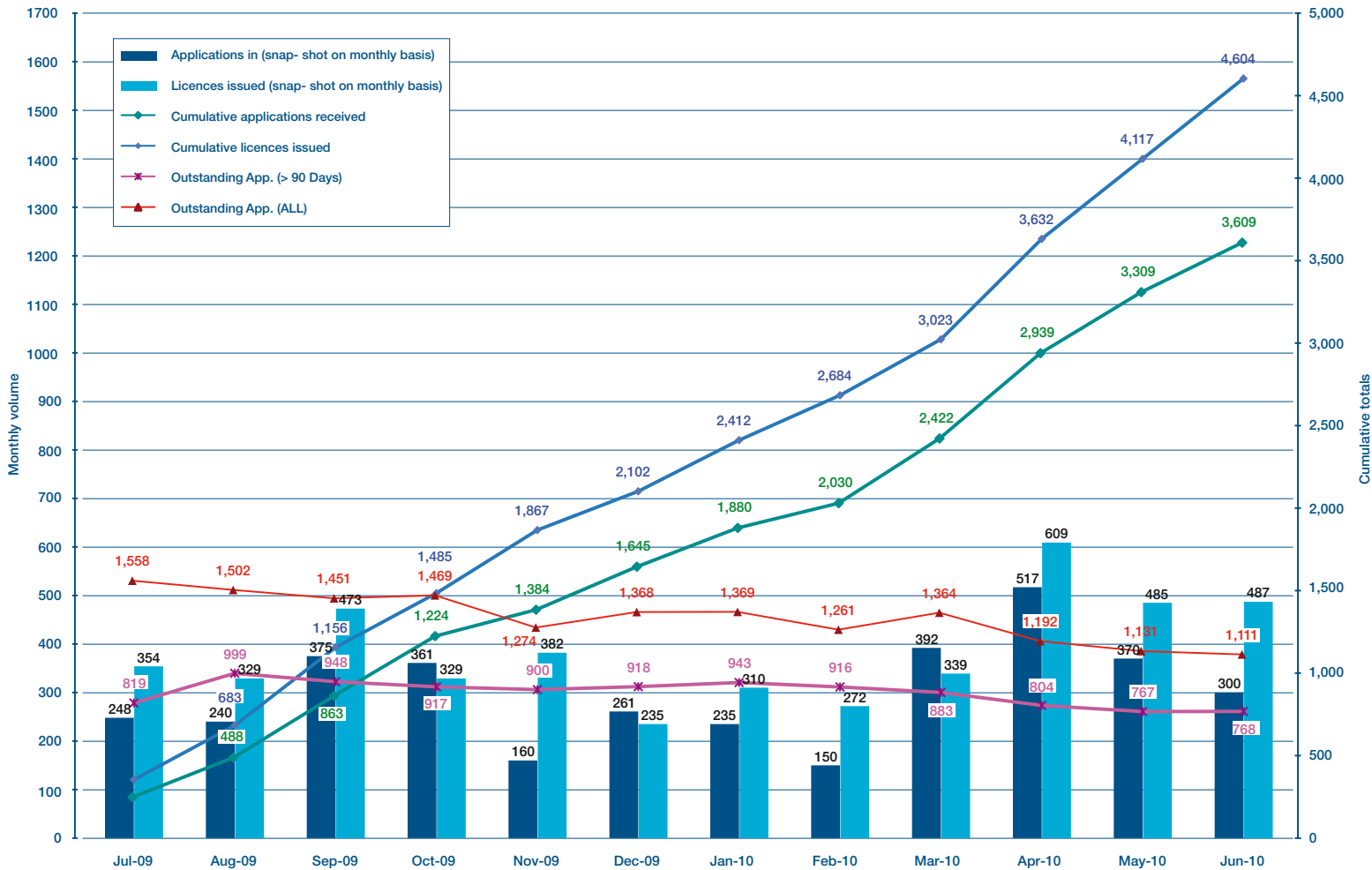
### Number of applications received during the month

| Dates                | GWL (5c)    |             | SWL (5c)   |            | CAW (26D)   |          | PERMITS    |           | Rec'd for the Month |              | Total       |
|----------------------|-------------|-------------|------------|------------|-------------|----------|------------|-----------|---------------------|--------------|-------------|
|                      | NEW         | AMEND       | NEW        | AMEND      | NEW         | AMEND    | NEW        | AMEND     | GWL/ 26D            | SWL/ Permits |             |
| 30-Jun-09            | 69          | 224         | 14         | 8          | 58          | N/A      | 5          | 1         | 351                 | 28           | 379         |
| 31-Jul-09            | 73          | 111         | 4          | 8          | 48          | N/A      | 3          | 1         | 232                 | 16           | 248         |
| 31-Aug-09            | 66          | 90          | 0          | 24         | 48          | N/A      | 0          | 12        | 204                 | 36           | 240         |
| 30-Sep-09            | 58          | 193         | 38         | 10         | 63          | N/A      | 11         | 2         | 314                 | 61           | 375         |
| 31-Oct-09            | 64          | 207         | 24         | 8          | 47          | N/A      | 11         | 0         | 318                 | 43           | 361         |
| 30-Nov-09            | 34          | 64          | 11         | 9          | 37          | N/A      | 5          | 0         | 135                 | 25           | 160         |
| 31-Dec-09            | 46          | 127         | 12         | 16         | 44          | N/A      | 13         | 3         | 217                 | 44           | 261         |
| 31-Jan-10            | 67          | 90          | 9          | 3          | 54          | N/A      | 11         | 1         | 211                 | 24           | 235         |
| 28-Feb-10            | 39          | 60          | 5          | 6          | 29          | N/A      | 9          | 2         | 128                 | 22           | 150         |
| 31-Mar-10            | 74          | 216         | 4          | 10         | 76          | N/A      | 7          | 5         | 366                 | 26           | 392         |
| 30-Apr-10            | 55          | 393         | 4          | 11         | 44          | N/A      | 9          | 1         | 492                 | 25           | 517         |
| 31-May-10            | 64          | 238         | 8          | 6          | 40          | N/A      | 10         | 4         | 342                 | 28           | 370         |
| 30-Jun-10            | 0           | 0           | 0          | 0          | 516         | N/A      | 0          | 0         | 516                 | 0            | 516         |
| <b>Total to date</b> | <b>640</b>  | <b>1789</b> | <b>119</b> | <b>111</b> | <b>1046</b> | <b>0</b> | <b>89</b>  | <b>31</b> | <b>3475</b>         | <b>350</b>   | <b>3825</b> |
|                      | <b>2429</b> |             | <b>230</b> |            | <b>1046</b> |          | <b>120</b> |           | <b>3825</b>         |              |             |

### Number of GWL & SWL Licences Issued During the Month

| Dates                   | <= 30 days |            | 30 to 60 days |           | 60 to 90 days |           | > 90 days   |            | Issued for the Month |            | Total licence issued |
|-------------------------|------------|------------|---------------|-----------|---------------|-----------|-------------|------------|----------------------|------------|----------------------|
|                         | GWL        | SWL        | GWL           | SWL       | GWL           | SWL       | GWL         | SWL        | GWL                  | SWL        |                      |
| 30-Jun-09               | 53         | 4          | 45            | 1         | 36            | 2         | 91          | 22         | 225                  | 29         | 254                  |
| 31-Jul-09               | 43         | 10         | 51            | 5         | 46            | 1         | 101         | 13         | 241                  | 29         | 270                  |
| 31-Aug-09               | 53         | 10         | 43            | 5         | 31            | 1         | 93          | 26         | 220                  | 42         | 262                  |
| 30-Sep-09               | 36         | 25         | 46            | 10        | 69            | 4         | 198         | 16         | 349                  | 55         | 404                  |
| 31-Oct-09               | 44         | 20         | 44            | 7         | 36            | 2         | 87          | 13         | 211                  | 42         | 253                  |
| 30-Nov-09               | 35         | 8          | 149           | 8         | 36            | 1         | 82          | 8          | 302                  | 25         | 327                  |
| 31-Dec-09               | 38         | 0          | 57            | 2         | 18            | 0         | 65          | 4          | 178                  | 6          | 184                  |
| 31-Jan-10               | 37         | 2          | 80            | 11        | 22            | 2         | 70          | 10         | 209                  | 25         | 234                  |
| 28-Feb-10               | 33         | 2          | 23            | 8         | 26            | 2         | 79          | 11         | 161                  | 23         | 184                  |
| 31-Mar-10               | 48         | 6          | 49            | 3         | 35            | 1         | 69          | 11         | 201                  | 21         | 222                  |
| 30-Apr-10               | 322        | 9          | 63            | 0         | 20            | 2         | 100         | 8          | 505                  | 19         | 524                  |
| 31-May-10               | 238        | 6          | 43            | 1         | 22            | 1         | 87          | 9          | 390                  | 17         | 407                  |
| 30-Jun-10               | 0          | 8          | 0             | 2         | 0             | 1         | 0           | 12         | 0                    | 23         | 23                   |
| <b>Total Yr to date</b> | <b>927</b> | <b>106</b> | <b>648</b>    | <b>62</b> | <b>361</b>    | <b>18</b> | <b>1031</b> | <b>141</b> | <b>2967</b>          | <b>327</b> | <b>3294</b>          |

## Processing gap Statewide: number applications received vs number licences issued - from 01 July 2009 to 30 June 2010



## Regional management and water information

The Regional management and water information division coordinates and delivers the department's programs into the state's seven water management regions.

It also runs the department's Measurement and water information, Land management and regional coordination programs, which include the Indigenous services and the Compliance and enforcement units.

During the year, the division changed its name from Water resource business operations to Regional management and water information to better reflect its business function.

In 2010–2011 it will undergo further changes to its delivery structure to continue the alignment of its services to the department's business model.

The division's key functions are to:

- ◆ use the innovative leadership and influence within the regional network, to implement an integrated program delivery service to regional stakeholders
- ◆ manage the department's land and property to meet the strategic priorities of the department
- ◆ strategically manage all measurement and water information assets and activities to support decision making in water resource management

- ◆ build capacity and provide support in the department to engage with Indigenous people in water resource planning and management
- ◆ provide occupational safety and health leadership and support throughout the department.

A total of 228 staff located in 12 offices across nine regions worked on the division's programs throughout the year.

### Regional offices

The department's has seven regional offices in the:

- ◆ Kimberley
- ◆ Pilbara
- ◆ Mid West Gascoyne
- ◆ Swan-Avon (including Goldfields)
- ◆ Kwinana-Peel
- ◆ South West and
- ◆ South Coast

The regional offices are responsible for integrating planning, research and management involved with the department's divisional programs.

### Kimberley region

Over the past ten years there has been an increase in government planning and scientific research in water management of river systems across the

north of Australia, with significant interest and investment in the Kimberley in recent times.

Regional staff worked on projects that supported regional and allocation planning activities during the 2009–2010 year including:

- ◆ state natural resource management funded waterways recovery work training and partnering with local Aboriginal communities in the Fitzroy catchment to increase the area's data gathering and on-ground works capacity
- ◆ continued scientific research into the dynamics of the Ord River catchment in preparation for irrigation expansion without damaging important water-dependent environments or existing entitlements
- ◆ mapping conditions of thirty-three of the state's forty-eight wild rivers located in the Kimberley, concentrating on the northern Kimberley to support the *draft Kimberley regional water plan* and state waterways' initiative
- ◆ deployment of two mobile gauging units in the Ord catchment with the assistance of the Bureau of Meteorology's modernisation funding
- ◆ hydrologic modelling to support Ord Stage two irrigation development.

## Pilbara region

Continued growth of the iron ore industry in the Pilbara, and water resource issues related to mining and support of regional growth remained the region's delivery focus for 2009–2010.

Regional staff worked on projects that supported regional and allocation planning activities during the 2009–2010 year including:

- ◆ industry liaison on issues related to water supply and management in the Pilbara region including projected water demand in the West Pilbara and Port Hedland
- ◆ release of the Pilbara regional water plan
- ◆ release and promotion of the *Pilbara water in mining guideline* to improve industry knowledge and access to water licenses
- ◆ supporting high application rates for licences and permits from the mining industry by working with the Water resource licensing branch on low risk fast track processing.

## Midwest Gascoyne region

Balancing management demands of industrial growth related to mining activities and the needs of the region's irrigation sector, were key focuses of program delivery in 2009–2010.

Regional staff worked on projects that supported regional and allocation planning activities during the 2009–2010 year including:

- ◆ assessment of water related aspects of the prospective Oakajee port, industrial estate and rail development
- ◆ declaring drought conditions and effecting response plan to mitigate impact on groundwater resources and assist horticulture irrigators in Lower Gascoyne River
- ◆ contribution towards the Gascoyne Foodbowl Initiative which supports the growth of the Carnarvon horticulture industry and the sustainability of the pastoral industry
- ◆ development of water allocation management plans for the Arrowsmith and Jurien groundwater areas
- ◆ groundwater dependent ecosystem mapping and requirements to support planning and licensing decisions in the Midwest.

## Swan Avon region

Managing water use from the Gnamagara groundwater system, and issues surrounding the health and restoration of the Swan-Canning waterways continued as a focus for the Swan Avon office in 2009–2010.

The region has the highest workload in regard to supporting water licensing, and during the 2009–2010 year managed more than 6000 ground

and surface water licences and permits. This comprises 40 per cent of all licences managed state wide.

Regional staff worked on projects that supported regional and allocation planning activities during the 2009–2010 year including:

- ◆ implementing the actions of the Gnamagara groundwater areas management plan
- ◆ remediation work to improve river function and water quality for the upper reaches of the Swan-Avon catchment
- ◆ work with Swan River Trust on water quality issues in the Swan Canning
- ◆ increased engagement with local governments and state agencies assisting urban land development planning, water management and assessment and drainage
- ◆ groundwater and surface water management through licensing and compliance
- ◆ environmental water management and monitoring
- ◆ public drinking water source protection assessment and advice
- ◆ surface water and groundwater Information collection for both internal and external needs.

The year continued with increasing requests for water resources while allocation limits in many of the groundwater management areas reached full allocation. As a result there is increasing pressure on other water resources leading to:

- ◆ a trend for land developers to target areas with surface water resources for purposes such as public open space
- ◆ land developers targeting and questioning the reasons behind reserving water for public water supply
- ◆ proposed trading in unused surface and groundwater allocations leading to conflict when proposed refusals are a result.

Within the Goldfields there was also an increased demand for reduced assessment and approval timeframes from hard rock mining, and the issues associated with the water requirements from three proposed uranium mines in the management area.

Review and application of statewide mining guidelines and review of the Goldfields region management plan are considered as a priority to support mining approvals processes.

The region continues to be involved in the development of water allocation plans for Gngangara, Gingin surface and groundwater, Lower Canning surface water and Perth south groundwater areas.

The Northam office refocused its waterways activities to influence the protection of waterways through local governments and facilitate on ground works with community groups. The region continued to look to opportunities as they become available for resourcing of the Avon program, through the state government natural resource management (NRM) program, and collaborations with the Wheatbelt Natural resource management organisation.

Water quality and measurement are ongoing tasks and the region has in the past 12 months continued:

- ◆ water monitoring, data validation and processing
- ◆ water monitoring asset management
- ◆ surface water and groundwater monitoring
- ◆ bore audits
- ◆ salinity and water resource recovery surface water monitoring
- ◆ flood plain management for identified locations.

### Kwinana-Peel region

Kwinana-Peel is one of the fastest growing population zones in the state.

Urban expansion and the health of the Peel Harvey estuarine system, which includes the RAMSAR listed Peel Yalgorup wetlands, continues to be a major challenge to water resource planning.

The region supports some of the state's major industrial projects including the largest open pit gold mine in Australia, and the state's major production of bauxite and refined alumina.

It also has tourism and diversified agricultural industries that rely on the region's waterways, which include two of the state's most degraded river systems – the Murray and Serpentine rivers.

Meeting expected demand in this high growth area was outlined in the launch of the Draft Perth-Peel regional water plan for public comment in late 2009.

As a high urban growth area, there has been pressure to meet land and services demand from areas facing more complex planning issues such as less groundwater, greater contamination risks, flood mitigation and negative effect on wetlands.

At the same time there has been a need to speed up applications to achieve state growth targets.

To achieve the department's role in supporting population and associated economic growth in the greater Perth and Peel area, the regional office has been working in the past year on streamlining the Kwinana Peelwater licensing program, increased land use planning pre-referral advice, and earlier input into strategic land use planning processes to assist more approvals.

Achieving these outcomes has included:

- ◆ implementation of the Better urban water management framework
- ◆ implementation of drainage and water management plans including preparation of the Murray drainage and water management plan (DWMP) and release of the Jandakot drainage and water management plan.

The region has also spent considerable effort supporting the development and implementation of the Peel-Harvey water quality improvement plan in partnership with the Peel-Harvey Catchment Council, as well as general waterways monitoring to:

- ◆ support preparation of action plans for priority waterways
- ◆ promote opportunities for research through partnerships with key academic and other partners
- ◆ inform Waterways Conservation Act licensing
- ◆ continue long term estuarine water quality monitoring
- ◆ continue community based reporting for water quality and algal activity including responding to fish kills

- ◆ coordinate stakeholder management of drinking water source protection plans and land use and water management strategies
- ◆ undertake catchment sampling as described in individual program delivery agreements
- ◆ operate load measuring units
- ◆ operate gauging stations

### South West region

The sustainable management of the South West region's water resources is essential for future social and economic prosperity of this productive region.

A drying climate trend, increasing population and economic development are putting pressure on water resources which support a major wine and diversified agricultural industry, tourism and light industry.

Work continued with the Salinity and water resource recovery branch to progress the Collie salinity recovery project. The project seeks to lower Wellington Reservoir's salt content to help increase agricultural and industrial opportunities by improving the reservoir's 140GL per annum flow of restricted use water to supply increased agricultural and industrial opportunities -including meeting the needs of the state's power utilities.

Improving water quality of the region's waterways to support tourism and local amenity continued to demand regional resources, as well as support the water quality improvement plan process to target nutrient loads into the region's waterways.

During the 2009–2010 regional staff worked across projects that supported regional and allocation planning including development, release and implementation of:

- ◆ South West regional water plan 2010–2030
- ◆ Upper Collie water allocation plan
- ◆ Whicher area surface water allocation plan
- ◆ Warren Donnelly surface water allocation plan – for public comment
- ◆ Vasse Wonnerup water quality improvement plan
- ◆ Leschenault Inlet water quality improvement plan
- ◆ Hardy Inlet and Scott River water quality improvement plan.

Regional staff also completed investigatory projects under *Australian Government Water for the Future* funding for:

- ◆ South West groundwater area
- ◆ Upper Collie River catchment



Staff also worked on river bed and water course restoration for:

- ◆ Leschenault catchment
- ◆ Blackwood River
- ◆ Leeuwin Ridge streams.

### South coast region

Securing a future drinking water supply for the towns of Albany, Denmark, Mt Barker and Walpole has been one of the most significant water resource issues for the region and in 2009–2010.

Both the department and Water Corporation took significant measures towards achieving this goal with high level of community consultation required to develop options.

This work was formalised in June 2010 with the launch of the Water source development strategy for the Lower Great Southern region. The strategy factored in the community consultation during the year, and established details the expectations required from service providers, and the principles against which new source options will be judged.

Other key projects worked on during the year included:

- ◆ Support for the implementation of estuary and river action plans across the region, including training and river restoration initiatives. This included funding of river care restoration work in four key catchments, with state natural resource management funding.

- ◆ Completion of a resource assessment of water resources in the Lower Great Southern region, including information on yield, social and cultural values, demand, climate change and land use impacts to help in the assessment of future water resources for the region. This includes detailed studies of the Denmark and Marbellup catchments.
- ◆ Input to major new development proposals, including expansion at the Timber industrial precinct in Albany, and maintenance dredging of the Albany Port.

### Measurement and water information

The Measurement and water information branch collects, collates and distributes the state's water data. It provides a key service for the department and its stakeholders in the provision of this data which is used by government and industry.

This work includes spatial analysis, data provision, measurement asset maintenance and water accounting services to support the planning, management and use of water throughout the state.

During the year, the program delivered data to the Bureau of Meteorology and liaised with the bureau on a wide range of water information and measurement issues to ensure the most accurate water information available for use by government, business and public.

Producing this data is critical for both government water resource management and private sector business and planning. The data collected supports billions of dollars of development by providing both public and private enterprises with water information to inform, support and enable large and small infrastructure developments.

Data is produced by operating and maintaining a statewide network of strategic site installations that collect information on the state of our surface and groundwater resources, and then storing and retrieving this data in combination with information services and other state and federal bureaus.

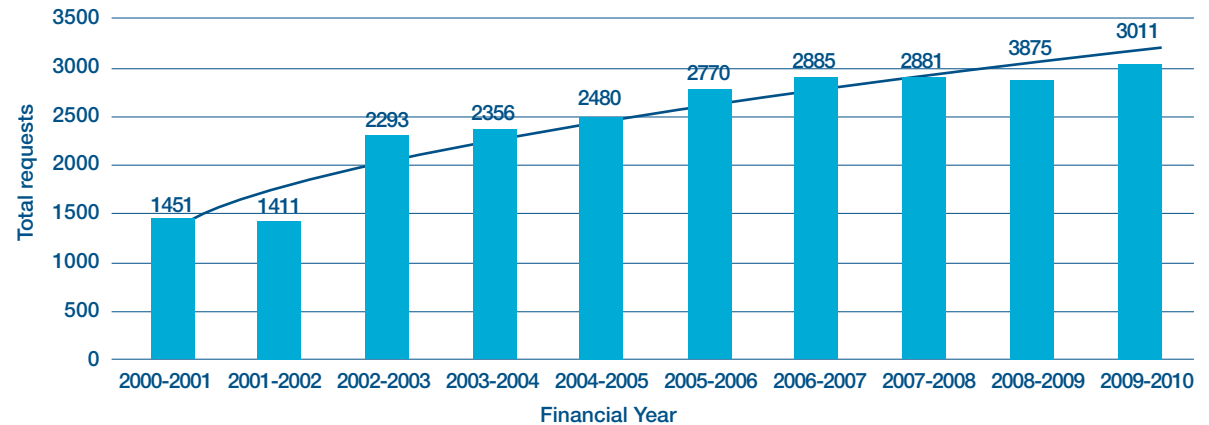


Accurate information on the state's water resources is essential to government and industry planning.

### Top twenty data users by company or organisation

| Company / Organisation Name                | Type                    | Total extractions |
|--|-------------------------|-------------------|
| Department of Water (self extraction)      | DoW                     | 714               |
| Department of Water                        | DoW                     | 635               |
| GHD (Gutteridge Haskins & Davey)           | Consultants             | 144               |
| Private                                    | Private                 | 125               |
| RPS Australia Asia Pacific                 | Consultants             | 92                |
| Centre for Water Research UWA              | Universities            | 77                |
| Water Corporation                          | State government (WA)   | 77                |
| Golder Associates                          | Consultants             | 75                |
| URS Australia Pty Ltd                      | Consultants             | 70                |
| Parsons Brinckerhoff (TMIE Aust)           | Consultants             | 68                |
| Cardno BSD Centre                          | Consultants             | 67                |
| ENV Australia                              | Consultants             | 60                |
| Department of Environment and Conservation | State government (WA)   | 58                |
| Jim Davies & Associates (JDA)              | Consultants             | 57                |
| CSIRO                                      | Commonwealth government | 53                |
| Coffey                                     | Consultants             | 52                |
| Swan River Trust                           | State government (WA)   | 49                |
| Rockwater Pty Ltd                          | Consultants             | 46                |
| University of Western Australia            | Universities            | 44                |
| Aquaterra Consulting Pty Ltd               | Consultants             | 41                |

### Number of data requests by financial year 2000-2001 – 2009-2010



For the 2009–2010 year the department handled 3011 requests, an increase of 126 on the previous year.

This data was provided to a wide range of stakeholders including mining companies, business consultants working for industry, state government agencies, private companies, landowners, universities, local government and others.

A survey conducted with our top 20 data clients during the year revealed that the department’s water information contributed to over \$1 billion worth of new projects in 2009–2010.

#### Water accounting standards

During the year the department’s water accounting team produced a set of plot water accounts for the Gnamptuwa mound relating to the 2008–2009 financial year. These accounts contributed to the development of water account standards at the state and national level.

#### Regional coordination

The Regional coordination branch delivers corporate and administrative support to the department’s regional offices and staff. It also provides support to the department’s advisory committees. It includes the Compliance and enforcement unit and the Indigenous services unit. Its goals are to support the regional operations through training and program development, to assist staff in the field.

The branch manages the department's Government Housing for Regional Officers scheme (GROH), which facilitates the housing of 18 officers in the northern parts of the state. A strategic regional review was undertaken in 2009–2010 to assess the regional arrangements required to effectively deliver the department's priorities as laid out in the Strategic Plan. The review has made recommendations that will be implemented in 2010–2011.

## Compliance and enforcement

The department's Compliance and enforcement unit was established to coordinate enforcement of relevant legislation including but not limited to the *Rights in Water and Irrigation Act 1914*, *Water Agencies (Powers) Act 1984*, *Waterways Conservation Act 1976* and *Country Areas Water Supply Act 1947*.

In 2009–2010 the unit conducted investigations and provided advice in relation to breaches of statutes, as well as developed training models for up-skill of regional staff in investigations. It also partnered with other government agencies to raise awareness among land holders and lessees regarding obligations under the *Rights in Water and Irrigation Act 1914* and other relevant acts.

A total of 3285 letters were sent to unlicensed bore users relating to confirmed and unconfirmed breaches of rostered watering conditions. 572 were warning notices for breaches observed by field inspectors, 2109 were notices sent

following unconfirmed report of breach of watering conditions, and 600 were 'education letters' sent during last year's trial winter sprinkler ban, as there were no by-laws in place to enforce non-compliance with the ban at that time. A total of four infringements were issued.

The Water efficiency measures section received 530 calls regarding letters sent by the department for breaches or suspected breaches, and issued 56 letters in response to these calls. The section also received 635 calls related to exemptions for planting new lawns.

## Indigenous services unit

The Indigenous services unit (ISU) provides ongoing support and advice to all departmental staff to ensure correct protocols are followed in their dealings with Aboriginal people, land, sites and culture.

During the year the ISU guided the finalisation of the Aboriginal Heritage and Native Title Guidelines for On-Ground Works to ensure staff meet the required statutory obligations of the *Native Title Act 1993* and the *Aboriginal Heritage Act 1972*.

The ISU also continued courses and cultural awareness training in the following areas:

- ◆ Cross cultural awareness workshops
- ◆ Heritage workshops
- ◆ Women's workshops

## Land management

The Land management branch administers the department's land asset register comprising 1200 individual land parcels over 700 000 hectares in total. As at 30 June, this land and assets were valued at \$154 527 097.70.

During the 2009–2010 year the branch:

- ◆ reviewed and identified 80 land parcels worth an estimated \$51 million as possible disposal to support the Department of Treasury and Finance's asset disposal policy
- ◆ commenced actions to progress the disposal of 47 of these properties
- ◆ provided plantation owners on the Gascoyne River legal access to water via easements through the Carnarvon prolongation project
- ◆ in conjunction with the Rural water planning branch completed negotiations with Water Corporation for the transfer of agricultural area dams to support emergency country water supplies
- ◆ acquisition of and negotiation for land at strategic sites throughout the state to support the Priority 1 Land Acquisition program for the protection of public drinking water. Sites purchased in Happy Valley (Brookton), Hopetoun, and Yerecoin for a total of \$2.97 million

- ◆ acquisition of and negotiation with traditional owners to secure management of unallocated Crown land for protection of Priority 1 land, Walpole
- ◆ risk mitigation strategies for the department's land.

The land management branch also has responsibility for Corporate occupational safety and health (OSH) and in 2009–2010 completed a safety audit of all branches, metropolitan and a regional site audit was commenced.

A strategic review of metropolitan accommodation (including the Swan Avon region) has been commissioned.

## Strategic policy and water services

The Strategic policy and water services division commenced the 2009-2010 financial year, operating under its new structure, following realignment from the previous year's Policy and planning division.

Under the new structure the division maintained its role of facilitating and improving the governance of water resources, and continued its regulation of the water industry to ensure the state's water resources are managed sustainably and securely, and that Western Australians have equal access to water services.

The division has three branches:

- ◆ Legislation and legal services
- ◆ Strategic water policy and planning
- ◆ Water services

### Legislation and legal services

The Legislation and legal services branch manages the department's legal requirements, including providing advice on development and amendment of water legislation as required.

The 2009–2010 priority of the branch was to continue development of draft legislation to restructure and modernise the state's existing water legislation including bringing it into line with obligations under the National Water Initiative (NWI). This is referred to as the Legislative Reform Program.

In addition, submissions and comments were provided on state reforms led by other agencies and on federal legislation reforms.

Over 12 months the branch provided advice on over 150 separate legal requests within the department.

The majority of these requests concerned the legislation reform program and ranged across land holders rights in regard to watercourses (riparian rights), Aboriginal heritage, works contracts, licensing, compliance and enforcement, delegations, local government powers and property law.

In addition advice was provided to businesses on licensing and exemptions for the transport of water.

Information and support was provided to departmental officers on instruction of the State Solicitor's Office (SSO) on matters unable to be undertaken 'in-house'

The decision was made to appoint a second legal officer to the section commencing in the 2010–2011. This will expand capabilities including the delivery of a legal education program for staff.

A summary of the progress of the Legislative Reform Program and other legislation worked on by the branch is outlined below.

### Legislation Reform: Water Resources Management Bill

The branch finalised the report *Discussion Paper – Water resources management options* which was used to communicate to stakeholders the issues surrounding legislative reform. The document was launched at the Water Minister's *Water Dialogue* on 4 November 2009. The paper was supported by series of group workshops and a subsequent plenary session to provide feedback to participants. A meeting for participants to raise issues directly with the Minister was then held on 18 February 2010.

The branch analysed all workshop comments and written submissions and released the report *Analysis of public comment, Discussion Paper – Water resources management options* in May 2010. Advice from this work has been provided to government.

## Legislation Reform: Water Services Bill 2010

As a result of work from the previous financial year, the section received draft 4 of the proposed Bill and provided a response in November 2009.

The branch also prepared a number of discussion papers about the proposed *Water Services Act* and consulted with stakeholders to finalise its approach to the following matters: evaluation of public interest, fees, water service definitions, supplier of last resort and regulation of small local government water service providers.

## Legislation Reform: Water Services Legislation Amendment and Repeal Bill 2009

The Water Services Legislation Amendment and Repeal Bill were developed to near completion with finalisation of the provisions dealing with the powers and administration of the Water Boards.

## *Busselton Water Board (Supply of Water to Dunsborough) Act 2009*

In 2009 the branch supported drafting of the *Busselton Water Board (Supply of Water to Dunsborough) Act 2009* to overcome restrictions in the *Water Boards Act 1904* and enable the Busselton Water Board (BWB) to enter into a water supply agreement with the Water Corporation to provide water to the Corporation to augment its water supply to Dunsborough.

The Act was passed by Parliament in November 2009 to enable the supply of water to Dunsborough at a lower cost than other alternatives.

## Subsidiary legislation

During the 2009-2010 financial year the branch provided instructions for, and advice on, the drafting of amendments to subsidiary legislation, including by-laws, regulations and orders. Those gazetted during the year are as follows:

### *Rights in Water and Irrigation Act 1914*

- ◆ Rights in Water and Irrigation Amendments Regulations (No. 2) 2009
- ◆ Rights in Water and Irrigation (26C) Exemption Order 2010

### *Water Agencies (Powers) Act 1984*

- ◆ Water Agencies (Water Use) Amendment By-laws 2009
- ◆ Water Agencies (Water Use) By-laws 2010
- ◆ Water Agencies (Infringement) Amendment Regulations 2010
- ◆ Busselton Water Board Amendment Bylaws 2010

### *Water Services Licensing Act 1995*

- ◆ Water Services Licensing (Plumbing Licensing and Plumbing Standards) Amendment Regulations 2009

- ◆ Water Services Licensing (Lake Argyle Pty Ltd) Exemption Order 2010
- ◆ Water Services Licensing (Shire of Augusta-Margaret River) Exemption Order 2009 and amendment
- ◆ Water Services Licensing (Shire of Northampton) Order 2009

This work includes the annual preparation of charging bylaws for the Water Corporation, which is yet to be gazetted.

## Water Agencies (Water Use) By-laws 2010

One significant piece of subsidiary legislation was the *Water Agencies (Water Use) By-laws 2010*.

These by-laws consolidated the controls on water use made under three Acts into a single set of by-laws, with supporting regulations and an order, which will provide for consistent application of the government's water efficiency regime across the state to domestic bore users and scheme water customers, and will implement the winter sprinkler use restrictions.

## Strategic water policy and planning

In 2009–2010 the Strategic Water Policy and Planning branch continued its input into state and federal policy development and planning, to ensure the state's water management requirements and obligations were considered and addressed.

The branch continued to represent Western Australia at the national level facilitating Western Australia's involvement in the National Water Commission's Biennial assessment, providing advice to the Council of Australian Governments (COAG) and coordinating briefing materials for the meetings of the Natural Resource Management Standing Committee, Natural Resource Management Ministerial Council and the Water Reform Committee.

It also continued to lead growth and direction of the state's water industry and water reform programs.

The Strategic water policy and planning branch operates under four sections:

- ◆ Strategic issues
- ◆ Strategic policy development
- ◆ Regional water planning
- ◆ Water reform coordination

## Strategic Issues

This section works on strategic issues in water resource management. In 2009–2010 it worked on five major projects outlined below:

### Gnangara sustainability strategy

The Gnangara sustainability strategy (GSS) is a major multi-agency initiative dealing with the land and water issues of the Gnangara groundwater system. The strategy has brought together government, industry and the community in a whole-of-system approach to implement reforms to manage the quality and sustainability of the Gnangara groundwater system which provides 75 per cent of Perth's water needs.

The strategy consists of the Gnangara groundwater system zone plans, a situation statement and the strategy itself.

In December 2009 the Gnangara sustainability strategy (GSS) won the Western Australian Water Award's (AWA) 2009 Program Innovation Award for 'significant and innovative environmental or sustainability programs in the water industry in 2009.' It was also highly recognised in the AWA's national awards.

The strategy's success is attributed to the collaborative inter-agency working relationship of the Gnangara Coordinating Committee that involved seven agencies – the Department of Water, Department of Agriculture and Food, Department of Environment and Conservation, Department of Planning, Forest Products Commission, Water Corporation and CSIRO.

The GSS final strategy was delivered to government in December 2009 incorporating issues raised through an eight-week submissions period following the public release of the draft strategy in July 2009. The Strategic Issues section analysed 1179 comments from 62 submissions and a further 136 comments that specifically related to *Appendix 1: Gnangara groundwater system zone plans*, to finalise the draft strategy.

### Economic Regulation Authority (ERA) inquiry and cost recovery project

Work continued on the development of an approach to recover some of the state's costs for water management and planning. The branch coordinated submissions by the department to the Economic Regulation Authority *Inquiry into Water Resource Management and Planning Charges* which published its draft report on 3 December 2009 for comment until 26 February 2010.

The draft report recommended that the department's costs for water management and planning should be recovered and gave some guidance on how this could occur including:

- ◆ That water licence assessment costs be recovered from licence holders (through up-front application fees)
- ◆ That water management costs associated with management of water use be recovered from licence holders (through an annual charge).

- ◆ That costs be recovered from large licence holders or projects where it is possible to identify the costs incurred.
- ◆ The costs of water source protection plans be recovered from public drinking water suppliers.
- ◆ The costs of assessing subdivision applications be recovered from the Western Australian Planning Commission.
- ◆ The costs of water metering be recovered from metered licence holders.

The ERA also considered the setting of service standards and regulatory arrangements for the department. The ERA's draft recommendations were that appropriate service standards and performance indicators are developed for the relevant water resource management and planning activities.

The ERA report also requested the department to provide detail on its level of effort and costs for its activities, to enable the ERA to recommend appropriate charges in its final report. The department submitted this information to the ERA on 31 May 2010 as requested.

### Water and climate change strategy

In 2009–2010 the Strategic issues section undertook development of the *Water and climate change strategy* to guide the department in managing the state's water resources within

climatic changes. The section developed and sought internal comment on a water and climate change risk assessment to identified the risks to the department's projects and programs based on the latest available scientific data from state and federal agencies.

Development of the draft strategy commenced in early 2010 and focussed on applying a proactive approach to addressing climate change in the early stages of program development.

The strategy will improve the department's programs, ensuring consideration of climate change in adaptive management, addressing risks and improving accuracy in planning.

### Water quality management

The Strategic issues section completed the first stage report of a three-stage project on the review of water quality management in Western Australia to confirm water quality management responsibilities within several agencies across the state. The first stage report clarified the department's specific roles and responsibilities in managing water quality. Stage two commenced with a review of the full scope of inter-agency responsibilities and the identification of potential management gaps in water quality. Stage three will be completed in 2010–2011.

### Water futures for Western Australia 2008–2030 reports

The purpose-built *Water Demand Scenario Modelling Tool* was used during the year to provide ongoing information to the department on the projected future water demands across the state. Three reports were published on the department's website: [a state report](#), [regional level report](#), and [a report on the impacts of climate change](#).

The tool predicted the economic activity of more than 60 industry sectors and the corresponding water demand in 19 regions to 2030, and compared this with the predicted water availability. The prediction (based on water consumption from 2008 and economic and population modelling) was an overall rise in total water demand from 2300 GL in 2008 to 3900 GL by 2030.

Predictions informed water resource planning across the state and in particular, identified regions most at risk from projected water shortages and were used and promoted by industry stakeholders as a source of strategic water advice.

### Strategic policy development

As water has become a more scarce resource and state development continues, the need to improve water policy increases. This section worked on two major areas of policy during the 2009–2010 year.

## Strategic policy: Indigenous access to water

Through its Indigenous access to water project, the section continued to work towards improving Indigenous participation in water planning and management and identifying opportunities for Indigenous access to water and water management. A review was undertaken on the policy options for Indigenous access to water for commercial purposes, which outlined how existing management systems provide water access opportunities. In March 2010, the program area participated in the Indigenous Water policy group's deliberations on Indigenous water policy involving the Northern Australia Indigenous Land and Sea Management Alliance. Future extensive consultation with Indigenous groups is planned.

## Strategic policy: Risk assignment

Western Australia's strategic policy on risk assignment was finalised in July 2009. The risk assignment framework is intended to apply to any future reductions in the availability of water for consumptive use leading to a reduction in licensed allocations. It provides a conditional risk sharing approach between the state government, water users and the federal government. The strategic policy is in line with the National Water Initiative requirements (clauses 46 – 51) and will guide implementation of risk assignment following the introduction of enabling legislation.

## Regional water planning

Nine regional water plans are proposed for the state to provide a strategic approach to integrated, sustainable water resource planning for the regions to 2030.

This section published two of the nine regional plans in 2009–2010 – the South West and the Pilbara regional water plans – and continued the development of the Perth-Peel and the Kimberley regional water plans. The published plans are available on the department's website.

Regional plans provide strategic direction to 2030 on water resource management at a regional level and incorporate social, economic and ecological factors. This includes an integrated approach to land and water planning management, water demand and supply, water use efficiency, alternative water sources and waterways and wetlands health.

Plans are issued for public comment at draft stage and comments received are considered by the department, and used to inform the development of the final plan.

Development of the five priority regional water plans were progressed during the year. The remaining four will be initiated in the coming years. A summary of progress is outlined below:

### South West regional water plan

The [South West regional water plan 2010–2030](#) was released as a draft for public comment in December 2009, and the final plan released in May 2010.

### Pilbara regional water plan

The [Pilbara regional water plan 2010–2030](#) was completed in late 2009 and the final plan released in May 2010.

### Perth-Peel regional water plan

The [Perth-Peel regional water plan 2010–2030](#) was released for public comment in December 2009, and analysis is underway on the comments received from stakeholders. The final plan is expected to be completed in late 2010 or early 2011.

### Kimberley regional water plan

The *draft Kimberley regional water plan* has been prepared for release in mid-2010, following extensive community and stakeholder consultation in 2009. Following a public comment period, a final plan is expected to be completed in December 2010.

### Midwest regional water plan

Drafting of the *Mid West regional water plan* began in 2010 following an extensive review and collation of key water resources issues for the region in 2009.



## Great southern regional water plan

Recognising the towns of the Lower Great Southern region were at risk of water supply issues, the department developed the Lower Great Southern water resources development strategy for the Water Corporation to follow in the quick planning and development of new water sources. This work was completed to make sure the people of the region have a secure supply that is environmentally and financially responsible.

The strategy will be used as a basis for the development of the Great Southern regional water plan, expected to commence in 2011.

## Water reform coordination

The *Water Reform Coordination* section is charged with coordinating the water reform work across the agency and this work has been largely concerned with obligations of the state as a signatory to the *National Water Initiative* in 2006.

In 2009–2010 the section responded to the [National Water Commission's 2009 Biennial Assessment](#) of water reform implementation by the states, by initiating a renewed approach to project management of the department's water reform work in areas of poor performance not restricted to legislative obstacles in Western Australia.

The section provided strategic support to key national reform committees including the Natural Resource Management Ministerial Council, the Natural Resource Management Standing

Committee and the Water Reform Committee and the associated working groups responsible for implementing the 2008–2011 COAG Forward Work Program on Water.

## Gascoyne irrigation pipeline project

The section worked on coordinating state compliance with federal water reform objectives to secure \$6.6 million funding for the *Gascoyne irrigation pipeline project* through the *National Partnership Agreement on Water For the Future* program.

During the year funding was finalised and matched by the state with \$7.4 million dollars from the *Royalties for Regions* funding scheme.

The framework for endorsement of the *National Partnership Agreement* will pave the way for other Western Australian projects to receive federal support. The project is considered a turn-key model for creating efficient sustainable irrigation practices throughout the state and country.

## Water services

The Water services branch consists of five sections:

- ◆ Water services policy
- ◆ Strategic water industry policy
- ◆ Indigenous and remote community water services

- ◆ Rural water planning
- ◆ Strategic projects.

During the year the branch carried out a diverse range of functions including water industry policy development, broad-scale water industry support, working with service providers and potential service providers in both mainstream and Indigenous communities, as well as with self-supply rural landowners and communities in the pastoral and agricultural areas of the state.

A priority project for the branch was coordinating the process for securing an irrigation water service provider for expansion of the Ord irrigation scheme.

The State Water Grants were also managed through the Water services branch. The grants provide support for water conservation and efficiency and capacity-building projects.

## Water services policy

The role of the Water services policy section is to provide advice and make recommendations on the water services industry and licensing policies to support the Minister in discharging statutory duties, principally in relation to provisions of the *Water Services Licensing Act 1995*.

In addition to ensuring policy compliance with the administrative requirements under the eleven water Acts, the branch's focus in 2009–2010 involved preparation for the policy implementation of new water services legislation (legislative reform).

Future departmental requirements arising from planned legislative reform were identified and the drafting of new policies and procedures commenced, to enable the revised statutory functions and related administrative processes to be undertaken in an efficient and timely manner.

The section prepared a statement of the issues and organisational arrangements for the department's effective management and discharge of its inspectorial functions and responsibilities, under the options outlined for legislative reform.

This included working with the Legislation and legal services branch to produce the *Discussion Paper Water Resources Management Options* at the request of the Water Minister Dr Graham Jacobs.

The paper discussed the reasoning behind modernising legislation governing Western Australia's water resource management and the options available, outlining commitments as a signatory to the National Water Initiative, but also addressed the impediments under current legislative arrangements to effective water resource management.

The section also provided advice on the selection of a water service provider for the Ord-East Kimberley expansion project, provided advice on the provision of a non-potable water supply service for a proposed horticultural land release in Carnarvon, and the water service status of a non-potable water supply activity being undertaken

by the Department of Fisheries in the Broome aquaculture precinct. The section also managed the new board appointments for Aqwest (Bunbury Water Board) and the Busselton Water Board.

Advice was provided to the Minister on licence non-compliances identified through operational audits and asset management system reviews of the water services licensees. The section also carried out statutory processes to manage and evaluate the public interest in water services and made recommendations to the Minister in relation to water service licence exemption applications for Lake Argyle Pty Ltd, the Shire of Augusta-Margaret River and the Shire of Northampton.

### Water services customer complaints policy

The section continued its complaints management and mediation role for customers of water service providers, investigating and resolving 76 customer complaints during the period 1 July 2009 to 15 March 2010.

Consultation with the Energy Ombudsman's Office was undertaken in preparation for the transfer of the customer complaint's function from the department to the proposed Energy and Water Ombudsman, including consultation with licencees on the expected fees associated with the transfer.

Preliminary research and planning was conducted by the section to scope the requirements for a customer code of conduct under legislative reform options.

The section contributed to several key inter-departmental and intra-jurisdictional committees such as the Hardship Utility Grants Implementation Steering Committee, the National Water Commission's Performance Reporting Round Table Group, and the South-West Water Interest Group and the Economic Regulation Authority – Department of Water Industry Liaison Committee.

### Rural water planning

The Rural water planning section supports the state's farming communities in regard to water resource planning and coordinates the implementation of the State's *Rural water plan* with a focus on the productive but water scarce dryland communities (less than 600 mm per year).

The section administered four assistance programs during the year – the Farm water supply planning scheme, Farm water rebate scheme, Pastoral water grants scheme and Community water supply program.

Each program is designed to assist commercial farms and pastoral operators in dryland areas achieve access to sustainable reliable quantities of livestock quality drinking water. The schemes ensure that water supply planning in these areas is given priority support, and that strong emphasis is placed on improving the management of water supplies and the application of water conservation practices.

During the year, a total of 185 grants and subsidies up to a maximum of \$388 000 were approved under the five schemes. A total of 170 previously approved grants and subsidies totalling \$715 000 were paid out.

These numbers include a combination of approvals from previous financial periods and also some from 2009–2010. The Farm water supply planning scheme is currently on target to meet the 200 predicted farm water supply plans by the end of 2009–2010.

In collaboration with the Water Corporation, the section completed the Agricultural Area dam rationalisation process early in 2009–2010 which culminated in the transfer of strategic community farmland water assets from the corporation to the department. This process was part of a review of existing land and farmland water assets that included identification of several priority emergency water supply sites that will undergo maintenance and upgrading during 2010–2011.

The section completed five new shire Emergency Farmland Water Response Plans and consolidated a strategic network of emergency farmland water resources. These plans and facilities were promoted and used by the communities during the year most notably in Kent and Lake Grace.

The section also commenced ten water resource management plans for community water sources that are scheduled for completion in 2010–2011 following consultation with local government and rural communities.

## Indigenous and remote community water services

The Indigenous and remote community water services section works to improve the delivery of water services to Indigenous and remote small communities.

In 2009–2010, the section developed a database that identified state-wide water service requirements to identify future needs, facilitate priority water service needs and inform policy development. It continued to negotiate funding for water service improvements through the working group on Water services for Aboriginal and remote communities (WatSARC), and provided submissions to four Council of Australian Governments (COAG) working groups and one to Infrastructure Australia.

It prepared an application in response to a request for proposals to the *COAG Strategy on Water and Wastewater Services in remote Communities (including Indigenous communities)* to pilot a water and wastewater regularisation project in the Kimberley region. The Australian government has since committed \$11m in federal funds under the National Water for the Future program towards implementation of the project. Negotiations are proceeding at the state level to secure funding support and plans are underway for an initial feasibility study.

Following the release of a discussion paper, the section developed *Draft Strategic Policy 7.01 – Policy for delivering water services to Indigenous and remote communities: Service Standards*, which outlined the proposed tiered servicing standard for remote and small communities, and sought comment from specific stakeholders. The section is currently working on policies for user pays principles and assistance to self supplied communities.

The section provided input into Planning for Aboriginal Communities Guideline No.1 Provision of Housing and Infrastructure to Remote Aboriginal Communities in WA and the State Planning Policy (SPP) No. 3.2: Planning for Aboriginal Communities. These planning documents were developed by the Department of Planning and the Western Australian Planning Commission to inform the coordination and prioritisation of housing and infrastructure. Input was given to the Department of Indigenous Affairs WA Remote Aboriginal Communities Policy Framework. This framework presents a strategic tool whereby the government in consultation with Indigenous people can determine priority locations and strategies for investment.

Assistance was provided to the Kimberley region to complete an audit of the water supply infrastructure in 19 small communities in the East Kimberley.

The section worked closely with the National Water Commission through participation in the National Risk Assessment and Best Practice Documentation steering committees to develop the Community water planner field guide and online water quality toolkit.

### Strategic water industry policy

In 2009–2010 the Strategic water industry policy section examined and provided input and advice on economic and pricing matters in the water industry. It reviewed and advised the Minister for Water on the Economic Regulatory Authority (ERA) inquiry on [Tariffs of the Water Corporation, Aqwest and Busselton Water](#) and developed a government response in cooperation with the Department of Treasury and Finance, followed by the development of new by-laws for the Water Corporation's charges.

The section also provided advice and input on developing a government position in response to the [ERA Inquiry into Competition in the Water and Wastewater Services](#) sector and on submissions to the [Inquiry into Water Resources Management and Planning Charges](#). The section developed a government response to the ERA inquiry into the [Pricing of Recycled Water in Western Australia](#) and commenced development of implementation arrangements.

The section provided policy analysis and advice on the development of National Water Initiative pricing principles; the pricing and related issues for the Ord – East Kimberley expansion project;

irrigation cooperative pricing matters; compliance of the Gascoyne pipe project with the National Water Initiative; the Economic audit committee report; water service provider selection issues; the Minister's role as shareholder of state government water utilities and on community service obligations in the water industry.

### Strategic projects

The section spent 2009–2010 working on the Ord Irrigation Expansion Project - a \$220-million project to deliver an additional 8000 hectares of agricultural land to the East Kimberley.

The primary objective for the department was to establish the water pricing principles for the new irrigation scheme and to manage the process to select a water services provider for the new area.

The project reached an initial milestone on 30 November 2009 with the public release of the request-for-proposal for a water service provider. SunWater was selected as the preferred provider and negotiations are currently underway to finalise the process. This discussion is a key component in the Government's Ord-East Kimberley expansion project.

### Water foundation

Established in 2003, the foundation has promoted and enhanced water-related research and development activities and projects, and this year continued with administration and acquittal of previously awarded grants. A total of \$911 000 was acquitted to five grants in 2009–2010.

## Water resource management

The department's Water resource management division assesses, protects and restores the values of groundwater and waterways to best meet social, economic and environmental needs.

Over the past year, the division employed 190 people, with 63 based in regional offices.

The division has five branches:

- ◆ Salinity and water resource recovery
- ◆ Water resource assessment
- ◆ Drainage and waterways
- ◆ Water source protection
- ◆ Water science

A notable internal focus of the division during the year was on staff development to improve delivery of divisional programs such as the tertiary student vacation, leadership and mentoring programs.

It also contributed to national and state initiatives such as National Centre for Groundwater Research and Training, National Australia Water Futures, Water Quality Research Australia and assessment, Curtin Water Quality Centre and National Program for Sustainable Irrigation.

A major project for the division has been the work on salinity recovery of the Collie catchment to deliver substantial water resource security for power generation and agricultural expansion.

## Salinity and water resource recovery

The Salinity and water resource recovery branch coordinates two programs – *Salinity recovery and catchment investigation* and *Wheatbelt hydrology*.

It does this by using scientific methods for water resource management with particular emphasis on investigating, assessing and evaluating land-use change, inland waterways and climate change and implementing water resource recovery for key catchments.

### Salinity recovery and catchment investigation

This program continues on an annual basis. The work commenced in 1996 under the Salinity action plan and focuses on resource recovery of five deteriorated catchments – Collie, Denmark, Warren, Kent and Helena – with the aim of increasing the South West's available water for industry, agriculture and scheme water.

With the southern half of the state experiencing a drying climate this program has been assessing the impacts on water resources of climate change and vegetation (state forest and plantations). This includes work to ascertain whether vegetation management has a greater impact on streamflow than reduced rainfall.

Priorities were set during the 2009–2010 year including establishing a five-year program to prepare a water resource management plan for climate and water that will prescribe treatments to manage vegetation in affected catchments, and continued development of modelling tools for these assessments.

Following the completion of salinity situation statements for the five water resource recovery catchments, salinity and water resource recovery plans are being finalised for the Collie and Denmark catchments.

Work on the other three catchment recovery plans also advanced during the year. Accordingly, the program has initiated a review to identify and commence work on the next key catchments and recovery of potential 'fit for purpose' water supplies.

Ahead is a brief on the progress of the five catchments during the year.

#### Collie

The recovery of the Collie catchment as a major surface water resource is being led by the Collie River Salinity Recovery Project. This project was approved in June 2009 with a \$30 million budget and involves constructing infrastructure to divert 2.5 GL/a of water from the East Collie River to improve water quality in the Wellington Reservoir from the current 900 mg/L to 750 mg/L.

Time was spent in 2009–2010 preparing for the construction phase of the project including developing project scoping and objectives, stakeholder management, project communications, budget control and management of the Water Corporation in its role as an 'Engineer, Procure and Construct' contractor for the pilot expansion project.

The project has expended approximately \$4.2 million to the end of the financial year. These funds have primarily been spent on tree plantings, the pilot diversion trial, project management, project scoping and preliminary design works. Project governance and technical work have advanced well throughout the year with the Preliminaries to works process for the project due to end in August 2010. This will signify the formal start of project implementation.

State funding sources to expand the capacity of the diversion to 4.5 GL/yr with the aim of further reducing the salinity in the Wellington Reservoir to below 650mg/L were also sought. \$5.2 million was secured from Royalties for Regions in June 2010 pending a satisfactory business case for the expanded project.

The department also had responsibility for a 2008 electoral commitment to ensure delivery of an Independent review of salinity recovery in the Collie River Basin.

The review was conducted by KPMG in partnership with Worley Parsons and was completed in June 2010. It recommended

the Department of Water engineering solution accompanied by further tree planting as suggested by the Forest Products Commission as the most cost-effective way of achieving salinity reduction in the Wellington Reservoir. The review's recommendations are due to be considered by Cabinet in early 2010–2011.

## Warren

The Warren River catchment, with a large river in the most climatically stable area of the South-West, is showing promising signs in terms of salinity reduction. During the year, an evaluation of management options for the catchment was undertaken as well as a successful trial planting of 1945 ha of perennial vegetation over 30 properties to reduce catchment salinity.

## Climate and vegetation

Extending from the 2009 *Surface water is not dead seminar*, a *Climate and vegetation in the Jarrah forest workshop* was held in June 2010. Participants from agencies, universities, industries, scientific organisations and long-term specialists reviewed gaps in understanding the impacts of climate and vegetation management on water resources to assist in prioritising research needs.

## Ord sediment survey

This year saw the completion and publication of the bathymetric survey of the sediments beneath Lake Argyle. This work provides statistics on how much the reservoir's storage capacity has been reduced by sedimentation.

The latest survey produced good news. The sedimentation rate was recalculated and reduced from 20 to 12 million tonnes per annum. This rate is still high and another survey near 2021 is recommended.

## Wheatbelt hydrology

The program's objective is to improve water management outcomes for the Wheatbelt through the investigation of water-related issues, such as:

- ◆ damage to water and land caused by saline and acidic groundwater
- ◆ the planning, demonstration and evaluation of improved engineering works to tackle salinity without damaging receiving water resources
- ◆ undertaking catchment water planning
- ◆ coordinating the development of water-related and inland drainage policy.

The program has built on the \$4 million Engineering Evaluation Initiative (EEI) that began in 2002, and the \$2.84million Wheatbelt drainage evaluation (WDE) that began in 2005. These projects focus on evaluating solutions to saline and acidic groundwater problems and include on-farm demonstrations, regional modeling, investigation of suitable drainage governance models and investigation of the downstream environmental impacts of engineering options.

Both EEI and WDE were jointly funded under the National Action Plan for Salinity and Water Quality by the state and Australian Governments. Both of these projects are near completion with results being rolled out publically in the next financial year. The outcomes of this work has been seen by stakeholders as very successful, and has changed the debate on how engineering options in the Wheatbelt should be planned and implemented.

Information collected from both the EEI and WDE projects was used to prepare catchment water management plans for priority Wheatbelt catchments and is being used in the development of policy framework for inland drainage.

## Engineering evaluation initiative (EEI)

The EEI project was established to improve farm-scale engineering works to tackle salinity without damaging receiving water resources. Five deep drains, three groundwater pumping and a surface water management demonstration were planned, constructed and evaluated during the year. These demonstrations showed that design, project planning, consideration of water disposal and on-going maintenance is essential to achieving success.

Three reports (SLUI 41, SLUI 51 and SLUI 50) of the nine demonstrations were published in 2009 and the remaining reports are expected to be published this year (2010–2011). All reports will be available on-line.

In addition to the original nine demonstrations, the department worked with the South West Catchment Council to implement another farm scale project in the higher rainfall and steeper areas near Darkan.

### Acidic groundwater

Deep drainage and pumping used to manage shallow saline groundwater can lead to the discharge of hypersaline and naturally acidic water (pH 2-5) with high concentrations of dissolved metals and minor elements that may need treating before disposal or further use.

As more landholders attempt engineering works for salinity control, advice was required on potential downstream impacts of drainage and pumping.

The results of successful treatment trials to treat acidic groundwater were published in the report *Proposed guidelines for treating acidic drain water in the Avon catchment, WA: adapting acid mine drainage treatment systems for saline acidic drainage (SLUI 54, 2009)* and three brochures published to the department's website in 2009.

The proposed guidelines provide landholders, contractors and others with information on options to design and install treatment systems and manage operations while minimising downstream risk. The treatment options ranged in effectiveness from full treatment to partial neutralisation, and some of the treatment systems are considered to be more 'farmer friendly' (i.e. more economical and easy to build) – and are showing good early signs in treating acidic water.

### Wheatbelt waterways

The department is currently developing seven catchment water management plans for priority Wheatbelt catchments. The objective of these plans is to deliver better water resource use and waterway health outcomes. The plans are designed to provide information to assist stakeholders make management decisions and guide future development and planning.

The plans adopt a total water cycle approach to deliver the department's vision for inland water management by highlighting current conditions, pressures and opportunities. While advisory, the plans are closely linked to existing processes (state and local government and external organisation) to improve the delivery of outcomes. The plans will provide direction for waterway recovery projects, land-use planning decisions, development of alternative water supplies and engineering options to recover salt-affected land

### Water resource assessment

The Water resource assessment branch is responsible for the assessment of water resources across the state which includes:

- ◆ groundwater investigation
- ◆ groundwater assessment
- ◆ groundwater review
- ◆ surface water assessment
- ◆ floodplain management.

This technical work produces the scientific data that supports water allocation planning and licensing as well as floodplain mapping and floodplain development strategies.

### Groundwater investigation

As a substantial amount of state water resources used for scheme, irrigation and industry are groundwater, groundwater investigations are essential to provide a better understanding of accurate water resources planning and licensing in Western Australia.

In 2009–2010 resources were targeted to groundwater management areas which are highly allocated and critical to the state meeting its existing allocations and for state development.

### Gnangara mound

Field investigations for the North Gnangara mound, west of Gingin, were completed this year with the discovery of a 'recharge window' into the Yaragadee aquifer and a direct connection between the sandy superficial and gravely sand Yaragadee aquifers. This confirms that the deeper aquifers beneath Perth are actively recharged and are important for determining sustainability of the Gnangara groundwater resource, which is under pressure from a drying climate.

The department and Water Corporation have worked collaboratively on this project using innovative high resolution shallow seismic surveys developed by Curtin University Department of Exploration Geophysics to resolve stratigraphic continuity between bore holes and geological structure.

Integration of these findings with groundwater age dating and various geophysical surveys has developed a greatly improved 3-D conceptual hydrogeological understanding that will assist in refinement of the PRAMS groundwater model.

The breakthrough in mapping the groundwater system has potential benefits that range from changing the way water is abstracted to locating the best areas for groundwater replenishment as part of any future managed aquifer recharge (MAR) with treated wastewater. It will assist the department in long term management of the Gngangara mound, including compliance with ministerial conditions for groundwater dependant ecosystems.

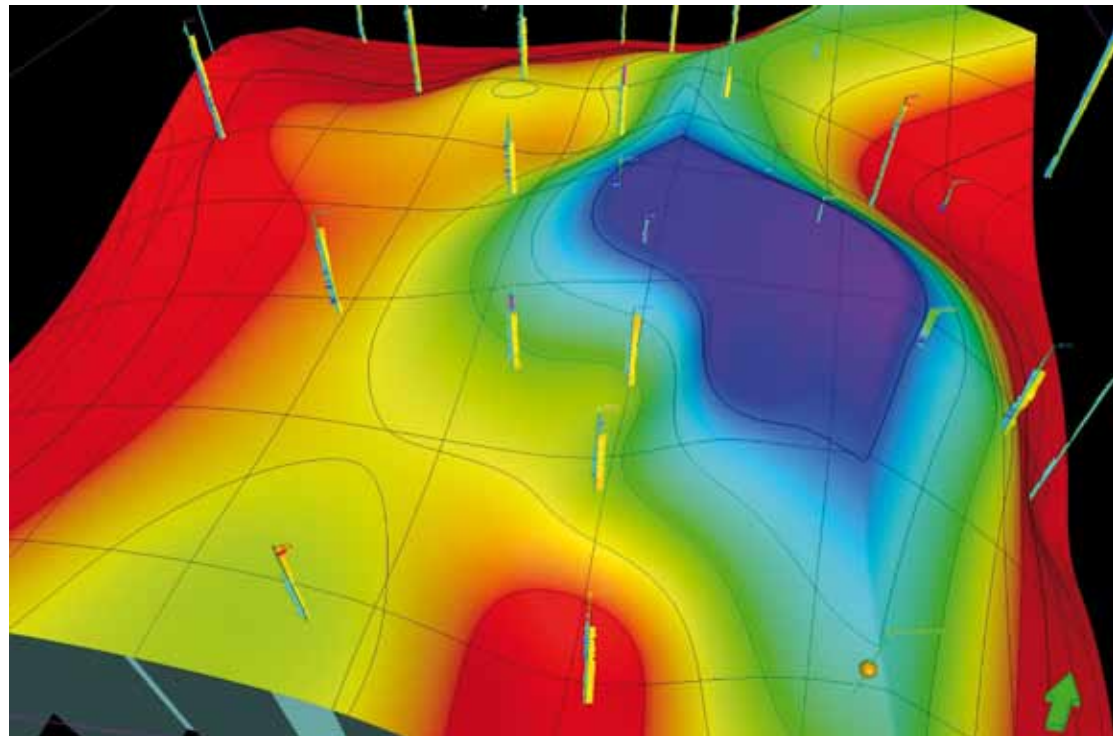
The Gingin Brook groundwater investigation established a new groundwater monitoring network for a better understanding of surface water-groundwater interactions, geological and hydrogeological conditions along the Gingin Brook. A report has been finalised detailing new information which will assist water users in the area to better manage water use and further improve Gingin Brook.

## South West

*Busselton-Capel Yarragadee aquifer:* Knowledge gained from investigations in 2009–2010 has contributed to successful differentiation of the upper three members of the Yarragadee aquifer, which will be used to improve parameters in the Southwest Aquifer Modelling System (SWAMS) model.

*Blackwood Leederville/Lesueur aquifer:* Reconnaissance field investigations have confirmed a complex stratigraphy with the Leederville Formation and Lesueur Sandstone that is offset by structural features. Findings are being compiled into a technical publication, however, further investigations are required to improve understanding to assist water users.

### A 3-D model of the hydraulic window in the north Gngangara connecting the superficial aquifer directly to the Yarragadee aquifer.





## Mid West Gascoyne

Significant increase in water demand across the Mid West Gascoyne region prompted investigations to fully define groundwater resources in the northern-most extent of the Yarragadee aquifer in the Allanooka area. A variety of geophysical techniques were employed to enable development of a 3-D conceptual model to assist with site selection. A nine month drilling program to install a number of monitoring bores has commenced with completion expected by early 2011.

### Review of State's groundwater monitoring network

Groundwater monitoring underpins the sustainable management of groundwater resources across the state. Following a comprehensive review of the groundwater monitoring program, recommendations are being implemented to provide increasing knowledge of groundwater resources and confidence in monitoring data.

There have been ongoing trials of various data loggers to improve measurement accuracy and frequency, as well as for efficiency gains with less manual monitoring. The data logger trial was funded by the Bureau of Meteorology (BOM) and nearly doubled the number of bores in the state network with loggers. The total number of bores with loggers is now 60 for this trial – in addition to 129 installed in new State Groundwater Investigation Program sites since 2008.

## Updated hydrogeological reports

Accurate hydrogeological data that can be easily accessed by agencies and industry is essential to the department meeting its desired delivery outcomes. A number of Hydrogeological record series reports (HG) were produced during the 2009–2010 year by the groundwater assessment section.

These reports included published reports HG26 *Southern Perth Basin groundwater-resource assessment: application of SWAMS and ESCP models*; and HG39 *Perth Regional Aquifer Modelling System (PRAMS) scenario modelling for the Gnamagara Sustainability Strategy*. A report on the hydrochemistry of the superficial aquifers in the Perth metropolitan area was also prepared. Technical input was provided to the groundwater component of the CSIRO South West Western Australia Sustainable Yields project.

As part of the development of the Gnamagara sustainability strategy (GSS), the groundwater model PRAMS (version 3.2) continued to be used extensively for modelling scenarios.

Groundwater model PRAMS (version 3.3) was developed to improve the confined aquifer calibration and used to develop annual water accounts for Gnamagara.

The Gascoyne River Floodplain Aquifers Modelling System (GASFAMS V1) was developed and scenarios run to assess impacts of further irrigation development. The model is also being used to develop the water allocation plan and to assess license applications.

The following National Water Initiative projects (Water Smart Australia) were also completed:

- ◆ petrophysical analysis and development of PRAMS geodatabase for the Leederville and Yarragadee aquifers
- ◆ Southern Perth Basin petrophysical analysis and 3-D geological modeling study and development of a Swan Coastal Plain model
- ◆ detailed site investigations for South West WA shallow groundwater system and installation of bores for modeling purposes
- ◆ detailed investigations and assessment studies for the Pilbara coast aquifers including the completion of six groundwater models
- ◆ Collie Basin model upgrade, innovative use of pit lakes, and groundwater recovery.

## Groundwater review

Groundwater investigations continued working on the hydrogeology of the Gnamagara mound. This fieldwork was used to inform the Gnamagara sustainability strategy in its assessment of the impact of land use and management change on groundwater availability and quality, as well as its effect on biodiversity, social and economic values of the system.

The Perth Shallow Groundwater Systems (SGS) investigation, partially funded by Water Smart Australia, focused on the stress on groundwater systems from a drying climate and increased demand on the Gnangara and Jandakot mounds. In 2009–2010 this has provided a better groundwater monitoring network and improved understanding of how shallow groundwater systems function to allow more accurate management objectives to be set.

Data analysis and interpretation for Stage 1 was near completion by the end of the year, with technical reports for Lake Mariginiup, North Lake, Forrestdale Lake, Lake Nowergup and Loch McNess taken to draft and internal review stage.

A local model for Lake Mariginiup was used to run land use change scenarios primarily for assessing urban development for land and water planning.

A further three local models for Lexia, Nowergup and Bindiar were developed and used for testing scenarios concerning climate variation, land use change and abstraction levels. These modelling reports are available on the GSS website.

Data analysis and interpretation for Stage 2 also commenced with technical reports for Tangletoe and Lexia wetlands. The Stage 3 drilling program is complete and the sampling and analysis of the newly installed bores have been completed.

A groundwater dependent ecosystem vulnerability project started in the Mid West in July 2009 with a drilling programme for Stage 1 completed.

This project is funded by the National Water Commission with the aim to achieve a greater understanding of the water regimes required to support groundwater dependent ecosystems in the Northern Perth Basin. The project runs from to March 2012 and 40 per cent of the project milestones were completed this year.

A draft groundwater resource review report for the Serpentine Groundwater Area has been completed and included an exploratory drilling program to refine the geology and hydrogeology of the area.

The Management Area Prioritisation for the 2008–2009 year with results, was documented in the HR280 report *Interim Management Area Prioritisation, results for 2008–2009*. A review of the 2008–09 MAP process is ongoing with survey results being analysed.

The groundwater Dependent Ecosystem drilling programme for South West groundwater areas was completed by June 2010 and all NWC milestones were met.

### Surface water assessment

Surface water remains a critical component of the state's water resources.

To assist in long term strategic planning an examination of the impact of projected future climate on surface water resources continued as a major focus this year.

A significant aspect of this work involved working with the CSIRO on the Northern Australia Sustainable Yields project which was launched in September 2009, and the South West Western Australia Sustainable Yields project launched March 2010. These projects examine the impacts of climate variation on catchment development and future climate projections on water availability at the 'whole-of-region' scale.

A technical paper was prepared for the 32nd Hydrology and Water Resources Conference describing the development of a simple tool to estimate the potential impact of declining rainfall on surface water resources in 2050. This tool used statistically downscaled climate data from the CSIRO Mk3.5 global climate model. The tool estimated streamflow reductions across the South West of WA ranging from 12 to 63 percent for a 2050 climate compared to a climate centred on 1990.

The report *Streamflow trends in South West Western Australia* was published and examined the observed trends in streamflow data. The study looked at the spatial variation in trends for a range of hydrologic measures. The majority of sites examined showed a declining trend in streamflow, but very few of these trends were statistically significant. However, a one month delay in the peak mean monthly flow was observed for all sites and noted as a significant change.

A review of the state's surface water monitoring network was also progressed. A draft report was completed and identified the use classification for all operating gauging stations, with recommendations on improvements to the management of the network and identification of potential future monitoring sites. The report was used to select 30 low priority sites for closure.

## Floodplain management

Requests for accurate and up-to-date information to inform land planning decisions and development conditions continued to be an active area of demand for the department in 2009–2010.

Over 1000 responses for floodplain development advice were provided to the Department of Planning, local governments, developers and the community.

Most advice concerned guidelines for new developments on floodplains to ensure flood risk and damage is minimised.

A draft *WA Floodplain management manual* was finalised which provides information on flood risk and flood behaviour and gives guidance on how all levels of government and the local community should manage flood risk.

As part of the development of the *Murray Drainage and Waterway Management Plan*, a review of 100 year ARI floodplain mapping and floodplain development strategies for the Murray and Serpentine Rivers was completed. This work included climate induced changes such as potential sea level rises.

Designs for the Stage 2 flood mitigation works in Carnarvon and for the upgrading of the Market Street Bund in Exmouth were in the final stages at the end of year. Construction of these works will reduce the flood risk to existing development and provide more land for more intense development for both of these strategic and growing northern regional towns.

## Water science

The Water science branch (WSB) provides scientific analysis and advice on the state's freshwater and estuarine resources and ecosystems to ensure sound decision making based on the best available data. It provides specific expertise in the key areas of predictive modelling of land use impacts on water quality, river and estuarine health assessments, as well as targeted environmental risk assessments in relation to impacts of contaminants and harmful algae.

Branch staff worked collaboratively with the department and other agencies including Water Corporation, CSIRO, the Department of Environment and Conservation, and the Department of Health to develop toxicity based assessments of water to support the progress of water efficiency and recycling measures in the state, such as managed aquifer recharge and stormwater harvesting.

To further the state government directions to fund more water quality improvement plans in high risk areas, predictive catchment models were applied

during the year to determine the impact of land use and guide management actions including water quality improvement plans (WQIPs) in the Swan Canning, Peel Harvey and Vasse Geographe catchments.

The Leschenault catchment water balance model was progressed into a predictive model for that catchment and will support the development of a WQIP in the coming year. Similarly the predictive model for the Scott catchment has been completed and is guiding the development of a WQIP for the Hardy Inlet.

River health assessments have now been conducted in ten surface water management areas to trial the National Water Commission's developed *Framework for the Assessment of River and Wetland Health (FARWH)* and in doing so met a requirement of the National Water Initiative.

The framework provides a standardised national approach to assess the ecological health of rivers which will allow the comparison of ecosystems in different regions, and provides baseline data to highlight changes over time. From this and earlier work, the South West Index of River Condition has been developed which will become a tool to assess allocation plans and environmental flow considerations in the coming year.

Work on identifying and assessing barriers to fish movement has been completed and a number of assessments of fish movement in response to barriers in the Canning river.

This program focuses on the identification of potential barriers across the state and will incorporate a prioritisation strategy for installation of fish passageways.

### Estuarine resource condition indicators

To assist impact assessment of catchments the department developed a new sediment and biological indicator report system. Comprehensive sediment and seagrass surveys of a number of estuaries were completed which in combination with water quality data is being used to develop estuarine condition assessments. The first on Hardy Inlet was presented to the public, and is now the basis of developing a WQIP for that area. A condition assessment for Walpole Nornalup estuaries has also been completed as a support to implementation of the management plans for the marine park.

### Inland aquatic resources

The Inland aquatic resource condition monitoring project focused on nutrient monitoring and water sampling in rivers and estuaries in the South West and Northern agricultural regions. Fieldwork for the Inland aquatic habitat integrity (wetlands) project was completed with surveys undertaken in the Northern agricultural, Avon, South West and South Coast regions. Comprehensive monitoring plans and protocols have now been developed and validated for most critical WA rivers and estuaries, although funding for implementation is not available.

### Environmental risk

The department is responsible for the provision of technical advice in environmental risk assessment. The Phytoplankton ecology unit continued its vital role in the state's waterways management by identification and monitoring of harmful algal species. A state-wide algal bloom response protocol developed in partnership with the Department of Health continues to provide a rapid and coordinated response where recreational waters are impacted. A database called Algae of Western Australian rivers and estuaries (AWARE) has been implemented to improve the quality and detail of data collected, as well as the ability to evaluate changes over time.

Increased demand for scientific analysis of ecotoxicology in water quality assessment saw the use of the department's Ecotox Toolbox project to conduct sampling from all wastewater treatment plants including the Beenyup Wastewater facility where the Managed aquifer recharge groundwater replenishment trial is underway. This analysis is considered high priority in informing government and community decision making in regard to use of retreated water for public supply.

The WSB also continued to provide support to the Swan River Trust, (SRT) including the continuation of oxygenation plants on the Canning river for the SRT and establishing a trial oxygenation plant on the Swan River at Guildford Road Bridge. Science support is provided in assessing the effectiveness of this technique in the challenging

estuary environment of the Swan and in assessing the establishment of a second plant on the upper Swan. The phosphorus binding clay, Phoslock™, was applied to the Canning to reduce the outbreak of blue green algal blooms.

### Drainage and waterways

The department's drainage and waterways branch is responsible for two programs: Urban water management and waterways. The branch undertakes drainage and urban water management planning to protect, conserve and manage water resources associated with urban development and land use change.

In 2009–2010 it also supported a range of projects to prevent and minimise the degradation of waterways and restore degraded waterways.

### Urban water management

This is a high profile area which both the federal and state governments have requested progress, as the reality of dwindling rainfall yields impact on water resource availability and planning.

The major challenge for the program is continuing to move urban areas to water sensitive cities via water sensitive urban design, which involves responding to and assessing the large number of urban land development proposals.

Promoting the adoption of best management practice is carried out through a capacity building program with local government and urban

developers and research and development projects. The program works closely with the Department of Planning and local government to ensure that water management issues are included as early as possible in the land development process.

It includes ongoing generation and update of manuals and guidelines to be used in planning and constructing water sensitive communities.

Challenges to the implementation of storm water harvesting, water recycling and localised managed aquifer recharge projects include identification of suitable funding mechanisms and policy coordination that need to be further addressed before wide scale implementation will occur.

The branch prepares drainage and water management plans that guide and assist the integration and implementation of total water-cycle management into urban land development planning at the sub-regional and district level.

During the year plans were undertaken in two priority urban growth areas.

- ◆ The Jandakot drainage and water management plan, related to the Peel main drain catchment, was completed with reference to the *Jandakot structure plan*, as approved by the Western Australian Planning Commission in 2007.

- ◆ Drafting commenced for the Murray drainage and water management plan, following the completion of detailed flooding, groundwater and ecological studies. The Murray plan is being prepared with reference to the Western Australian Planning Commission's Southern Metropolitan and Peel sub-regional structure plan.

Major urban water management achievements in 2009–2010 were:

- ◆ 1800 statutory referrals associated with land developments were assessed
- ◆ 40 water management plans were assessed (a 100 per cent increase from 2008–2009)
- ◆ Completion of flood study, groundwater study and environmental water requirements study for *Murray Drainage and Water Management Plan*
- ◆ Updated and re-published Decision process for stormwater management in WA to refer to and reflect the Better Urban Water Management processes.
- ◆ Drafted Interim Urban Groundwater Management (CGL) best practice guideline for issue in late 2010. Reviewed with developers the need for updating constructed lake best practice guideline.

- ◆ Promoted stormwater harvesting improvement opportunities for WA.
- ◆ Drafted the Department of Water position statement on Better Urban Water Management Framework and continued capacity building program with local government authorities.
- ◆ Commenced discussions with Water Corporation on development of a new policy for conversion of Rural to urban drains as urban areas expand into rural drainage districts.
- ◆ Completed review of potential for rainwater tank to reduce scheme water demand for South West.
- ◆ Commenced development of approach for Arterial drainage scheme strategies for Perth catchments that will allow improvement to drainage water quality and drainage infrastructure.
- ◆ Commenced development of guidelines, tools and methodologies to predict targeted improvements to the water quality of urban drainage and waterways to help developers better design urban areas.
- ◆ Drafting a plan for targeted research and development of urban stormwater and drainage systems to establish and coordinate state research priorities that will lead to better management of urban drainage and waterway systems.

## Major waterways initiatives

Australian government funding of \$4 million was secured for the Urban Waterways Renewal project and detailed project design commenced. This funding is being matched, with \$4.5 million 'in kind' by the department, Swan River Trust, Water Corporation and the cities of Canning, Gosnells and Armadale to undertake 12 projects in the Southern River catchment aimed at reducing nutrients to the Swan-Canning River system, and as part of the implementation of the *Water Quality Improvement Plan* for this region.

The project is about implementing water sensitive urban design techniques and evaluating their effectiveness over time. The community group South East Region Centre for urban landcare have been engaged to implement the on-ground works.

The department secured \$7.8 million natural resource management funding to support the implementation of water quality improvement programs in the Perth and South West regions. This amount is to be spent over the next 18 months.

A regional summary of other waterways initiatives for the year is below:

### Pilbara region

- Partnership with Juluwarlu Aboriginal Corporation in managing a new Caring for our Country project with a goal to develop a ranger training program for the Ngurrawaana Aboriginal Corporation

### Mid West Gascoyne region

- In partnership with catchment groups and local government implemented strategic tree planting, erosion control and nutrient management for Hill and Greenough Rivers. Hill River management plan finalised.

### South Coast region

- Completion of the Wellstead Estuary Bar Management Policy for use by the Shire of Jerramungup.
- Ecological Values of South Coast rivers report completed in partnership with the University of Western Australia. Species new to science discovered, ranges of existing species extended, two distinct bioregions identified.
- Wilson Inlet drainage review and interagency report completed.
- Report on condition of Frankland Gordon River foreshore completed, including development and implementation of a new rapid assessment methodology.
- Foreshore condition assessment of Butler, Collier and Junior Creeks (Walpole-Nornalup catchment) completed, report published.

- Catchment water quality snapshots completed for Cullham and Stokes Inlet catchments, results mapped and reported to community.
- Ongoing implementation of the Wilson Inlet foreshore management plan in partnership with Shire of Denmark
- Ongoing implementation of Estuary Management Plans for Stokes, Cullham, Wellstead, Albany Harbours, Torbay, Wilson, and Walpole Nornalup estuaries in partnership with catchment groups and Department of Environment and Conservation (DEC).
- 2009 Wilson Inlet report to the community completed.

### Kwinana Peel region

- Commenced implementation with the Peel Harvey Catchment Council, of the Peel Harvey water quality improvement planning and initial design of bio-filter, stormwater retrofitting and riparian restoration completed.

### Kimberley region

- Successful delivery of waterways education programing partnership with the University of Western Australia. The program has already demonstrated success in training the region's Aboriginal communities in natural resource management and building capacity in the region.

- ◆ Facilitated involvement in external research programs such as the Tropical rivers and coastal knowledge program and the Northern Water futures assessment
- ◆ Completion of waterway research project at Paruku (Lake Gregory)
- ◆ Convened a ‘tropical rivers’ session at the Australian Society for Limnology Conference October 2009 that assisted in bringing together key research across northern Australia.
- ◆ Initiated waterway projects across the Kimberley, with the Kimberley Land Council and key stakeholder to achieve the objectives set out in the state waterway initiative and the Kimberley regional water plan.
- ◆ Initiated and supervised Aboriginal rangers to do work experience with the department. The rangers gained valuable skills in data processing, water quality monitoring and a good understanding of the department’s business.

### South West Region

- ◆ Initiated development of water quality improvement plans (WQIPs) for Leschenault Estuary and Hardy Inlet via partnership agreements with Leschenault Catchment Council (LCC) and Geographe Catchment Council (Geocatch).

- ◆ Implemented the recommendations of the *Vasse – Geographe WQIP* including improved dairy and coastal drainage and riparian management .
- ◆ Continued riparian restoration of priority waterways in urbanised catchments of Leschenault and Vasse-Geographe catchments in partnership with LCC and Geocatch.
- ◆ Social and cultural values surveys and assessment of groundwater dependant ecosystem completed for the Brunswick and Collie River systems.
- ◆ Issued statement of response to public submissions on the *Draft management framework for coastal drainage*.
- ◆ Published a guidance flyer on building creek crossings to support waterway and license assessment outcomes.
- ◆ Provided technical design and support to:
  - Water Corporation for the development of a lamprey ladder on Lefroy Brook.
  - Department of Fisheries for the development of a fish ladder on Lefroy Brook.
  - Cape to Cape Catchment’s group for a monitoring system for a low flow bypass on a dam on the Willyabrup.

### Swan Avon region

- ◆ protection of 90 kms of waterways by fencing
- ◆ sediment removal from six priority river pools, 25 000 cubic metres approx
- ◆ revegetation of 70 hectares of riparian zones with 70 000 native plants, with preparation of riparian zones for the planting of a further 70 000.
- ◆ production of nutrient management guidelines for the Avon catchment
- ◆ development and publication of two Eastern Wheatbelt waterway assessment reports
- ◆ publication of numerous reports and case studies for Avon waterways
- ◆ annual water quality snapshot-153 sites sampled
- ◆ completion of a three year Water quality monitoring program with annual reports
- ◆ presentation of two river restoration workshops to build community natural resource management capacity.

## Water source protection

The Water source protection branch delivers management and protection services for public drinking water source areas.

The state's public drinking water source areas include:

- ◆ proclaimed water reserves
- ◆ catchment areas
- ◆ underground water pollution control areas.

Within each public drinking water source area, three priority areas (P1, P2 and P3) are defined to guide land use planning to protect water quality.

Protection zones (reservoir or wellhead) are also defined within each public drinking water source area immediately around the reservoir, or abstraction/production bores to address acute water quality contamination risks.

These areas are managed to protect the surface water catchments of reservoirs or the groundwater recharge area of abstraction bore(s) used for public water supply, and are either proclaimed under the *Metropolitan Water Supply, Sewerage and Drainage Act 1909* or the *Country Areas Water Supply Act 1947* depending on their location.

As at year's end there were 145 proclaimed public drinking water source areas used to supply the majority of the state's population. This number does not include public water supply areas to

most remote Aboriginal communities or mine site communities. The safety of water supply to these communities is however subject to Department of Health oversight, and Water source protection provides assistance and guidance for the development of drinking water source protection plans for these communities. The total number of public drinking water source areas may vary over time as new sources are developed and old sources decommissioned.

The branch carries out assessments of land use planning proposals and activities and is a centre of expertise on water resource quality.

A priority for the department is ensuring the ongoing availability of a reliable, safe, good quality drinking water to consumers. This goal is achieved by the development and implementation of publicly consulted drinking water source protection plans.

The protection plans include strategies to safeguard the water quality in surface and groundwater sources.

In order to maximise the education, awareness and best practice management of water quality, the branch prepares a wide range of guidance documents, including water quality protection notes, water quality information sheets, environmental guidelines, posters, brochures and water source protection policies.

In the past year the Water source protection branch has:

- ◆ finalised protection plans for Broome, Kununurra, Dwellingerup, Coral Bay, Millstream (Pilbara), Leonora, Marble Bar, Menzies, Nilgen (Ocean Farms) and Yalgoo; and has an ongoing program of implementation of existing plans
- ◆ prepared a submission to the Standing Committee on Public Administration on its inquiry into recreation in public drinking water source areas
- ◆ prepared or updated guidance documents on radiator repairs, service stations, industrial wastewater management and disposal (new), tanks for temporary elevated chemical storage, proclaimed public drinking water source areas, light industry, pest animal management in public drinking water source areas (new), aerial spraying (new) and a register of public drinking water source areas in local government areas.

The water source protection program continues to implement the Australian Drinking Water Guidelines 2004 and provided input to National Guidelines for Water Recycling.



A significant outcome this year, has been the development of a book showing the location of drinking water sources and other water resources from the Perth hills to the south west, for the above mentioned standing committee. This book will be updated in 2010–2011 to include drinking water sources in other parts of the state.

More than 30 water quality information sheets were developed for the standing committee to help explain the drinking water source protection program.

## Corporate services

The Corporate services division's role is to ensure the effective and efficient management of the department's finances, human resources, information and assets.

This is to be achieved with a high degree of integrity to ensure the department complies with all of its statutory obligations, whilst operating with the highest degree of people ethics.

It employed 79 people in 2009–2010 across three branches:

- ◆ Finance and administration
- ◆ Human resources
- ◆ Information services

The division led a significant corporate reform program during the 2009–2010 year, including the successful preparation and implementation of bringing the department's finance and administration into the shared services environment by November 2009.

This major across-department reform required the establishment of a program board, project management structure and a close working relationship with the Department of Treasury and Finance's Office of Shared Services staff.

The department was by the end of the financial year working within the shared services environment.

## Finance and administration

The Finance and administration branch's major project for the year was moving the department's finance and administration services into the shared services environment.

This involved a major review and cleansing of existing data within the department's financial records before transfer to the Shared Services systems.

The achievement of the roll in deadlines was an achievement, and the new operating environment was supported by follow up training and process improvement across the agency to ensure full integration into the new shared services model, and has all staff fully trained.

The branch spent the period November 2009 to July 2010 establishing and rectifying issues with the Office of Shared services such as systems conflicts with workflow processes.

To further enhance the department's flexibility in meeting future strategic financial planning issues, the finance team led the development of a multi-period and multi-scenario analysis model during the year. The model will be used to more easily conduct regular reviews of the agency's strategic financial position.

During the 2009–2010 year the branch went through its annual audit with issues identified by the Office of the Auditor General. This reflected a high degree of quality in processes and performance within the department.

Consistent with state policy, the department finished the implementation of corporate purchasing cards. The cards add efficiencies and savings in the procurement and payments processes for both the department and for suppliers. This has been an important complement to the procurement reforms implemented with shared services during the 2009–2010 year.

The department also completed a major review of fleet vehicles to identify potential cost savings with a target to reduce fleet costs by ten per cent. In the year, the department reduced fleet vehicles below the target set by Treasury of 141 to end the year with 126 vehicles. This has been

achieved with close attention to detail to ensure that operational needs are not negatively impacted through lack of transport.

The Energy management plan was also completed during the year. Under the plan the department is well placed to meet its carbon emission obligations and achieve further savings with energy costs. This plan will now be applied across the entire department's fleet and accommodation facilities.

## Human resources

Significant work was undertaken by the Human resources branch during the year to ensure it had the people capabilities to meet the operational requirements of the agency.

## Workforce planning and development

During 2009–2010 year the Workforce planning and development section coordinated the ongoing review and implementation of the human resources blueprint established the previous year.

A major focus of the blueprint has been to improve attraction and retention strategies and their integration with the department's functional areas.

A Water business workforce planning project was also completed during the year. This project improves delivery of "supply side" and "demand side" analysis for incorporation into the workforce profile.

Templates, processes and work on linking the workforce planning process with the business planning process and FTE management were completed during the year.

### Specified callings

Specified callings is a government initiative to target for retention specific and key professions in short supply within the labour market.

An executive discussion paper on how specified callings should be incorporated into the department's strategic management was drafted and endorsed, and a project to streamline job families completed.

## Workplace planning and development

The workplace planning and development section continued to review and develop the department's human resource policies and coordinated the implementation of a number of key human resource strategies.

### *Policy review and development*

Policies developed or updated during the year included:

- ◆ Secondment
- ◆ Induction
- ◆ Engagement and management of volunteers
- ◆ Grievance

- ◆ Bullying
- ◆ Payment of professional association membership fees
- ◆ Training and development
- ◆ Wellness.

### Equal employment opportunity

The department has continued to focus on developing a culture where equity and diversity are valued and promoted and are integral to all decision making.

This extends to ensuring employees work in an environment where they are valued for their diverse experience, knowledge and abilities to enhance the operational effectiveness and capability of the department in achieving its objectives.

In 2009–2010 a new Equal employment opportunity (EEO) management plan for the period 2010–2012 was finalised and lodged with the Office of Equal employment opportunity. The plan demonstrates a commitment to incorporate the principles of equity and diversity into the everyday work of the department.

### Performance management

The re-launch of the performance management system as the work and development planning process incorporated the department's values in the first round and a capabilities component added in the second round.

A series of positively-evaluated workshops were held to provide support for staff to conduct and participate in effective work and development planning sessions.

#### Organisational development

The department is committed to ongoing training and development of staff to ensure they have the skills and competencies to meet both the current and future needs of the department, and further to ensure they are in compliance with legislative and good governance requirements.

This year the department formed a Corporate capability steering group (CCSG) to drive internal skills development. The group's job is to ensure that there is adequate funding and opportunity for professional skills development. The CCSG works to provide opportunities for staff to develop skills that apply to their job requirements, and identify appropriate training avenues that the department will fund within budget.

Some of the development opportunities the department conducted this year to directly meet core business areas and the need for a versatile staff with professional skills in the water business, included two new groundwater and surface water courses – the *Introduction to groundwater to surface water* and *Fundamentals of groundwater and surface water*.

#### Induction

The department's online induction system was reviewed and updated in 2009–2010. A half day induction seminar was also added to the on-boarding program, which includes the on-line induction, buddy system, branch welcomes and orientation. The complete on-boarding program promotes a sense of community with new employees and helps them develop their contacts within the workplace.

#### Wellness matters

The department promotes a voluntary wellness program. This program has been running successfully in both the Perth metro area and the regional offices throughout WA. It includes organised health and fitness activities and employee requested and run events and activities. Staff surveys have shown that approximately 75 per cent of staff have taken part in the program and think it is effective in supporting employees and developing a positive workplace culture.

#### Human resources operations

The major challenge for the Human resources operations section this year was the successful management of the transition of transactional payroll and human resource services to the Shared Services environment as part of the whole of government mandated initiative.

The roll-in to shared services culminated with an on-time “go live” in November 2009. Processes continue to be refined and managed to ensure optimum use is made of the new Shared Services environment, and the section continues to implement training and skills update for system users and managers.

#### Information services

The Information services branch (ISB) facilitates the business of the department with the provision of information management services, tools and technologies, business solutions, including communications and other IT infrastructure.

The ISB consists of four sections:

- ◆ Information systems
- ◆ Information management
- ◆ Information communication and technology
- ◆ Business improvement.

Major accomplishments for the branch in the 2009–2010 financial year included:

- ◆ Successful integration of the department's business systems and technology infrastructure into the Department of Treasury and Finance shared services environment.

- Completion of the functional requirements for a new water management system, including managing unbundled entitlements and water trading. The requirements formed the basis for the Western Australian input into the Australian Government's planned Common Registry System to enhance water register functions including recording of water licences, water access entitlements, individual water accounts and effecting transactions and dealings in relation to water access entitlements and water licences.
- A program management office was established within the branch to ensure consistency in the application of project management methodologies across information and information system related projects. This reduces project risk and improves compliance with delivery times, budgets and identified business outcomes.
- Enhancements to the department's underlying server and network infrastructure were performed, enabling improved availability of business systems, enhanced network efficiency, greater capacity for disaster recovery and reduction of the department's carbon footprint.

The ISB's priority for the 2010–2011 financial year will be to ensure the foundation for the systems and infrastructure required to support water reform and the planned implementation of the Common registry system.

## Office of the Director General

### Government relations branch

In co-ordinating communications and liaison between the Minister's office and the department, consistent with the Communications protocol pursuant to section 74 of the *Public Sector Management Act 1994*, the Government relations branch managed 1289 Ministerial requests in 2009–2010.

In addition, it co-ordinated information flow on parliamentary issues to assist the Minister. The branch also co-ordinates and finalises all freedom of information (FOI) requests that are made to the department or that are re-directed to the department from other state agencies. During the financial year, 74 FOI requests were responded to within statutorily set timelines.

### Governance, integrity and standards branch

A strong focus during the year was the development and implementation of a new business planning model to create better alignment between program areas in pursuit of the department's strategic goals.

In addition, the department moved its corporate systems into the shared services environment. As part of this process, it was necessary to revise some of the business planning processes to enable integration with Office of shared services systems.

In November 2009, a three year internal audit contract was awarded to KPMG. This contract includes development of a three year strategic audit plan linked into the department's risk profile. The audit plan is focused on control and compliance work as well as effectiveness and efficiency. When complete, it will assist in identification of business improvement opportunities across the organisation.

Through a restructure of the Office of the Director General the branch took on responsibility for complaints handling, and management of the ethics and accountability framework. This work includes developing appropriate policies and compliance frameworks to provide the foundation against which the accountability requirements can be measured, and the ethical and accountability training modules.

Finally, work has commenced on revising the department's risk management system. This review has seen the introduction of risk management software to improve accuracy and simplicity of reporting. The software introduction was supported by a risk management workshop.

## Corporate communications

The Corporate communications branch has four sections:

- ◆ Corporate communications
- ◆ Media and public affairs
- ◆ Publications
- ◆ Community and stakeholder relations

The Corporate communications branch is a part of the Office of the Director General and its role is to manage implementation of the department's internal and external communications priorities guided by the [Department of Water communications plan 2006–2009](#).

It also develops and maintains a long-term position for the department by protecting its reputation and building relationships within the community by communicating facts and benefits of the department and its work.

The branch manages all communications of the department's objectives, priorities and initiatives using a variety of internal and external media including the internet, intranet, e-newsletters, printed brochures and publications, media statements and opportunities.

It coordinates all of the department's communications plans and supports the department's staff and divisions in communications planning, writing and delivery.

The communications branch is responsible for the editing, layout, production and publishing of the department's numerous reports and public documents, managed by the branch's publications section.

In 2009–2010 the branch responded to 178 media enquiries, issued 32 media statements, prepared 25 Ministerial media statements and four editions of the *Water Solutions* newsletter.

The department produced over 150 publications, associated CDs, reports, posters and brochures. The average length of reports was approximately 100 pages.

It organised 120 stakeholder events, briefings and launches.



The department has played a major role in coordinating stakeholder engagement with the Waterwise Councils program.

## Significant issues impacting the agency

Western Australia has unique challenges in water resources management that require the Department of Water to create, adapt and adopt systematic world class management practices.

The most significant issues facing the agency are:

- ◆ Allocation of water resources – supporting continued economic and social development
- ◆ Urban water management to meet urban development demands
- ◆ Measuring, predicting and managing the impact of reduced surface and groundwater yields due to climate variability and demand pressures
- ◆ Water source protection and recovery
- ◆ Modernising and improving legislative framework and regulation.

## Measuring, managing and predicting reduced surface and groundwater yields

Reduced yields continue to be a long term issue as evidenced by the CSIRO's South West sustainable yields report issued in March 2010. Through a combination of climatic conditions and land use patterns, catchment in-flows and groundwater recharge has reduced.

The impact has caused the need for:

- ◆ Continued updated data on stream flow and groundwater recharge to forecast and adapt to climate impacts on water source planning and allocation
- ◆ Increased effort on stimulating efficiency gains in industry and community through policy development and industry programs (eg water trading and water conservation planning)
- ◆ Dedication of resources to explore new and alternative water sources (eg managed aquifer recharge) in conjunction with state and federal agencies
- ◆ Support to drought affected non-scheme areas (eg rural water response plans)

## Allocation of water resources – supporting economic development

As demand pressures increase in the state's proclaimed water areas, allocation planning and licensing continues to be critical in enabling continued economic and social development, and to facilitate necessary competition in over-allocated areas.

Effort will continue to be required to develop the business architecture with the support of the National Water Commission's Common registry system to incorporate processes that:

- ◆ streamline water licensing
- ◆ enable water trading in fully allocated systems.

There is also a requirement to continue progress of the state-wide allocation and regional water planning programs, and to monitor and update these plans and programs on a priority basis.

## Urban water management to meet urban development demands

Population growth in Perth and regional centres is increasing demand for urban land and affordable housing. In many areas the land is now constrained due to a higher water table, flooding risk and water quality issues.

Effort will be required to ensure that there is available land that does not lead to liabilities on government or communities into the future.

## Water source protection and recovery

As the value of water increases, so does the need to protect its sources and maximise existing water resources, including reclaiming saline water, recycling and managed aquifer recharge.

Water availability for future environmental, social and economic needs will be reliant on progress in:

- ◆ managing the impacts of economic and social development on water resources
- ◆ continuation of the water quality improvement plans on a priority basis to affected waterways
- ◆ recovery of saline resources for commercial and public use through projects such as the *Collie-Wellington salinity recovery plan*
- ◆ recommending and facilitating recreational access to appropriate inland and freshwater systems
- ◆ Modernising and improving legislative framework and regulation.

In keeping with the global movement in water resource management, it is required to increase both competition and make regulation more effective and less onerous on business.

As the water supply becomes more critical, management of total water resources will need improved regulatory framework.

Work will continue to progress the development of modern legislation including a Water Resources Management Bill and Water Services Bill to provide for improved management of water resources under conditions of greater water scarcity, and to allow for provision of water services in a more competitive manner.



Department-led programs and projects continue to improve the quality of freshwater resources in Wellington reservoir to increase agricultural and industry opportunities in the region.



## Auditor General

### INDEPENDENT AUDIT OPINION

To the Parliament of Western Australia

#### DEPARTMENT OF WATER FINANCIAL STATEMENTS AND KEY PERFORMANCE INDICATORS FOR THE YEAR ENDED 30 JUNE 2010

I have audited the accounts, financial statements, controls and key performance indicators of the Department of Water.

The financial statements comprise the Statement of Financial Position as at 30 June 2010, and the Statement of Comprehensive Income, Statement of Changes in Equity, Statement of Cash Flows, Schedule of Income and Expenses by Service, Schedule of Assets and Liabilities by Service, and Summary of Consolidated Account Appropriations and Income Estimates for the year then ended, a summary of significant accounting policies and other explanatory Notes, including Administered transactions and balances.

The key performance indicators consist of key indicators of effectiveness and efficiency.

#### Director General's Responsibility for the Financial Statements and Key Performance Indicators

The Director General is responsible for keeping proper accounts, and the preparation and fair presentation of the financial statements in accordance with Australian Accounting Standards and the Treasurer's Instructions, and the key performance indicators. This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements and key performance indicators that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; making accounting estimates that are reasonable in the circumstances; and complying with the Financial Management Act 2006 and other relevant written law.

#### Summary of my Role

As required by the Auditor General Act 2006, my responsibility is to express an opinion on the financial statements, controls and key performance indicators based on my audit. This was done by testing selected samples of the audit evidence. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion. Further information on my audit approach is provided in my audit practice statement. This document is available on the OAG website under "How We Audit".

An audit does not guarantee that every amount and disclosure in the financial statements and key performance indicators is error free. The term "reasonable assurance" recognises that an audit does not examine all evidence and every transaction. However, my audit procedures should identify errors or omissions significant enough to adversely affect the decisions of users of the financial statements and key performance indicators.

### Department of Water Financial Statements and Key Performance Indicators for the year ended 30 June 2010

#### Audit Opinion

In my opinion,

- (i) the financial statements are based on proper accounts and present fairly the financial position of the Department of Water at 30 June 2010 and its financial performance and cash flows for the year ended on that date. They are in accordance with Australian Accounting Standards and the Treasurer's Instructions;
- (ii) the controls exercised by the Department 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; and
- (iii) the key performance indicators of the Department are relevant and appropriate to help users assess the Department's performance and fairly represent the indicated performance for the year ended 30 June 2010.

COLIN MURPHY  
AUDITOR GENERAL  
21 September 2010



## Disclosures and legal compliance

### CERTIFICATION OF FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

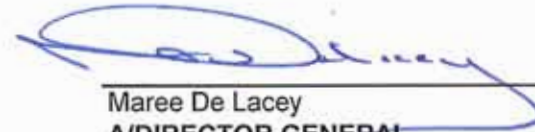
The accompanying financial statements of the Department of Water have been prepared in compliance with the provisions of the *Financial Management Act 2006* from proper accounts and records to present fairly the financial transactions for the financial year ending 30 June 2010 and the financial position as at 30 June 2010.

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.



Peter Parolo  
CHIEF FINANCE OFFICER

Date: 13 September 2010



Maree De Lacey  
A/DIRECTOR GENERAL

Date: 13 September 2010

## Financial statements

### Statement of comprehensive income for the year ended 30 June 2010

|   | Note      | 2010           | 2009           |
|---|-----------|----------------|----------------|
|   |           | \$'000         | \$'000         |
| <b>COST OF SERVICES</b>                                     |           |                |                |
| <b>Expenses</b>   |           |                |                |
| Employee benefits expense                                   | 5         | 52,842         | 50,991         |
| Supplies and services                                       | 6         | 30,679         | 36,399         |
| Depreciation and amortisation expense                       | 7         | 6,205          | 3,013          |
| Accommodation expenses                                      | 8         | 4,449          | 4,473          |
| Grants and subsidies  | 9         | 5,051          | 10,747         |
| Loss on disposal of non-current assets                      | 14        | 886            | 1,904          |
| Other expenses  | 10        | 716            | 447            |
| <b>Total cost of services</b>                               |           | <b>100,828</b> | <b>107,974</b> |
| <b>Income</b>   |           |                |                |
| <b>Revenue</b>  |           |                |                |
| User charges and fees                                       | 11        | 75             | 61             |
| Commonwealth grants and contributions                       | 12        | 6,668          | 6,838          |
| Other revenue   | 13        | 10,636         | 15,240         |
| <b>Total revenue</b>  |           | <b>17,379</b>  | <b>22,139</b>  |
| <b>Total income other than income from state government</b> |           | <b>17,379</b>  | <b>22,139</b>  |
| <b>NET COST OF SERVICES</b>                                 |           | <b>83,449</b>  | <b>85,835</b>  |
| <b>INCOME FROM STATE GOVERNMENT</b>                         | <b>15</b> |                |                |
| Service appropriation                                       |           | 75,213         | 85,958         |
| Initial recognition of assets                               |           | 70             | 24             |
| Assets transferred  |           | 532            | -              |
| Resources received free of charge                           |           | 1,150          | 895            |
| Royalties for regions fund                                  |           | 285            | -              |
| <b>Total income from state government</b>                   |           | <b>77,250</b>  | <b>86,877</b>  |
| <b>SURPLUS/(DEFICIT) FOR THE PERIOD</b>                     |           | <b>(6,199)</b> | <b>1,042</b>   |

### Statement of comprehensive income for the year ended 30 June 2010

|  | Note | 2010           | 2009          |
|--|------|----------------|---------------|
|  |      | \$'000         | \$'000        |
| <b>OTHER COMPREHENSIVE INCOME</b>                |      |                |               |
| Changes in asset revaluation surplus             |      | 1,925          | 10,754        |
| Gains/(losses) recognised directly in equity     |      | -              | -             |
| Total other comprehensive income                 |      | 1,925          | 10,754        |
| <b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</b> |      | <b>(4,274)</b> | <b>11,796</b> |

See also the 'schedule of income and expenses by service' at page 6

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

Contents | From the DG | Operational structure | Performance management | Agency performance | Summary of KPIs | Significant issues | Independent audit opinion

Disclosures and legal compliance | Other legal requirements | Government policy requirements | Office locations

Certification of financial statements | Financial statements | Ministerial directives | Governance disclosures

## Statement of financial position as at 30 June 2010

|  | Note | 2010<br>\$'000 | 2009<br>\$'000 |
|--|------|----------------|----------------|
| <b>ASSETS</b>  |      |                |                |
| <b>Current Assets</b>  |      |                |                |
| Cash and cash equivalents  | 29   | 8,873          | 8,350          |
| Restricted cash and cash equivalents                             |      | 445            | 74             |
| Receivables  | 17   | 4,225          | 6,078          |
| Amounts receivable for services                                  | 18   | 2,385          | 6,365          |
| Other current assets   | 19   | 1,386          | 831            |
| Non-current assets classified as held for sale                   | 20   | 4,416          | -              |
| Non-current assets classified as held for distribution to owners | 21   | 1,070          | -              |
| <b>Total Current Assets</b>                                      |      | <b>22,800</b>  | <b>21,698</b>  |
| <b>Non-Current Assets</b>  |      |                |                |
| Restricted cash and cash equivalents                             |      | 785            | 543            |
| Amounts receivable for services                                  | 18   | 10,938         | 6,966          |
| Property, plant and equipment                                    |      | 215,882        | 215,658        |
| Intangible assets  |      | 283            | 405            |
| <b>Total Non-Current Assets</b>                                  |      | <b>227,888</b> | <b>223,572</b> |
| <b>TOTAL ASSETS</b>  |      | <b>250,688</b> | <b>245,270</b> |
| <b>LIABILITIES</b>   |      |                |                |
| <b>Current Liabilities</b>                                       |      |                |                |
| Payables   | 25   | 5,835          | 1,231          |
| Provisions   | 26   | 10,902         | 10,101         |
| Other current liabilities  | 27   | 333            | 56             |
| <b>Total Current Liabilities</b>                                 |      | <b>17,070</b>  | <b>11,388</b>  |
| <b>Non-Current Liabilities</b>                                   |      |                |                |
| Provisions   | 26   | 4,517          | 4,125          |
| Other non-current liabilities                                    | 27   | 107            | 74             |
| <b>Total Non-Current Liabilities</b>                             |      | <b>4,624</b>   | <b>4,199</b>   |
| <b>Total Liabilities</b>   |      | <b>21,694</b>  | <b>15,587</b>  |
| <b>NET ASSETS</b>  |      | <b>228,994</b> | <b>229,683</b> |

### Statement of financial position as at 30 June 2010

|                               | Note      | 2010<br>\$'000 | 2009<br>\$'000 |
|-------------------------------|-----------|----------------|----------------|
| <b>EQUITY</b>                 | <b>28</b> |                |                |
| Contributed equity            |           | 231,633        | 228,048        |
| Reserves                      |           | 13,531         | 11,606         |
| Accumulated surplus/(deficit) |           | (16,170)       | (9,971)        |
| <b>TOTAL EQUITY</b>           |           | <b>228,994</b> | <b>229,683</b> |

See also the 'Schedule of Assets and Liabilities by Service' at page 7.

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 2010

|   | Contributed Equity | Reserves      | Accumulated Surplus/(Deficit) | Total Equity   |
|---|--------------------|---------------|-------------------------------|----------------|
| <b>Balance at 1 July 2008</b>   | <b>224,038</b>     | <b>852</b>    | <b>(11,013)</b>               | <b>213,877</b> |
| Changes in accounting policy or correction of prior year errors         | -                  | -             | -                             | -              |
| <b>Restated balance at 1 July 2008</b>                                  | <b>224,038</b>     | <b>852</b>    | <b>(11,013)</b>               | <b>213,877</b> |
| Total comprehensive income for the year                                 | -                  | 10,754        | 1,042                         | 11,796         |
| Transactions with owners in their capacity in their capacity as owners: |                    |               |                               |                |
| Capital contributions   | 4,010              | -             | -                             | 4,010          |
| <b>Total</b>  | <b>4,010</b>       | <b>10,754</b> | <b>1,042</b>                  | <b>15,806</b>  |
| <b>Balance at 30 June 2009</b>  | <b>228,048</b>     | <b>11,606</b> | <b>(9,971)</b>                | <b>229,683</b> |
| Balance at 1 July 2009  | 228,048            | 11,606        | (9,971)                       | 229,683        |
| Total comprehensive income for the year                                 | -                  | 1,925         | (6,199)                       | (4,274)        |
| Transactions with owners in their capacity in their capacity as owners: |                    |               |                               |                |
| Capital contributions   | 3,585              | -             | -                             | 3,585          |
| <b>Total</b>  | <b>3,585</b>       | <b>1,925</b>  | <b>(6,199)</b>                | <b>(689)</b>   |
| <b>Balance at 30 June 2010</b>  | <b>231,633</b>     | <b>13,531</b> | <b>(16,170)</b>               | <b>228,994</b> |

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

### Statement of cash flows for the year ended 30 June 2010

|   | Note      | 2010                         | 2009                         |
|---|-----------|------------------------------|------------------------------|
|   |           | Inflows (Outflows)<br>\$'000 | Inflows (Outflows)<br>\$'000 |
| <b>CASH FLOWS FROM STATE GOVERNMENT</b>           |           |                              |                              |
| Service appropriation                             |           | 68,856                       | 78,818                       |
| Capital contributions                             |           | 3,585                        | 4,010                        |
| Holding account drawdowns                         |           | 6,365                        | 3,373                        |
| Royalties for regions fund                        |           | 285                          | -                            |
| <b>Net cash provided by State Government</b>      |           | <b>79,091</b>                | <b>86,201</b>                |
| <b>Utilised as follows:</b>                       |           |                              |                              |
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>       |           |                              |                              |
| <b>Payments</b>                                   |           |                              |                              |
| Employee benefits                                 |           | (50,957)                     | (47,644)                     |
| Supplies and services                             |           | (26,020)                     | (35,683)                     |
| Accommodation                                     |           | (4,590)                      | (4,437)                      |
| Grants and subsidies                              |           | (4,908)                      | (10,651)                     |
| GST payments on purchases                         |           | (3,192)                      | (5,697)                      |
| GST Payments to ATO                               |           | -                            | -                            |
| Other payments                                    |           | (510)                        | (1,915)                      |
| <b>Receipts</b>                                   |           |                              |                              |
| User charges and fees                             |           | 55                           | 61                           |
| Commonwealth Grants and Contributions             |           | 9,344                        | 3,937                        |
| GST receipts on sales                             |           | 1,379                        | 1,937                        |
| GST receipts from ATO                             |           | 1,252                        | 3,240                        |
| Other Receipts                                    |           | 10,294                       | 15,310                       |
| <b>Net cash (used in) operating activities</b>    | <b>29</b> | <b>(67,853)</b>              | <b>(81,542)</b>              |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>       |           |                              |                              |
| Proceeds from sale of non-current physical assets |           | -                            | -                            |
| Purchase of non-current physical assets           |           | (10,135)                     | (10,127)                     |
| <b>Net cash (used in) investing activities</b>    |           | <b>(10,135)</b>              | <b>(10,127)</b>              |

### Statement of cash flows for the year ended 30 June 2010

|   | Note      | 2010                         | 2009                         |
|---|-----------|------------------------------|------------------------------|
|   |           | Inflows (Outflows)<br>\$'000 | Inflows (Outflows)<br>\$'000 |
| <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>                 |           |                              |                              |
| Receipts/(refunds) of Developer Bonds <sup>(a)</sup>        |           | 33                           | -                            |
| <b>Net cash (used in) financing activities</b>              |           | <b>33</b>                    | <b>-</b>                     |
| <b>Net increase/(decrease) in cash and cash equivalents</b> |           | <b>1,136</b>                 | <b>(5,468)</b>               |
| Cash and cash equivalents at the beginning of period        |           | 8,967                        | 14,435                       |
| <b>CASH AND CASH EQUIVALENTS AT THE END OF PERIOD</b>       | <b>29</b> | <b>10,103</b>                | <b>8,967</b>                 |

<sup>(a)</sup> Amounts paid for by developers and held in trust for which the amount is refunded on completion of works as per an agreed contract  
 The Statement of Cash Flows should be read in conjunction with the accompanying notes.



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### Schedule of income and expenses by service for the year ended 30 June 2010

|   | Urban Water Management and Industry Services |               | Water Use Allocation and Optimisation |                | Catchments and waterways health |               | Total          |                |
|---|--|---------------|---------------------------------------|----------------|---------------------------------|---------------|----------------|----------------|
|   | 2010 (\$000)                                 | 2009 (\$000)  | 2010 (\$000)                          | 2009 (\$000)   | 2010 (\$000)                    | 2009 (\$000)  | 2010 (\$000)   | 2009 (\$000)   |
| <b>COST OF SERVICES</b>                                 |  |               |                                       |                |                                 |               |                |                |
| <b>Expenses</b>   |  |               |                                       |                |                                 |               |                |                |
| Employee benefits expense                               | 20,339                                       | 19,527        | 26,065                                | 23,287         | 6,438                           | 7,727         | 52,842         | 50,541         |
| Supplies and services                                   | 11,389                                       | 13,306        | 14,847                                | 16,093         | 4,443                           | 7,000         | 30,679         | 36,399         |
| Depreciation  | 1,034  | 1,184         | 4,844                                 | 1,422          | 327                             | 407           | 6,205          | 3,013          |
| Accommodation expenses                                  | 1,721  | 1,790         | 2,212                                 | 2,088          | 516                             | 595           | 4,449          | 4,473          |
| Grants and subsidies                                    | 1,948  | 5,836         | 1,680                                 | 3,769          | 1,423                           | 1,142         | 5,051          | 10,747         |
| Loss on disposal of non-current assets                  | 340  | 748           | 447                                   | 899            | 99                              | 257           | 886            | 1,904          |
| Other expenses  | 107  | 353           | 149                                   | 412            | 460                             | 131           | 716            | 896            |
| <b>Total cost of services</b>                           | <b>36,878</b>                                | <b>42,744</b> | <b>50,244</b>                         | <b>47,970</b>  | <b>13,706</b>                   | <b>17,259</b> | <b>100,828</b> | <b>107,973</b> |
| <b>Income</b>   |  |               |                                       |                |                                 |               |                |                |
| User charges and fees                                   | 27   | 2             | 46                                    | 58             | 2                               | 1             | 75             | 61             |
| Commonwealth grants and contributions                   | 1,987  | 2,115         | 4,101                                 | 3,485          | 580                             | 1,238         | 6,668          | 6,838          |
| Other revenue   | 2,622  | 4,730         | 2,769                                 | 4,104          | 5,245                           | 6,406         | 10,636         | 15,240         |
| Total income other than income from State Government    | 4,636  | 6,847         | 6,916                                 | 7,647          | 5,827                           | 7,645         | 17,379         | 22,139         |
| <b>NET COST OF SERVICES</b>                             | <b>32,242</b>                                | <b>35,897</b> | <b>43,328</b>                         | <b>40,323</b>  | <b>7,879</b>                    | <b>9,614</b>  | <b>83,449</b>  | <b>85,834</b>  |
| <b>INCOME FROM STATE GOVERNMENT</b>                     |  |               |                                       |                |                                 |               |                |                |
| Service appropriation                                   | 30,185                                       | 37,886        | 36,446                                | 35,429         | 8,582                           | 12,643        | 75,213         | 85,958         |
| Initial recognition of assets not previously recognised | 27   | 9             | 35                                    | 12             | 8                               | 3             | 70             | 24             |
| Assets transferred                                      | 204  |               | 268                                   |                | 60                              |               | 532            | -              |
| Resources received free of charge                       | 442  | 351           | 579                                   | 423            | 129                             | 121           | 1,150          | 895            |
| Royalties for regions fund                              | 109  | -             | 144                                   | -              | 32                              | -             | 285            | -              |
| <b>Total income from State Government</b>               | <b>30,967</b>                                | <b>38,246</b> | <b>37,472</b>                         | <b>35,864</b>  | <b>8,811</b>                    | <b>12,767</b> | <b>77,250</b>  | <b>86,877</b>  |
| <b>Surplus/deficit for the period</b>                   | <b>(1,275)</b>                               | <b>2,349</b>  | <b>(5,856)</b>                        | <b>(4,459)</b> | <b>932</b>                      | <b>3,153</b>  | <b>(6,199)</b> | <b>1,043</b>   |

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

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### Schedule of assets and liabilities by service for the year ended 30 June 2010

|                               | Urban Water Management and Industry Services |               | Water Use Allocation and Optimisation |                | Catchments and waterways health |               | Total          |                | Balance sheet  |                |
|-------------------------------|--|---------------|---------------------------------------|----------------|---------------------------------|---------------|----------------|----------------|----------------|----------------|
|                               | 2010 (\$000)                                 | 2009 (\$000)  | 2010 (\$000)                          | 2009 (\$000)   | 2010 (\$000)                    | 2009 (\$000)  | 2010 (\$000)   | 2009 (\$000)   | 2010 Jun       | 2009           |
| <b>ASSETS</b>                 |  |               |                                       |                |                                 |               |                |                |                |                |
| Current assets                | 8,406  | 8,521         | 11,332                                | 10,247         | 3,062                           | 2,930         | 22,800         | 21,698         | 22,800         | 21,698         |
| Non-current assets            | 84,245                                       | 87,804        | 113,311                               | 105,576        | 30,332                          | 30,192        | 227,888        | 223,572        | 227,888        | 223,572        |
| <b>Total assets</b>           | <b>92,651</b>                                | <b>96,325</b> | <b>124,643</b>                        | <b>115,823</b> | <b>33,394</b>                   | <b>33,122</b> | <b>250,688</b> | <b>245,270</b> | <b>250,688</b> | <b>245,270</b> |
| <b>LIABILITIES</b>            |  |               |                                       |                |                                 |               |                |                |                |                |
| Current liabilities           | 6,294  | 4,472         | 8,484                                 | 5,378          | 2,292                           | 1,538         | 17,070         | 11,388         | 17,070         | 11,388         |
| Total non-current liabilities | 1,705  | 1,649         | 2,298                                 | 1,983          | 621                             | 567           | 4,624          | 4,199          | 4,624          | 4,199          |
| <b>Total liabilities</b>      | <b>7,999</b>                                 | <b>6,121</b>  | <b>10,782</b>                         | <b>7,361</b>   | <b>2,913</b>                    | <b>2,105</b>  | <b>21,694</b>  | <b>15,587</b>  | <b>21,694</b>  | <b>15,587</b>  |
| <b>NET ASSETS</b>             | <b>84,652</b>                                | <b>90,204</b> | <b>113,861</b>                        | <b>108,462</b> | <b>30,481</b>                   | <b>31,017</b> | <b>228,994</b> | <b>229,683</b> | <b>228,994</b> | <b>229,683</b> |

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

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### Summary of consolidated account appropriations and income estimates for the year ended 30 June 2010

|   | 2010 Estimate<br>\$'000 | 2010<br>Actual<br>\$'000 | Variance<br>\$'000 | 2010 Actual<br>\$'000 | 2009 Actual<br>\$'000 | Variance<br>\$'000 |
|---|-------------------------|--------------------------|--------------------|-----------------------|-----------------------|--------------------|
| <b>DELIVERY OF SERVICES</b>   |                         |                          |                    |                       |                       |                    |
| Item 101 Net amount appropriated to deliver services                | 76,512                  | 73,539                   | (2,973)            | 73,539                | 85,752                | (12,213)           |
| Amount authorised by other statutes                                 |                         |                          |                    |                       |                       |                    |
| - Salaries and Allowances Act 1975                                  | 212                     | 217                      | 5                  | 217                   | 206                   | 11                 |
| <b>Total appropriations provided to deliver services</b>            | <b>76,724</b>           | <b>73,756</b>            | <b>(2,968)</b>     | <b>73,756</b>         | <b>85,958</b>         | <b>(12,202)</b>    |
| <b>CAPITAL</b>  |                         |                          |                    |                       |                       |                    |
| Item 169 Capital contribution                                       | 4,385                   | 3,585                    | (800)              | 3,585                 | 4,010                 | (425)              |
| <b>ADMINISTERED TRANSACTIONS</b>                                    |                         |                          |                    |                       |                       |                    |
| Item 102 Administered grants, subsidies and other transfer payments | 1,878                   | 1,878                    | -                  | 1,878                 | 2,151                 | (273)              |
| <b>Total administered transactions</b>                              | <b>1,878</b>            | <b>1,878</b>             | <b>-</b>           | <b>1,878</b>          | <b>2,151</b>          | <b>(273)</b>       |
| <b>GRAND TOTAL</b>  | <b>82,987</b>           | <b>79,219</b>            | <b>(3,768)</b>     | <b>79,219</b>         | <b>92,119</b>         | <b>(12,900)</b>    |
| <b>Details of Expenses by Service</b>                               |                         |                          |                    |                       |                       |                    |
| Urban water management and industry services                        | 34,977                  | 36,878                   | 1,901              | 36,878                | 42,742                | (5,864)            |
| Water use allocation and optimisation                               | 47,480                  | 50,244                   | 2,764              | 50,244                | 47,971                | 2,273              |
| Catchment and waterways health                                      | 11,117                  | 13,706                   | 2,589              | 13,706                | 17,261                | (3,555)            |
| Total Cost of Services  | 93,574                  | 100,828                  | 7,254              | 100,828               | 107,974               | (7,146)            |
| Less total income   | (28,216)                | (17,379)                 | 10,837             | (17,379)              | (21,632)              | 4,253              |
| Net Cost of Services  | 65,358                  | 83,449                   | 18,091             | 83,449                | 86,342                | (2,893)            |
| Adjustments   | 11,366                  | (9,693)                  | (21,059)           | (9,693)               | (384)                 | (9,309)            |
| <b>Total appropriations provided to deliver services</b>            | <b>76,724</b>           | <b>73,756</b>            | <b>(2,968)</b>     | <b>73,756</b>         | <b>85,958</b>         | <b>(12,202)</b>    |
| <b>Capital Expenditure</b>  |                         |                          |                    |                       |                       |                    |
| Purchase of non-current physical assets                             | 4,385                   | 10,266                   | 5,881              | 10,266                | 9,710                 | 556                |
| Adjustments for other funding sources                               | -                       | (6,681)                  | (6,681)            | (6,681)               | (5,700)               | (981)              |
| Capital Contribution (appropriation)                                | 4,385                   | 3,585                    | (800)              | 3,585                 | 4,010                 | (425)              |
| <b>DETAILS OF INCOME ESTIMATES</b>                                  |                         |                          |                    |                       |                       |                    |
| Income disclosed as Administered Income                             | 1,878                   | 1,878                    | -                  | 1,878                 | 2,151                 | (273)              |

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

**Note 33** 'Explanatory statement' provides details of any significant variations between estimates and actual results for 2010 and between the actual results for 2009 and 2010.

## Notes to the financial statements for the year ended 30 June 2010

### 1 AUSTRALIAN ACCOUNTING STANDARDS

#### General

The department's financial statements for the year ended 30 June 2010 have been prepared in accordance with Australian Accounting Standards. The term 'Australian Accounting Standards' refers to Standards and Interpretations issued by the Australian Accounting Standards Board (AASB).

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

#### Early adoption of standards

The Department cannot early adopt an Australian Accounting Standard unless specifically permitted by TI 1101 'Application of Australian Accounting Standards and Other Pronouncements'. No Australian Accounting standards that have been issued or amended but are not operative have been early adopted by the Department for the annual reporting period ended 30 June 2010.

### 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### a General Statement

The financial statements constitute a general purpose financial report which has been prepared in accordance with the Australian Accounting Standards, the Framework, Statements of Accounting Concepts and other authoritative pronouncements of the Australian Accounting Standards Board as applied by the Treasurer's instructions. Several of these are modified by the Treasurer's instructions to vary application, disclosure, format and wording.

The Financial Management Act and the Treasurer's instructions are legislative provisions governing the preparation of financial statements and take precedence over the Accounting Standards, the Framework, Statements of Accounting Concepts and other authoritative pronouncements of the Australian Accounting Standards Board.

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

#### b Basis of Preparation

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

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

The financial statements are presented in Australian dollars rounded to the nearest thousand dollars (\$'000).

#### c Reporting Entity

##### Mission

The Department was created to ensure that the State's water resources are planned and managed to meet community requirements, now and into the future.

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

##### Services

Service 1: Urban Water Management and Industry Services

Ensuring adequate urban water supplies and water services through water drainage planning, optimising available resources for urban use, drinking water source protection and the policy and regulation of water services.

## Service 2: Water Use Allocation and Optimisation

Ensuring the State's water resources are managed and shared to meet social, economic and environmental needs through the development of water allocation plans, water licencing, water accounting and trading.

## Service 3: Catchment and Waterways Health

Protecting the State's waterways and catchments through river management and recovery programs.

The Department administers assets, liabilities, income and expenses on behalf of Government which are not controlled by, nor integral to the function of the Department. These administered balances and transactions are not recognised in the principal financial statements of the Department but schedules are prepared using the same basis as the financial statements and are presented at note 39 'Administered expenses and income' and note 40 'Administered assets and liabilities'.

### d Contributed Equity

AASB Interpretation 1038 'Contributions by Owners Made to Wholly-Owned Public Sector Entities' requires transfers in the nature of equity contributions, other than as a result of a restructure of administrative arrangements, to be designated by the Government (the owner) as contributions by owners (at the time of, or prior to transfer) before such transfers can be recognised as equity contributions. Capital appropriations have been

designated as contributions by owners by TI 955 'Contributions by Owners Made to Wholly Owned Public Sector Entities' and have been credited directly to Contributed Equity.

Transfer 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 Income

#### Revenue recognition

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

#### Sale of Goods

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

#### Provision of services

Revenue is recognised on delivery of the service to the client or by reference to the stage of completion of the transaction.

## Service Appropriations

Service Appropriations are recognised as revenues 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 into the Department's bank account or credited to the 'Amounts receivable for services' (holding account) held at Treasury.

### Net Appropriation Determination

The Treasurer may make a determination providing for prescribed receipts to be retained for services under the control of the Department. In accordance with the determination specified in the 2009-2010 Budget Statements, the Department retained \$18.171 million in 2010 (\$21.632 million in 2009) from the following:

- ◆ proceeds from fees and charges;
- ◆ specific grants from other state government agencies;
- ◆ Commonwealth specific purpose grants and contributions; and
- ◆ other departmental revenue.

### Grants, donations, gifts and other non-reciprocal contributions

Revenue is recognised at fair value when the Department obtains control over the assets comprising the contributions, usually when cash is received.

Other non-reciprocal contributions that are not contributions by owners are recognised at their fair value. Contributions of services are only recognised when a fair value can be reliably determined and the services would be purchased if not donated.

Royalties for regions funds are recognised as revenue at fair value in the period in which the Department obtains control over the funds. The Department obtains control of the funds at the time the funds are deposited into the Department's bank account.

## Gains

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

## f Property, Plant and Equipment

### Capitalisation/expensing of assets

Items of property, plant and equipment and infrastructure costing \$5,000 or more are recognised as assets and the cost of utilising assets is expensed (depreciated) over their useful lives. Items of property, plant and equipment and infrastructure costing less than \$5,000 are immediately expensed direct to the Statement of Comprehensive Income (other than where they form part of a group of similar items which are significant in total).

### Initial recognition and measurement

All items of property, plant and equipment and infrastructure are initially recognised at cost.

For items of property, plant and equipment and infrastructure acquired at no cost or for nominal consideration, the cost is their fair value at the date of acquisition.

### Subsequent measurement

After recognition as an asset, the revaluation model is used for the measurement of land, buildings and measurement sites and the cost model for all other property, plant and equipment. Land, buildings and measurement sites are carried at fair value less accumulated depreciation on buildings and measurement sites and accumulated impairment losses. All other items of property, plant and equipment are stated at historical cost less accumulated depreciation and accumulated impairment losses.

Where market-based evidence is available, the fair value of land and buildings is determined on the basis of current market buying values determined by reference to recent market transactions. When buildings are revalued by reference to recent market transactions, the accumulated depreciation is eliminated against the gross carrying amount of the asset and the net amount restated to the revalued amount.

Where market-based evidence is not available, the fair value of land and buildings is determined on the basis of existing use. This normally applies where buildings are specialised or where land use is restricted. Fair value for existing use assets is determined by reference to the cost of replacing the remaining future economic benefits embodied in the asset, i.e. the depreciated replacement cost. Where the fair value of buildings is determined on the depreciated replacement cost basis, the gross carrying amount and the accumulated depreciation are restated proportionately.

Independent valuations of land and buildings are provided annually by Landgate and are recognised with sufficient regularity to ensure that the carrying amount does not materially differ from the asset's fair value at the balance sheet date.

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

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

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

Refer to **Note 22** ‘Property, plant and equipment’ for further information on revaluations.

### Derecognition

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

### Asset revaluation reserve

The asset revaluation reserve is used to record increments and decrements on the revaluation of non-current assets as described in **Note 22** ‘Property, plant and equipment’.

### Depreciation

All non-current assets having a limited useful life are systematically depreciated over their estimated useful lives in a manner that reflects the consumption of their future economic benefits.

Land, Works of Art and Capital Works in Progress are not depreciated. Depreciation on other assets is calculated on the straight line method, using rates which are reviewed annually.

Estimated useful lives for each class of depreciable asset are:

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

## g Intangible assets

### Capitalisation/expensing of assets

Acquisitions of intangible assets costing \$5,000 or more and internally generated intangible assets costing \$50,000 or more are capitalised. The cost of utilising the assets is expensed (amortised) over their useful life. Costs incurred below these thresholds are immediately expensed directly to the Statement of Comprehensive Income.

All acquired and internally developed intangible assets are initially recognised at cost. For assets acquired at no cost or for nominal cost, the cost is their fair value at the date of acquisition..

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

Amortisation for intangible assets with finite useful lives is calculated for the period of the expected benefit (estimated useful life) on the straight line basis using rates which are reviewed annually. All intangible assets controlled by the Department have a finite useful life and zero residual value. The expected useful lives for each class of intangible asset are:

|                                  |              |
|----------------------------------|--------------|
| Development costs                | 3 to 5 years |
| Computer software <sup>(a)</sup> | 3 to 5 years |
| Software licences                | 3 to 5 years |

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

### Research and development

Research costs are expensed as incurred. Development costs incurred for an individual project are carried forward when the future recoverability can reasonably be regarded as assured and the total project costs are likely to exceed \$50,000. Other development costs are expensed as incurred.

### Computer software

Software that is an integral part of the related hardware is treated as property, plant and equipment. Software that is not an integral part of the related hardware is treated as an intangible asset. Software costing less than \$5,000 is expensed in the year of acquisition.

## Software Licences

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

### h Impairment of Assets

Property, plant and equipment, infrastructure and intangible assets are tested for any indication of impairment at each balance sheet date. 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 it is written down to the recoverable amount and an impairment loss is recognised. As the Department is a not-for-profit entity, unless an asset has been identified as a surplus asset, the recoverable amount is the higher of the asset's fair value less costs to sell and depreciated replacement cost.

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

Intangible assets with an indefinite useful life and intangible assets not yet available for use are tested for impairment at each balance sheet date irrespective of whether there is any indication of impairment.

The recoverable amount of assets identified as surplus assets is the higher of fair value less costs to sell and the present value of future cash flows expected to be derived from the asset. Surplus assets carried at fair value have no risk of material impairment where fair value is determined by reference to market evidence. Where fair value is determined by reference to depreciated replacement cost, surplus assets are at risk of impairment and the recoverable amount is measured. Surplus assets at cost are tested for indications of impairment at the end of each reporting period.

### i Leases

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

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

### j Financial Instruments

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

- ◆ Loans and receivables; and
- ◆ Financial liabilities measured at amortised cost

Financial instruments have been disaggregated into the following classes:

#### Financial Assets

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

#### Financial Liabilities

- ◆ Payables
- ◆ Other borrowings



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

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

#### **k Cash and Cash Equivalents**

For the purpose of the Statement of Cash Flows, cash and cash equivalent (and restricted cash and cash equivalent) assets comprise cash on hand and short-term deposits with original maturities of three months or less that are readily convertible to a known amount of cash and which are subject to insignificant risk of changes in value.

#### **l Accrued Salaries**

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

Accrued salaries (see note 25 'Other liabilities') represent the amount due to staff but unpaid at the end of the financial year, as the pay date for the last pay period for that financial year does not coincide with the end of the financial year. Accrued salaries are settled within a fortnight of the financial year end. The Department considers the carrying amount of accrued salaries to be equivalent to its net fair value.

#### **m Amounts Receivable for Services (Holding Account)**

The Department receives appropriation funding on an accrual basis that recognises the full annual cash and non-cash cost of services. The appropriations are paid partly in cash and partly as an asset (Holding Account Receivable) that is accessible on the emergence of the cash funding requirement to cover items such as leave entitlements and asset replacement.

#### **n Receivables**

Receivables are recognised and carried at original invoice amount less an allowance for uncollectible amounts (ie. impairment). The collectability of receivables is reviewed on an ongoing basis and any receivables identified as uncollectible are written-off against the allowance account. The allowance for uncollectible amounts (doubtful debts) is raised when there is objective evidence that the Department will not be able to collect the debts. The carrying amount is equivalent to fair value as it is due for settlement within 30 days. See note 34 'Financial Instruments' and note 17 'Receivables'.

#### **o 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 they are generally settled within 30 days.

#### **p Provisions**

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

##### **i Employee benefits**

##### **Annual Leave and Long Service Leave**

The liability for annual and long service leave expected to be settled within 12 months after the reporting date is recognised and measured at the undiscounted amounts expected to be paid when the liabilities are settled. Annual and long service leave expected to be settled more than 12 months after the reporting period is measured at the present value of amounts expected to be paid when the liabilities are settled. Leave liabilities are in respect of services provided by employees up to the end of the reporting period.

When assessing expected future payments, consideration is given to expected future wage and salary levels including non-salary components such as employer superannuation contributions. In addition, the long service leave liability also considers the experience of employee departures and periods of service.

The expected future cash payments are discounted using market yields at the end of the reporting period on national government bonds with terms to maturity that match, as closely as possible, the estimated future cash flows.

All annual leave and 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 reporting period.

#### Sick Leave

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

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

#### Superannuation

The Government Employees Superannuation Board (GESB) in accordance with legislative requirements administers public sector superannuation arrangements in Western Australia.

Employees may contribute to the Pension Scheme, a defined benefit pension scheme now closed to new members or the Gold State Superannuation Scheme (GSS), a defined benefit lump sum scheme also closed to new members.

The Department has no liabilities under the Pension or the GSS Schemes. The liabilities for the unfunded Pension Scheme and the unfunded GSS Scheme transfer benefits due to members who transferred from the Pension Scheme, are assumed by the Treasurer. All other GSS Scheme obligations are funded by concurrent contributions made by the Department to the GESB. The concurrently funded part of the GSS Scheme is a defined contribution scheme as these contributions extinguish all liabilities in respect of the concurrently funded GSS Scheme obligations.

Employees commencing employment prior to 16 April 2007 who were not members of either the Pension or the GSS Schemes became non-contributory members of the West State Superannuation Scheme (WSS). Employees commencing employment on or after 16 April 2007 became members of the GESB Super Scheme (GESB). Both of these schemes are accumulation schemes. The Department makes concurrent

contributions to GESB on behalf of employees in compliance with the Commonwealth Government's Superannuation Guarantee (Administration) Act 1992. These contributions extinguish the liability for superannuation charges in respect of the WSS and GESB Schemes.

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

See also note 2(q) 'Superannuation expense'.

#### ii Provisions - Other

##### Employment On-Costs

Employment on-costs, including workers' compensation insurance, are not employee benefits and are recognised separately as liabilities and expenses when the employment to which they relate has occurred. Employment on-costs are included as part of 'Other expenses' and are not included as part of the Department's 'Employee benefits expense'. The related liability is included in 'Employment on-costs provision'. See note 10 'Other Expenses' and note 26 'Provisions'.

##### Warranties

Provision is made for the estimated liability on all products still under warranty at the end of the reporting period. The amount of the provision is the present value of the estimated cash outflows expected to settle the warranty obligations, having

regard to the warranty experience over the last five years and the risks of the warranty obligations.

#### Restoration Costs

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

#### q Superannuation Expense

The superannuation expense in the Statement of Comprehensive Income comprises of employer contributions paid to the GSS (concurrent contributions), the WSS, and the GESB.

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

#### r Resources Received Free of Charge or for Nominal Cost

Resources received free of charge or for nominal cost that can be reliably measured are recognised as income and as assets or expenses as appropriate, at fair value.

#### s Comparative Figures

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

#### 3 JUDGEMENTS MADE BY MANAGEMENT IN APPLYING ACCOUNTING POLICIES

The judgements that have been made in the process of applying accounting policies that have the most significant effect on the amounts recognised in the financial statements pertain to the revaluation of measurement sites. The Department revalued its measurement sites assets on the gross basis of revaluation as per AASB 116 'Property, plant and equipment'.

#### 4 DISCLOSURE OF CHANGES IN ACCOUNTING POLICY AND ESTIMATES

Initial application of Australian Accounting Standards

The Department has applied the following Australian Accounting Standards effective for annual reporting periods beginning on or after 1 July 2009 that impacted on the Department:

AASB 101

'Presentation of Financial Statements' (September 2007). This Standard has been revised and introduces a number of terminology changes as well as changes to the structure of the Statement of Changes in Equity and the Statement of Comprehensive Income. It is now a requirement that owner changes in equity be presented separately from non-owner changes in equity. There is no financial impact resulting from the application of this revised Standard.

AASB 2007-10

Further Amendments to Australian Accounting Standards arising from AASB 101. This Standard changes the term 'general purpose financial report' to 'general purpose financial statements', where appropriate in Australian Accounting Standards and the Framework to better align with IFRS terminology. There is no financial impact resulting from the application of this Standard.

AASB 2008-13 Amendments to Australian Accounting Standards arising from AASB Interpretation 17 – Distributions of Non-cash Assets to Owners [AASB 5 & AASB 110]. This Standard amends AASB 5 Non-current Assets Held for Sale and Discontinued Operations in respect of the classification, presentation and measurement of non-current assets held for distribution to owners in their capacity as owners. This may impact on the presentation and classification of Crown land held by the Department where the Crown land is to be sold by the Department of Regional Development and Lands (formerly Department for Planning and Infrastructure). The Department does not expect any financial impact when the Standard is first applied prospectively.

AASB 2009-2 Amendments to Australian Accounting Standards – Improving Disclosures about Financial Instruments AASB 4, AASB 7, AASB 1023 & AASB 1038. This Standard amends AASB 7 and will require enhanced disclosures about fair value measurements and liquidity risk with respect to financial instruments. There is no financial impact resulting from the application of this Standard.

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## Future impact of Australian Accounting Standards not yet operative

The Department cannot early adopt an Australian Accounting Standard unless specifically permitted by TI 1101 'Application of Australian Accounting Standards and Other Pronouncements'. Consequently, the Department has not applied early any following Australian Accounting Standards that have been issued that may impact the Department. Where applicable, the Department plans to apply these Australian Accounting Standards from their application date:

| Title        | Operative for reporting periods beginning on or after   |                |
|--------------|---|----------------|
| AASB 2009-11 | Amendments to Australian Accounting Standards arising from AASB 9 [AASB 1, 3, 4, 5, 7, 101, 102, 108, 112, 118, 121, 127, 128, 131, 132, 136, 139, 1023 & 1038 and Interpretations 10 & 12].<br>The amendment to AASB 7 requires modification to the disclosure of categories of financial assets. The Authority does not expect any financial impact when the Standard is first applied. The disclosure of categories of financial assets in the notes will change.  | 1 January 2013 |
| AASB 1053    | Application of Tiers of Australian Accounting Standards<br>This Standard establishes a differential financial reporting framework consisting of two tiers of reporting requirements for preparing general purpose financial statements.<br>The Standard does not have any financial impact on the Department. However it may affect disclosures in the financial statements of the Department if the reduced disclosure requirements apply. Department of Treasury and Finance (DTF) has not yet determined the application or the potential impact of the new Standard for agencies.   | 1 July 2013    |
| AASB 2010-2  | Amendments to Australian Accounting Standards arising from Reduced Disclosure Requirements<br>This Standard makes amendments to many Australian Accounting Standards, including Interpretations, to introduce reduced disclosure requirements into these pronouncements for application by certain types of entities.<br>The Standard is not expected to have any financial impact on the Department. However this Standard may reduce some note disclosures in financial statements of the Department. DTF has not yet determined the application or the potential impact of the amendments to these Standards for agencies. | 1 July 2013    |

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## Notes to the financial statements for the year ended 30 June 2010

|   | 2010 \$000    | 2009 \$000    |
|---|---------------|---------------|
| <b>5 EMPLOYEE BENEFITS EXPENSE</b>  |               |               |
| Wages and Salaries  | 41,209        | 38,280        |
| Superannuation - defined contribution plans (b)   | 3,414         | 4,882         |
| Superannuation - defined benefits plans (c) (d)   | 1,095         | 943           |
| Annual Leave (e)  | 4,734         | 2,695         |
| Long Service Leave (e)  | 1,096         | 2,097         |
| Other related expenses (a)  | 1,294         | 2,094         |
| <b>Total Employee Benefits Expense</b>  | <b>52,842</b> | <b>50,991</b> |
| <p>(a) Includes the value of the fringe benefit to the employee plus the fringe benefits tax component and staff housing expenses for regional employees.</p> <p>(b) Defined contribution plans include WestState, Gold State and GESB Schemes (contributions paid)</p> <p>(c) Defined benefit plans are the Pension Scheme and Gold State Scheme (pre-transfer benefit)</p> <p>(d) An equivalent notional income is also recognised (see Note 15 'Income from State Government'). Commencing in 2008-2009, the reporting of notional superannuation expense and equivalent notional income has been discontinued</p> <p>(e) Includes a superannuation contribution component</p> |               |               |
| Employment on-costs such as workers compensation insurance are included at <b>Note 10</b> 'Other expenses'. The employment on-costs liability is included at <b>Note 24</b> 'Provisions'.   |               |               |
| <b>6 SUPPLIES AND SERVICES</b>  |               |               |
| Communications  | 941           | 1,814         |
| Consultants and contractors   | 16,551        | 21,172        |
| Consumables   | 1,953         | 1,377         |
| Materials   | 261           | 270           |
| Vehicle lease and hire  | 2,046         | 2,215         |
| Minor plant, machinery and equipment  | 2,783         | 4,756         |
| Plant, machinery and equipment lease  | 585           | 65            |
| Chemical analysis expense   | 1,379         | 1,371         |
| Other staff related expenses  | 845           | 1,345         |
| Travel  | 938           | 932           |
| Other   | 2,397         | 1,082         |
| <b>Total Supplies and Services</b>  | <b>30,679</b> | <b>36,399</b> |

## Notes to the financial statements for the year ended 30 June 2010

|  | 2010 \$000   | 2009 \$000    |
|--|--------------|---------------|
| <b>7 DEPRECIATION AND AMORTISATION EXPENSE</b>                             |              |               |
| <b>Depreciation</b>  |              |               |
| Furniture and fittings   | 7            | 2             |
| Buildings  | 614          | 654           |
| Infrastructure   | 5            | 5             |
| Plant and equipment  | 1,135        | 591           |
| Computing equipment  | 480          | 319           |
| Leasehold improvements   | 40           | 16            |
| Measurement sites  | 3,691        | 1,387         |
| <b>Total Depreciation</b>  | <b>5,972</b> | <b>2,974</b>  |
| <b>Amortisation</b>  |              |               |
| Intangible assets  | 233          | 39            |
| <b>Total Amortisation</b>  | <b>233</b>   | <b>39</b>     |
| Total Depreciation and Amortisation Expense                                | 6,205        | 3,013         |
| <b>8 ACCOMMODATION EXPENSES</b>  |              |               |
| Lease rentals  | 3,306        | 3,249         |
| Repairs and maintenance  | 190          | 243           |
| Power and water consumption  | 350          | 366           |
| Security   | 23           | 48            |
| Rates and taxes  | 300          | 320           |
| Cleaning   | 280          | 247           |
| <b>Total Accommodation Expense</b>   | <b>4,449</b> | <b>4,473</b>  |
| <b>9 GRANTS AND SUBSIDIES</b>  |              |               |
| Recurrent  | 5,051        | 10,747        |
| Royalties for region funds - Regional infrastructure and headworks account | -            | -             |
| <b>Total Grants and Subsidies</b>  | <b>5,051</b> | <b>10,747</b> |
| <b>10 OTHER EXPENSES</b>   |              |               |
| Employment on-costs (a)  | 353          | 328           |
| Bad and doubtful debts expense   | 23           | -             |
| Equipment repairs and maintenance  | 92           | 119           |
| Other  | 248          | -             |
| <b>Total Other Expenses</b>  | <b>716</b>   | <b>447</b>    |

(a) Includes workers' compensation insurance and other employment on-costs. The on-costs liability associated with the recognition of annual and long service leave liability is included at note 24 '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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## Notes to the financial statements for the year ended 30 June 2010

|   | 2010 \$000    | 2009 \$000    |
|---|---------------|---------------|
| <b>11 USER CHARGES AND FEES</b>                             |               |               |
| User Charges  | 75            | 61            |
| <b>12 COMMONWEALTH GRANTS AND CONTRIBUTIONS</b>             |               |               |
| Bureau of Meteorology                                       | 1,261         | 1,414         |
| Department of Agriculture, Fisheries and Forestry           | -             | 64            |
| Department of the Environment, Water, Heritage & the Arts   | 3,242         | 5,360         |
| National Water Commission                                   | 2,165         | -             |
| <b>Total Commonwealth Grants and Contributions</b>          | <b>6,668</b>  | <b>6,838</b>  |
| <b>13 OTHER REVENUE</b>                                     |               |               |
| Lease of commercial land and buildings                      | 251           | 235           |
| Other grants  | 1,970         | 6,670         |
| Other miscellaneous revenues                                | 594           | 678           |
| Recoups from other private/commercial agencies              | 29            | 224           |
| Recoups from other state government agencies                | -             | 25            |
| State grants  | 7,792         | 7,408         |
| <b>Total Other Revenue</b>                                  | <b>10,636</b> | <b>15,240</b> |
| <b>14 NET GAIN/(LOSS) ON DISPOSAL OF NON-CURRENT ASSETS</b> |               |               |
| <b>Costs of disposal of non-current assets</b>              |               |               |
| Plant and equipment   | 960           | 1,904         |
| Proceeds from disposal of non-current assets                |               |               |
| Plant and equipment   | 74            | -             |
| Net gain/(loss)   | (886)         | (1,904)       |
| See also <b>Note 20</b> 'Property, Plant and Equipment'.    |               |               |



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## Notes to the financial statements for the year ended 30 June 2010

|  | 2010 \$000    | 2009 \$000    |
|--|---------------|---------------|
| <b>15 INCOME FROM STATE GOVERNMENT</b>   |               |               |
| <b>Appropriation Received During the Year:</b>   |               |               |
| Service appropriation (a)  | 75,213        | 85,958        |
| <b>Initial Recognition of Assets not Previously Recognised</b>   |               |               |
| Infrastructure assets (b)  | 70            | 24            |
| <b>The following assets were transferred from Water Corporation during the financial year (c )</b>   |               |               |
| - 11 Land Reserves   | 532           | -             |
| <b>Resources Received Free of Charge (d)</b>   |               |               |
| Determined on the basis of estimates provided by agencies:   | 1,150         | 895           |
| <b>Royalties for Regions Fund: (e)</b>   |               |               |
| - Regional infrastructure and headworks account  | 285           | -             |
| <b>Total Revenues from Government</b>  | <b>77,250</b> | <b>86,877</b> |
| <p>(a) Service appropriations are accrual amounts reflecting the full cost of services delivered. The appropriation revenue comprises a cash component and a receivable (asset). The receivable (holding account) comprises the depreciation expense for the year and any agreed increase in leave liability during the year</p> <p>(b) Infrastructure assets not previously recognised in prior year financial statements and which the Department had control of during the reporting period were taken up as revenue in 2009-2010 and 2008-2009.</p> <p>(c) Discretionary transfers of assets between State Government agencies are reported as assets assumed/(transferred) under Income from State Government. The transfer of assets from Water Corporation was done on a discretionary basis and recognised as revenue.</p> <p>(d) Where assets or services have been received free of charge or for nominal cost, the Department recognises revenues equivalent to the fair value of the assets and/or the fair value of those services that can be reliably determined and which would have been purchased if not donated, and those fair values shall be recognised as assets or expenses, as applicable. The exception occurs where the contribution of assets or services are in the nature of contributions by owners, in which case the Department makes the adjustment direct to equity)</p> <p>(e) This is a sub-fund within the over-arching 'Royalties for Regions fund'. The recurrent funds are committed to projects and programs in WA regional areas.</p> |               |               |
| <b>16 RESTRICTED CASH AND CASH EQUIVALENTS</b>   |               |               |
| <b>Current</b>   |               |               |
| Developer bonds (a)  | 107           | 74            |
| Net proceeds from the sale of freehold land (b)  | 63            | -             |
| Royalties for regions fund (c)   | 275           | -             |
|  | 445           | 74            |
| <b>Non-current</b>   |               |               |
| Accrued salaries suspense account (d)  | 785           | 543           |
| <p>(a) The cash held in this account is to be used in repaying bond monies</p> <p>(b) Net proceeds from the sale of freehold land is to be paid into the consolidated account</p> <p>(c) These unspent funds are committed to projects and programs in Western Australia regional areas</p> <p>(d) Amount held in the suspense account is only to be used for the purpose of meeting the 27th pay in a financial year that occurs every 11 years</p>   |               |               |

## Notes to the financial statements for the year ended 30 June 2010

|   | 2010 \$000    | 2009 \$000    |
|---|---------------|---------------|
| <b>17 RECEIVABLES</b>   |               |               |
| Current receivables   | 3,300         | 5,695         |
| Allowance for impairment of receivables   | (44)          | (25)          |
| GST receivable  | 969           | 408           |
| <b>Total Current Receivables</b>  | <b>4,225</b>  | <b>6,078</b>  |
| <b>Reconciliation of changes in the allowance for impairment of receivables:</b>  |               |               |
| Balance at start of year  | 25            | 34            |
| Doubtful debts expense recognised in the comprehensive income statement   | 44            | 25            |
| Amounts written off during the year   | (5)           | (10)          |
| Amounts recovered during the year   | (20)          | (24)          |
| Balance at end of period  | 44            | 25            |
| The Department does not hold any collateral as security or other credit enhancements relating to receivables.   |               |               |
| <b>18 AMOUNTS RECEIVABLE FOR SERVICES</b>   |               |               |
| Current   | 2,385         | 6,365         |
| Non-current   | 10,938        | 6,966         |
| <b>Total Amounts Receivable for Services</b>  | <b>13,323</b> | <b>13,331</b> |
| Represents the non-cash component of service appropriations (see <b>Note 2(m)</b> 'Amounts receivable for services (Holding Account)'). It is restricted in that it can only be used for asset replacement or payment of leave liability.   |               |               |
| <b>19 OTHER ASSETS</b>  |               |               |
| Current   |               |               |
| Prepayments   | 1,386         | 831           |
| <b>Total Current</b>  | <b>1,386</b>  | <b>831</b>    |
| <b>20 NON CURRENT ASSETS CLASSIFIED AS HELD FOR SALE</b>  |               |               |
| Land at fair value (a)  | 4,416         | -             |
| <b>21 NON CURRENT ASSETS CLASSIFIED AS HELD FOR DISTRIBUTION TO OWNERS</b>  |               |               |
| Land at fair value (b)  | 1,070         | -             |
|   | 1,070         | -             |
| (a) During the year, the Minister agreed to the sale of a series of land parcels owned by the Department, but are no longer required. It is anticipated that these parcels of land will be sold in the 2011 financial year  |               |               |
| (b) The department has identified surplus Crown Land (reserves) that it no longer requires. The department is in the process of negotiating a transfer of these land parcels to the Department of Regional Development and Lands in 2010-11. As the department does not have the power to sell Crown Land, the land is classified as held for distribution to owners. |               |               |

## Notes to the financial statements for the year ended 30 June 2010

|           |  | 2010 \$000     | 2009 \$000     |
|-----------|--|----------------|----------------|
| <b>22</b> | <b>PROPERTY, PLANT AND EQUIPMENT</b>       |                |                |
|           | Freehold land at fair value (a)            | 151,314        | 151,576        |
|           |  | 151,314        | 151,576        |
|           | Works of art                               | 10             | -              |
|           |  | 10             | -              |
|           | Buildings at fair value (a)                | 6,354          | 6,896          |
|           | Accumulated depreciation                   | -              | (165)          |
|           |  | 6,354          | 6,731          |
|           | Infrastructure at cost                     | 117            | 117            |
|           | Accumulated depreciation                   | -              | (17)           |
|           |  | 117            | 100            |
|           | Computing equipment at cost                | 1,816          | 1,662          |
|           | Accumulated depreciation                   | (1,145)        | (781)          |
|           |  | 671            | 881            |
|           | Furniture and fittings at cost             | 53             | 36             |
|           | Accumulated depreciation                   | (14)           | (7)            |
|           |  | 39             | 29             |
|           | Measurement sites at fair value/cost       | 121,599        | 123,257        |
|           | Accumulated depreciation                   | (76,173)       | (73,845)       |
|           |  | 45,426         | 49,412         |
|           | Plant and equipment at cost                | 6,275          | 5,929          |
|           | Accumulated depreciation                   | (1,852)        | (727)          |
|           |  | 4,423          | 5,202          |
|           | Leasehold improvements at cost             | 708            | 573            |
|           | Accumulated depreciation                   | (80)           | (40)           |
|           |  | 628            | 533            |
|           | Capital works in progress at cost          | 6,900          | 1,194          |
|           |  | 6,900          | 1,194          |
|           | <b>Total Property, Plant and Equipment</b> | <b>215,882</b> | <b>215,658</b> |

(a) Freehold land and buildings were revalued as at 1 July 2009 by Landgate. The valuations were performed during the year ended 30 June 2010 and recognised at 30 June 2010

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## Notes to the financial statements for the year ended 30 June 2010

### Reconciliations

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

| 2010  | Capital works in progress \$ | Furniture and fittings \$ | Computer equipment \$ | Plant and equipment \$ | Buildings \$ | Leasehold improvements \$ | Measurement sites \$ | Infrastructure \$ | Works of Art \$ | Freehold land \$ | Total \$       |
|---|------------------------------|---------------------------|-----------------------|------------------------|--------------|---------------------------|----------------------|-------------------|-----------------|------------------|----------------|
| <b>Carrying amount at start of year</b>       | <b>1,194</b>                 | <b>29</b>                 | <b>881</b>            | <b>5,202</b>           | <b>6,731</b> | <b>533</b>                | <b>49,412</b>        | <b>100</b>        | <b>-</b>        | <b>151,576</b>   | <b>215,658</b> |
| Additions                                     | 5,706                        | 22                        | 343                   | 403                    | 149          | 135                       | 994                  | -                 | 5               | 3,031            | 10,788         |
| Disposals                                     | -                            | -                         | -                     | (47)                   | -            | -                         | (831)                | -                 | -               | (80)             | (959)          |
| Reclassification                              | -                            | (5)                       | (72)                  | -                      | -            | -                         | -                    | -                 | 5               | -                | (72)           |
| Transfers in/(out)                            | -                            | -                         | -                     | -                      | -            | -                         | -                    | -                 | -               | -                | -              |
| Classified as held for sale                   | -                            | -                         | -                     | -                      | -            | -                         | -                    | -                 | -               | (4,416)          | (4,416)        |
| Classified as held for distribution to owners | -                            | -                         | -                     | -                      | -            | -                         | -                    | -                 | -               | (1,070)          | (1,070)        |
| Revaluation increments/(decrements)           | -                            | -                         | -                     | -                      | 88           | -                         | (458)                | 22                | -               | 2,273            | 1,925          |
| Depreciation                                  | -                            | (7)                       | (480)                 | (1,135)                | (614)        | (40)                      | (3,691)              | (5)               | -               | -                | (5,972)        |
| <b>Carrying amount at end of year</b>         | <b>6,900</b>                 | <b>39</b>                 | <b>671</b>            | <b>4,423</b>           | <b>6,354</b> | <b>628</b>                | <b>45,426</b>        | <b>117</b>        | <b>10</b>       | <b>151,314</b>   | <b>215,882</b> |
| 2009  | Capital works in progress \$ | Furniture and fittings \$ | Computer equipment \$ | Plant and equipment \$ | Buildings \$ | Leasehold improvements \$ | Measurement sites \$ | Infrastructure \$ | Works of Art \$ | Freehold land \$ | Total \$       |
| <b>Carrying amount at start of year</b>       | <b>3,047</b>                 | <b>23</b>                 | <b>708</b>            | <b>2,841</b>           | <b>6,232</b> | <b>476</b>                | <b>46,658</b>        | <b>105</b>        | <b>-</b>        | <b>140,868</b>   | <b>200,958</b> |
| Additions                                     | 598                          | 8                         | 496                   | 3,002                  | 122          | 73                        | 2,723                | -                 | -               | 2,688            | 9,710          |
| Disposals                                     | (883)                        | -                         | -                     | (50)                   | -            | -                         | (1,854)              | -                 | -               | -                | (2,787)        |
| Reclassification                              | -                            | -                         | -                     | -                      | -            | -                         | -                    | -                 | -               | -                | -              |
| Transfers in/(out)                            | (1,568)                      | -                         | (4)                   | -                      | -            | -                         | 1,568                | -                 | -               | -                | (4)            |
| Revaluation increments/(decrements)           | -                            | -                         | -                     | -                      | 1,031        | -                         | 1,704                | -                 | -               | 8,020            | 10,755         |
| Depreciation                                  | -                            | (2)                       | (319)                 | (591)                  | (654)        | (16)                      | (1,387)              | (5)               | -               | -                | (2,974)        |
| <b>Carrying amount at end of year</b>         | <b>1,194</b>                 | <b>29</b>                 | <b>881</b>            | <b>5,202</b>           | <b>6,731</b> | <b>533</b>                | <b>49,412</b>        | <b>100</b>        | <b>-</b>        | <b>151,576</b>   | <b>215,658</b> |

## Notes to the financial statements for the year ended 30 June 2010

|           |  | 2010 \$000 | 2009 \$000 |
|-----------|--|------------|------------|
| <b>23</b> | <b>INTANGIBLE ASSETS</b>   |            |            |
|           | Computer software  |            |            |
|           | At cost  | 446        | 237        |
|           | Accumulated amortisation   | (296)      | (37)       |
|           | Accumulated impairment losses  | -          | -          |
|           |  | 150        | 200        |
|           | Software licences  |            |            |
|           | At cost  | 213        | 213        |
|           | Accumulated amortisation   | (80)       | (8)        |
|           | Accumulated impairment losses  | -          | -          |
|           |  | 133        | 205        |
|           | <b>Total Intangible Assets</b>   | <b>283</b> | <b>405</b> |
|           | <b>Reconciliations</b>   |            |            |
|           | Computer software  |            |            |
|           | Carrying amount at start of year   | 200        | -          |
|           | Additions  | 39         | 234        |
|           | Transfers in/(out)   | 71         | -          |
|           | Amortisation expense   | (160)      | (34)       |
|           | Carrying amount at end of year   | 150        | 200        |
|           | Software licences  |            |            |
|           | Carrying amount at start of year   | 205        | -          |
|           | Additions  | -          | 210        |
|           | Amortisation expense   | (72)       | (5)        |
|           | Carrying amount at end of year   | 133        | 205        |
| <b>24</b> | <b>IMPAIRMENT OF ASSETS</b>  |            |            |
|           | There were no indications of impairment of property, plant and equipment as at 30 June 2010.   |            |            |
|           | The Department held no goodwill or intangible assets with an indefinite useful life during the reporting period and at reporting date there were no intangible assets not yet available for use. |            |            |
|           | All surplus assets at 30 June 2010 have either been classified as assets held for sale or written off.   |            |            |

## Notes to the financial statements for the year ended 30 June 2010

|    |   | 2010 \$000    | 2009 \$000    |
|----|---|---------------|---------------|
| 25 | <b>PAYABLES</b>   |               |               |
|    | Current   |               |               |
|    | Trade payables  | 4,094         | 70            |
|    | Accrued expense   | 1,021         | 536           |
|    | Accrued salaries  | 667           | 572           |
|    | Accrued fringe benefits tax   | 53            | 53            |
|    | <b>Total Current Payables</b>   | <b>5,835</b>  | <b>1,231</b>  |
| 26 | <b>PROVISIONS</b>   |               |               |
|    | Current   |               |               |
|    | Annual leave (a)  | 5,655         | 4,779         |
|    | Long service leave (b)  | 5,247         | 5,322         |
|    | <b>Total Current Provisions</b>   | <b>10,902</b> | <b>10,101</b> |
|    | <b>Non-current</b>  |               |               |
|    | <b>Employee benefits provision</b>  |               |               |
|    | Long service leave (b)  | 4,517         | 4,125         |
|    | <b>Total Non-Current Provisions</b>   | <b>4,517</b>  | <b>4,125</b>  |
|    | (a) Annual leave liabilities have been classified as current as there is no unconditional right to defer settlement for at least 12 months after reporting date. Assessments indicate that actual settlements will occur as follows:          |               |               |
|    | Within 12 months of balance date  | 4,807         | 4,062         |
|    | More than 12 months of balance date   | 848           | 717           |
|    |   | 5,655         | 4,779         |
|    | (b) Long service leave liabilities have been classified as current where there is no unconditional right to defer settlement for at least 12 months after reporting date. Assessments indicate that actual settlements will occur as follows: |               |               |
|    | Within 12 months of balance date  | 5,247         | 5,322         |
|    | More than 12 months of balance date   | 4,517         | 4,125         |
|    |   | 9,764         | 9,447         |

## Notes to the financial statements for the year ended 30 June 2010

|           |   | 2010 \$000     | 2009 \$000     |
|-----------|---|----------------|----------------|
| <b>27</b> | <b>OTHER LIABILITIES</b>  |                |                |
|           | <b>Current</b>  |                |                |
|           | Revenue received in advance   | 283            | 50             |
|           | Stale cheque holding account  | 50             | 6              |
|           | <b>Total Current Other Liabilities</b>  | <b>333</b>     | <b>56</b>      |
|           | <b>Non-current</b>  |                |                |
|           | Developer bonds   | 107            | 74             |
|           | <b>Total Non-Current Other Liabilities</b>  | <b>107</b>     | <b>74</b>      |
| <b>28</b> | <b>EQUITY</b>   |                |                |
|           | Equity represents the residual interest in the net assets of the Department. The Government holds the equity interest in the Department on behalf of the community. The asset revaluation reserve represents that portion of equity resulting from the revaluation of non-current assets. |                |                |
|           | <b>Contributed Equity</b>   |                |                |
|           | Balance at start of reporting period  | 228,048        | 224,038        |
|           | <b>Contributions by Owners</b>  |                |                |
|           | Capital contribution  | 3,585          | 4,010          |
|           | <b>Total Contributions by Owners</b>  | <b>3,585</b>   | <b>4,010</b>   |
|           | <b>Balance at end of reporting period</b>   | <b>231,633</b> | <b>228,048</b> |
|           | <b>Reserves</b>   |                |                |
|           | <b>Asset revaluation reserve:</b>   |                |                |
|           | Balance at start of reporting period  | 11,606         | 852            |
|           | Net revaluation increments/(decrements):  |                |                |
|           | Land  | 2,273          | 8,020          |
|           | Buildings   | 110            | 1,030          |
|           | Measurement sites   | (458)          | 1,704          |
|           | Balance at end of reporting period  | 13,531         | 11,606         |
|           | <b>Accumulated deficit</b>  |                |                |
|           | Balance at start of reporting period  | (9,971)        | (11,013)       |
|           | Result for the period surplus/(deficit)   | (6,199)        | 1,042          |
|           | Balance at end of reporting period  | (16,170)       | (9,971)        |
|           | <b>Total Equity</b>   | <b>228,994</b> | <b>229,683</b> |

## Notes to the financial statements for the year ended 30 June 2010

|   | 2010 \$000      | 2009 \$000      |
|---|-----------------|-----------------|
| <b>29 NOTES TO THE STATEMENT OF CASH FLOWS</b>  |                 |                 |
| <b>Reconciliation of cash</b>   |                 |                 |
| Cash at the end of the financial year as shown in the Cash Flow Statement is reconciled to the related items in the Balance Sheet as follows:   |                 |                 |
| Cash and cash equivalents   | 8,873           | 8,350           |
| Restricted cash and cash equivalents (refer to note 16 'Restricted cash and cash equivalents')  | 1,230           | 617             |
|   | 10,103          | 8,967           |
| <b>Reconciliation of net cost of services to net cash flows provided by operating activities</b>  |                 |                 |
| Net cost of services  | (83,449)        | (85,835)        |
| Non-cash items:   |                 |                 |
| Depreciation expense  | 6,205           | 3,013           |
| Net loss on disposal of non-current assets  | 886             | 1,904           |
| Resources received free of charge   | 1,150           | 895             |
| (Increase)/decrease in assets:  |                 |                 |
| Current receivables   | 2,414           | (2,572)         |
| Other current assets  | (555)           | (198)           |
| Other non current assets  | 76              | 883             |
| Increase/(decrease) in liabilities:   |                 |                 |
| Current payables  | 4,511           | (1,791)         |
| Current provisions  | 801             | 2,148           |
| Other current liabilities   | 277             | (726)           |
| Non-current provisions  | 392             | 894             |
| Other non-current liabilities   | -               | -               |
| Net GST receipts/(payments)   | (733)           | (320)           |
| Change in GST in (receivables)/payables   | 172             | 163             |
| <b>Net cash used in operating activities</b>  | <b>(67,853)</b> | <b>(81,542)</b> |
| <b>Non-cash financing and investing activities</b>  |                 |                 |
| During the financial year, land assets transferred from Water Corporation at fair value are not reflected in the Cash Flow Statement as they were recognised as revenue. At the reporting date, the Department had fully drawn on all financing facilities, details of which are disclosed in the financial statements. |                 |                 |



## Notes to the financial statements for the year ended 30 June 2010

|           |   | 2010 \$000 | 2009 \$000 |
|-----------|---|------------|------------|
| <b>30</b> | <b>RESOURCES PROVIDED FREE OF CHARGE</b>  |            |            |
|           | During the period resources were provided to other agencies free of charge for functions outside the normal operations of the Department. |            |            |
|           | Swan River Trust  | 2          | 2          |
|           | Department of Agriculture and Food  | 2          | 1          |
|           | Department of Environment and Conservation  | 3          | 5          |
|           | Department of Planning and Infrastructure   | 1          | 3          |
|           | Department of Premier and Cabinet   | 179        | -          |
|           | Other agencies  | 7          | -          |
|           | Total resources provided free of charge   | 194        | 11         |

## Notes to the financial statements for the year ended 30 June 2010

|           |   | 2010 \$000    | 2009 \$000 |
|-----------|---|---------------|------------|
| <b>31</b> | <b>COMMITMENTS</b>  |               |            |
|           | <b>Lease commitments</b>  |               |            |
|           | Commitments in relation to leases contracted for at the balance sheet date but not recognised as liabilities, are payable as follows:                         |               |            |
|           | Within 1 year   | 4,411         | 4,168      |
|           | Later than 1 year and not later than 5 years  | 10,554        | 9,402      |
|           | Later than 5 years  | 9,574         | 10,521     |
|           |   | 24,539        | 24,091     |
|           | Representing:   |               |            |
|           | Cancellable operating leases  | -             | -          |
|           | Non-cancellable operating leases  | 24,539        | 24,091     |
|           |   | 24,539        | 24,091     |
|           | These commitments are all inclusive of GST.   |               |            |
|           | <b>Capital commitments</b>  |               |            |
|           | Capital expenditure commitments, being contracted capital expenditure additional to the amounts reported in the financial statements, are payable as follows: |               |            |
|           | Within 1 year   | 25,556        | -          |
|           | Later than 1 year and not later than 5 years  | -             | -          |
|           | Later than 5 years  | -             | -          |
|           |   | 25,556        | -          |
|           | The capital commitments include amounts for:  |               |            |
|           | Collie-Wellington Salinity Diversion  | 19,928        | -          |
|           | Groundwater Bores   | 4,156         | -          |
|           | Surface Water Infrastructure  | 1,040         | -          |
|           | Information Technology Infrastructure   | 432           | -          |
|           | <b>Total</b>  | <b>25,556</b> | <b>-</b>   |

|           |   |  |  |
|-----------|---|--|--|
| <b>32</b> | <p><b>CONTINGENT LIABILITIES AND CONTINGENT ASSETS</b></p> <p><b>Contingent liabilities</b></p> <p>In addition to the liabilities incorporated in the financial statements, the Department has the following contingent liability:</p> <p>Litigation in progress</p> <p>Claim for compensation in relation to taking by consent of portion of Lot 187 and 188 Yunderup for purpose of public recreation and drainage - Section 248 Land Administration Act.</p> <p>The financial effect of this claim is estimated to be \$703,100 plus associated interest.</p> <p><b>Contaminated sites</b></p> <p>Under the Contaminated Sites Act 2003, the Department is required to report known and suspected contaminated sites to the Department of Environment and Conservation (DEC). In accordance with the Act, DEC 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.</p> <p>The Department has reported one suspected contaminated site to DEC. It is yet to be classified. To date there has been no evidence of contamination found, however scientific investigation is required before concluding whether or not a level of contamination exists. The Department is unable to access the likely outcome of the classification process, and accordingly, it is not practicable to estimate the financial effect or to identify the uncertainties relating to the amount or timing of any of the outflows. Whilst there is no possibility of reimbursement of any future expenses that may be incurred in the remediation of these sites, the Department may apply for funding from the Contaminated Sites Management Account to undertake further investigative work or to meet remediation costs that may be required.</p> <p><b>Contingent assets</b></p> <p>The Department has no contingent assets at 30 June 2010.</p> |  |  |
|-----------|---|--|--|

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|  |                               |                            |                          |                        |
|--|-------------------------------|----------------------------|--------------------------|------------------------|
| <b>33</b>  | <b>EXPLANATORY STATEMENTS</b> |                            |                          |                        |
| Significant variations between estimates and actual results for income and expense as presented in the financial statement titled 'Summary of Consolidated Appropriations and Income Estimates' are shown below. Significant variations are considered to be those greater than 10% or \$5 million.                        |                               |                            |                          |                        |
| <b>Total appropriations provided to deliver services Significant variations between estimates and actual results for 2010</b>  |                               | <b>2010 Estimate \$000</b> | <b>2010 Actual \$000</b> | <b>Variance \$000</b>  |
| Catchment and Waterways Health   |                               | 11,117                     | 13,706                   | (2,589)                |
| <b>Externally provided funds of \$6.388 million provided for State Natural Resource Management programs as part of the Waterways Program. Significant variations between actual results for 2009 and 2010</b>  |                               | <b>2010 \$000</b>          | <b>2009 \$000</b>        | <b>Variance \$000</b>  |
| Total appropriation provided to deliver services for the year  |                               | 75,213                     | 85,958                   | (10,745)               |
| Total income   |                               | 17,379                     | 15,240                   | 2,139                  |
| (a) The variance is largely due to the ceasing of fixed term funding associated with the Ngarara Sustainability Strategy and State Water Recycling Strategy projects and some water reform programs. Also contributing to the variance is the Department's contribution to the Government's efficiency savings initiative. |                               |                            |                          |                        |
| (b) The variance is largely due to the ceasing of several spending agreements in the Industry group.   |                               |                            |                          |                        |
| <b>Service expenditure Significant variances between actual results for 2009 and 2010</b>  |                               | <b>2010 Actual \$000</b>   | <b>2009 Actual \$000</b> | <b>Variation \$000</b> |
| Urban Water Management and Industry Services   |                               | 36,878                     | 42,744                   | (5,866)                |
| Small reduction in appropriation for 2010 and a re-alignment of corporate overheads to other services.   |                               |                            |                          |                        |
| <b>Capital contribution Significant variations between estimates and actual results for 2010</b>   |                               | <b>2010 Estimate \$000</b> | <b>2010 Actual \$000</b> | <b>Variance \$000</b>  |
| Item 169 Capital contribution  |                               | 4,385                      | 3,585                    | (800)                  |
| \$800,000 in funding for the State Groundwater Investigation Program to be paid in 2009/10 was deferred to 2010/11.  |                               |                            |                          |                        |

**34 FINANCIAL INSTRUMENTS****(a) Financial Risk Management Objectives and Policies**

Financial instruments held by the Department are cash and cash equivalents, loans and receivables and payables. All of the Department's cash is held in the public bank account (non-interest bearing) apart from restricted cash held in a special purpose account. The Department has limited exposure to financial risks. The Department's overall risk management program focuses on managing the risks identified below.

**Credit risk**

Credit risk arises when there is the possibility of the Department's receivables defaulting on their contractual obligations resulting in financial loss to the Department. The Department measures credit risk on a fair value basis and monitors risk on a regular basis.

The maximum exposure to credit risk at balance sheet date in relation to each class of recognised financial assets is the gross carrying amount of those assets inclusive of any provisions for impairment, as shown in the table at note 34 'Financial Instruments Disclosures' and note 17 'Receivables'.

Credit risk associated with the Department's financial assets is minimal because the main receivable is the amounts receivable for services (holding account). For receivables other than government, the Department trades only with recognised, creditworthy third parties. The Department has policies in place to ensure that sales of products and services are made to customers with an appropriate credit history. In addition, receivable balances are monitored on an ongoing basis resulting in the Department's minimal exposure to bad debts. There are no significant concentrations of credit risk.

**Liquidity risk**

Liquidity risk arises when the Department is unable to meet its financial obligations as they fall due. The Department is exposed to liquidity risk through its trading in the normal course of business.

The Department has appropriate procedures to manage cash flows including draw downs of appropriations by monitoring forecast cash flows to ensure that sufficient funds are available to meet its commitments.

**Market risk**

Market risk is the risk that changes in market prices such as foreign exchange rates and interest rates will affect the Department's income or the value of its holdings of financial instruments. The Department does not trade in foreign currency and is not exposed to other price risks. The Department is not exposed to interest rate risk because apart from minor amounts of restricted cash, all other cash and cash equivalents and restricted cash are non-interest bearing and have no borrowings.

**(b) Categories of Financial Instruments**

In addition to cash and bank overdraft, the carrying amounts of each of the following categories of financial assets and financial liabilities at the reporting date are as follows:

| <b>Financial Assets</b>  | <b>2010 Jun \$'000</b> | <b>2009 Jun \$'000</b> |
|--|------------------------|------------------------|
| Cash and cash equivalents  | 8,873                  | 8,350                  |
| Restricted cash and cash equivalents   | 1,230                  | 617                    |
| Loans and receivables (a)  | 17,548                 | 19,409                 |
|  | 27,651                 | 28,376                 |
| <b>Financial Liabilities</b>   | <b>2010 Jun \$'000</b> | <b>2009 Jun \$'000</b> |
| Financial liabilities measured at amortised cost   | 5,835                  | 1,231                  |
| Developer bonds held in trust  | 107                    | 74                     |
|  | 5,942                  | 1,305                  |
| (a) The amount of loans and receivables excludes GST recoverable from the ATO (statutory receivable) |                        |                        |
|  |                        |                        |

**(c) Financial Instrument disclosures****Credit risk and interest rate exposures**

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

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

The Department does not hold any financial assets that had to have their terms renegotiated that would have otherwise resulted in them being past due or impaired.

|                                 | Weighted Average Effective Interest Rate % | Carrying Amount \$'000 | Interest rate exposure     |                               |                             | Past due but not impaired |                      |                    |                    |                          | Impaired Financial Assets \$'000 |
|---------------------------------|--|------------------------|----------------------------|-------------------------------|-----------------------------|---------------------------|----------------------|--------------------|--------------------|--------------------------|----------------------------------|
|                                 |  |                        | Fixed Interest Rate \$'000 | Variable Interest Rate \$'000 | Non-Interest Bearing \$'000 | Up to 3 Months \$'000     | 3 - 12 Months \$'000 | 1 - 2 Years \$'000 | 2 - 5 Years \$'000 | More than 5 Years \$'000 |                                  |
| <b>Financial Assets</b>         |  |                        |                            |                               |                             |                           |                      |                    |                    |                          |                                  |
| <b>2010</b>                     |  |                        |                            |                               |                             |                           |                      |                    |                    |                          |                                  |
| Cash assets                     |  | 8,873                  | -                          | -                             | 8,873                       | -                         | -                    | -                  | -                  | -                        | -                                |
| Restricted cash assets          |  | 1,230                  | -                          | -                             | 1,230                       | -                         | -                    | -                  | -                  | -                        | -                                |
| Receivables (a)                 |  | 4,225                  | -                          | -                             | 4,225                       | 3,987                     | 183                  | 55                 | -                  | -                        | -                                |
| Amounts receivable for services |  | 13,323                 | -                          | -                             | 13,323                      | -                         | -                    | -                  | -                  | -                        | -                                |
|                                 |  | 27,651                 | -                          | -                             | 27,651                      | 3,987                     | 183                  | 55                 | -                  | -                        | -                                |
| <b>2009</b>                     |  |                        |                            |                               |                             |                           |                      |                    |                    |                          |                                  |
| Cash assets                     |  | 8,350                  | -                          | -                             | 8,350                       | -                         | -                    | -                  | -                  | -                        | -                                |
| Restricted cash assets          |  | 617                    | -                          | -                             | 617                         | -                         | -                    | -                  | -                  | -                        | -                                |
| Receivables (a)                 |  | 6,078                  | -                          | -                             | 6,078                       | 6,057                     | 6                    | 15                 | -                  | -                        | -                                |
| Amounts receivable for services |  | 13,331                 | -                          | -                             | 13,331                      | -                         | -                    | -                  | -                  | -                        | -                                |
|                                 |  | 28,376                 | -                          | -                             | 28,376                      | 6,057                     | 6                    | 15                 | -                  | -                        | -                                |

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

Contents | From the DG | Operational structure | Performance management | Agency performance | Summary of KPIs | Significant issues | Independent audit opinion

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## Liquidity risk

The following table details the contractual maturity analysis for financial liabilities. The contractual maturity amounts are representative of the undiscounted amounts at the end of the reporting period. The table includes interest and principal cash flows. An adjustment has been made when material.

|                              | Weighted Average Effective Interest Rate | Carrying Amount | Interest rate exposure |                        |                      | Past due but not impaired |               |             |             |                   |  |
|------------------------------|--|-----------------|------------------------|------------------------|----------------------|---------------------------|---------------|-------------|-------------|-------------------|--|
|                              |  |                 | Fixed Interest Rate    | Variable Interest Rate | Non-Interest Bearing | Up to 3 Months            | 3 - 12 Months | 1 - 2 Years | 2 - 5 Years | More than 5 Years |  |
|                              | %  | \$'000          | \$'000                 | \$'000                 | \$'000               | \$'000                    | \$'000        | \$'000      | \$'000      | \$'000            |  |
| <b>Financial Liabilities</b> |  |                 |                        |                        |                      |                           |               |             |             |                   |  |
| <b>2010</b>                  |  |                 |                        |                        |                      |                           |               |             |             |                   |  |
| Payables                     |  | 5,835           | -                      | -                      | 5,835                | 5,547                     | -             | -           | -           | -                 |  |
| Developer bonds              |  | 107             | -                      | -                      | 107                  | -                         | -             | -           | -           | -                 |  |
|                              |  | 5,942           | -                      | -                      | 5,942                | 5,547                     | -             | -           | -           | -                 |  |
| <b>2009</b>                  |  |                 |                        |                        |                      |                           |               |             |             |                   |  |
| Payables                     |  | 1,231           | -                      | -                      | 1,231                | 1,231                     | -             | -           | -           | -                 |  |
| Developer bonds              |  | 74              | -                      | -                      | 74                   | -                         | -             | -           | -           | -                 |  |
|                              |  | 1,305           | -                      | -                      | 1,305                | 1,231                     | -             | -           | -           | -                 |  |

The amounts disclosed are the contractual undiscounted cash flows of each class of financial liabilities.

## Interest rate sensitivity analysis

|                         | Carrying Amount | - 100 basis points |        | + 100 basis points |        |  |  |  |  |
|-------------------------|-----------------|--------------------|--------|--------------------|--------|--|--|--|--|
|                         |                 | Surplus            | Equity | Surplus            | Equity |  |  |  |  |
|                         | \$'000          | \$'000             | \$'000 | \$'000             | \$'000 |  |  |  |  |
| <b>Financial Assets</b> |                 |                    |        |                    |        |  |  |  |  |
| <b>2010</b>             |                 |                    |        |                    |        |  |  |  |  |
| Restricted cash assets  | 107             | (1)                | (1)    | 1                  | 1      |  |  |  |  |
|                         | 107             | (1)                | (1)    | 1                  | 1      |  |  |  |  |
| <b>2009</b>             |                 |                    |        |                    |        |  |  |  |  |
| Restricted cash assets  | 74              | (1)                | (1)    | 1                  | 1      |  |  |  |  |
|                         | 74              | (1)                | (1)    | 1                  | 1      |  |  |  |  |

The following table represents a summary of the interest rate sensitivity of the Department's financial assets and liabilities at the end of the reporting period on the surplus for the period and equity for a 1% change in interest rates. It is assumed that the change in interest rates is held constant throughout the reporting period.

## Fair Values

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



|           |   |  |  |  |  |  |              |              |
|-----------|---|--|--|--|--|--|--------------|--------------|
| <b>35</b> | <b>REMUNERATION OF MEMBERS OF SENIOR OFFICERS</b>   |  |  |  |  |  |              |              |
|           | The number of senior officers, other than senior officers reported as members of the Department, whose total of fees, salaries, superannuation, non-monetary benefits and other benefits for the financial year, fall within the following bands are: |  |  |  |  |  |              |              |
|           |   |  |  |  |  | \$   | 2010         | 2009         |
|           |   |  |  |  |  |  | 1            | -            |
|           |   |  |  |  |  |  | -            | 1            |
|           |   |  |  |  |  |  | 1            | -            |
|           |   |  |  |  |  |  | -            | 1            |
|           |   |  |  |  |  |  | 1            | 1            |
|           |   |  |  |  |  |  | 2            | 1            |
|           |   |  |  |  |  |  | -            | 3            |
|           |   |  |  |  |  |  | 2            | -            |
|           |   |  |  |  |  |  | 1            | 1            |
|           |   |  |  |  |  | <b>The total remuneration of senior officers is:</b> | <b>1,065</b> | <b>1,122</b> |
|           | The total remuneration includes the superannuation expense incurred by the Department in respect of senior officers other than senior officers reported as members of the Department.   |  |  |  |  |  |              |              |
| <b>36</b> | <b>REMUNERATION OF AUDITOR</b>  |  |  |  |  |  |              |              |
|           | Remuneration to the Auditor General for the financial year is as follows:   |  |  |  |  |  |              |              |
|           | Auditing the accounts, financial statements and performance indicators  |  |  |  |  |  | 54           | 52           |
| <b>37</b> | <b>RELATED AND AFFILIATED BODIES</b>  |  |  |  |  |  |              |              |
|           | The Department currently does not provide any assistance to other agencies which would deem them to be regarded as related or affiliated bodies under the definitions included in Treasurer's Instruction 951 "Related and Affiliated Bodies".        |  |  |  |  |  |              |              |
| <b>38</b> | <b>SUPPLEMENTARY FINANCIAL INFORMATION</b>  |  |  |  |  |  |              |              |
|           | <b>Write Offs</b>   |  |  |  |  |  |              |              |
|           | Public property written-off by the Minister during the financial year   |  |  |  |  |  | -            | -            |
|           | <b>Losses through theft, defaults and other causes</b>  |  |  |  |  |  |              |              |
|           | The Department had no losses through theft, defaults and other causes during the financial year.  |  |  |  |  |  |              |              |
|           | <b>Gifts of Public Property</b>   |  |  |  |  |  |              |              |
|           | The Department had no gifts of public property during the financial year.   |  |  |  |  |  |              |              |

## Notes to the financial statements for the year ended 30 June 2010

### 39 DISCLOSURE OF ADMINISTERED INCOME AND EXPENSES BY SERVICE

|                                      | Urban Water Management and Industry Services |             | Water Use Allocation and Optimisation |          | Catchment and Waterways Health |          | General - Not Attributed |              | Total        |              |
|--------------------------------------|--|-------------|---------------------------------------|----------|--------------------------------|----------|--------------------------|--------------|--------------|--------------|
|                                      | 2010 \$'000                                  | 2009 \$'000 | 2010                                  | 2009     | 2010                           | 2009     | 2010                     | 2009         | 2010         | 2009         |
| <b>COST OF SERVICES</b>              |  |             |                                       |          |                                |          |                          |              |              |              |
| <b>Expenses</b>                      |  |             |                                       |          |                                |          |                          |              |              |              |
| Grants and subsidies                 | -  | -           | -                                     | -        | -                              | -        | 1,849                    | 2,239        | 1,849        | 2,239        |
| <b>Total administered expenses</b>   | <b>-</b>                                     | <b>-</b>    | <b>-</b>                              | <b>-</b> | <b>-</b>                       | <b>-</b> | <b>1,849</b>             | <b>2,239</b> | <b>1,849</b> | <b>2,239</b> |
| <b>INCOME FROM STATE GOVERNEMENT</b> |  |             |                                       |          |                                |          |                          |              |              |              |
| <b>Income</b>                        |  |             |                                       |          |                                |          |                          |              |              |              |
| Service appropriation                | -  | -           | -                                     | -        | -                              | -        | 1,878                    | 2,151        | 1,878        | 2,151        |
| <b>Total administered income</b>     | <b>-</b>                                     | <b>-</b>    | <b>-</b>                              | <b>-</b> | <b>-</b>                       | <b>-</b> | <b>1,878</b>             | <b>2,151</b> | <b>1,878</b> | <b>2,151</b> |

In 2002, the Government of Western Australia (WA Govt) entered into an agreement to provide subsidies to the Ord Irrigation Co-operative and the Gascoyne Water Co-operative.

The agreement specifies that Government pay diminishing instalments adjusted for CPI to the Co-operatives on a yearly basis and for a limited period.

DOW receives administered income (service appropriation) from Government and administers the subsidies on their behalf.

### 40 ADMINISTERED ASSETS AND LIABILITIES

|                                    | 2010 \$'000 | 2009 \$'000 |
|------------------------------------|-------------|-------------|
| <b>LIABILITY</b>                   |             |             |
| <b>Current Liability</b>           |             |             |
| Amounts owing to controlled entity | (4)         | (33)        |
| <b>Total Current Liability</b>     | <b>(4)</b>  | <b>(33)</b> |
| <b>TOTAL Liability</b>             | <b>(4)</b>  | <b>(33)</b> |
| <b>NET ASSETS</b>                  | <b>(4)</b>  | <b>(33)</b> |
| <b>EQUITY</b>                      |             |             |
| Accumulated surplus/(deficit)      | (4)         | (33)        |
| <b>TOTAL EQUITY</b>                | <b>(4)</b>  | <b>(33)</b> |

The \$4k deficit for 2009/2010 represents the amount owing to the DOW controlled bank account for expenditure that exceeded the available administered funds.

## Ministerial directives

There were no ministerial directives in 2009-2010.

## Governance disclosures

### Contracts with senior officers

At the date of reporting, other than normal contracts of employment of service, no senior officers, or firms of which senior officers are members, or entities in which senior officers have substantial interests, had any interests in existing or proposed contracts with the Department of Water and its senior officers.

### Change of Director General

During the reporting year Director General Kim Taylor left the department and under the direction of the Public Sector Commissioner Maree De Lacey was appointed as Acting Director General.

## Other legal requirements

| Advertising                           |   |   |   |
|---------------------------------------|---|---|---|
| Class of expenditure                  | Purpose   | Agency                                  | Total expenditure 2009-2010 (\$)                                |
| Recruitment and tender advertisements | To recruit staff and service providers  | Adcorp Australia Limited                | \$7,190.40  |
|                                       |   | Drake Personnel Ltd                     | \$4,060.00  |
|                                       |   | Email media                             | \$150.00  |
|                                       |   | Paddi Brown & Assoc                     | \$1376.27   |
|                                       |   | Ross Human Direction                    | \$18,223.52   |
|                                       |   | The Futures Group                       | \$3,118.94  |
|                                       |   | <b>Total</b>                            | <b>\$34,119.13</b>  |
|                                       |   | Campaign advertising                    | Corporate promotion of the department's role and core functions |
| Information advertising               | To inform the community and stakeholders of the department's programs, strategies and plans for public interest or action | Adcorp Australia Pty Ltd                | \$23,644.88   |
|                                       |   | Linc Integrated Marketing               | \$10,576.71   |
|                                       |   | Media Decisions WA                      | \$8277.60   |
|                                       |   | South West Print and Publishing Company | \$104.86  |
|                                       |   | West Australian Newspapers Ltd          | \$292.70  |
|                                       |   | Department of Transport                 | \$1844.74   |
|                                       |   | Department of Premier and Cabinet       | \$1374.83   |
|                                       |   | Department of Treasury and Finance      | \$1423.96   |
|                                       |   | Kununurra Visitor centre                | \$545.45  |
|                                       |   | State law Publisher                     | \$292.45  |
|                                       |   | <b>Total</b>                            | <b>\$48,378.18</b>  |

## Disability access and inclusion plan outcomes

The department's *Disability access and inclusion plan* (DAIP) for the period 2009–2013 was registered with the Disability Services Commission (DSC) in July 2009 and published on the department's website the same month.

In implementing the plan, the department made progress against the following outcomes:

### 1 People with disabilities have the same opportunities as other people to access the services of, and any events organised by, a public authority.

The department is committed to ensuring people with disabilities have access to its facilities and premises, as well as to relevant information. Publication policies include requirements for ensuring the needs of people with a disability are addressed in the preparation and distribution of information. Promotional and consultative events are arranged in accordance with policies and checklists which address the needs of people with a disability. Documents are available in other formats on request. All new signage is produced in line with guidelines contained in the department's style manual. All relevant policies are available to staff on the department's intranet.

### 2 People with disabilities have the same opportunities as other people to access the buildings and other facilities of a public authority.

Accessible facilities, including parking bays, ramps and toilets, are provided at the main metropolitan office in the Atrium building. Ongoing audits of all buildings and facilities are conducted to identify access issues. Appropriate resolutions are identified and implemented in line with the DAIP.

### 3 People with disabilities receive information from a public authority in a format that will enable them to access the information as readily as other people are able to access it.

The department's website was redeveloped to comply with the Public Sector Commission's Website Governance Framework and as such assists people with disabilities to access the department's information and services provided online.

Universal design principles for information are incorporated into publication policies. Existing policies are reviewed for accessibility to people with disabilities and requirements incorporated into policies. Policies are promoted to staff at induction and through the department's intranet.

Forms and applications are available electronically and in other formats on request. Advice about the availability of publications in alternative formats is published in documents and on the department's website.

### 4 People with disabilities receive the same level and quality of service from the staff of a public authority as other people receive from the staff of that public authority.

The DAIP was developed in consultation with staff and promoted throughout the department after endorsement by DSC. Staff are made aware that department publications can be made available in other formats on request. Policies are promoted to staff at induction, through the department's intranet and through internal news articles.

### 5 People with disabilities have the same opportunities as other people to make complaints to a public authority.

The department's complaints management information was reviewed for accessibility by people with disabilities and universal design requirements were incorporated into web-based forms, policies, processes and systems.

Complaints policies are promoted to staff at induction and through the department's intranet. Training in the use of the complaints management system, including features for people with disabilities, was delivered to all regional staff.

## 6 People with disabilities have the same opportunities as other people to participate in any public consultation by a public authority.

Community consultation processes and communications procedures were reviewed for accessibility to people with disabilities. Policies were updated to incorporate requirements and are promoted to staff at induction and available on the department's intranet. Access to community consultation information in alternative formats is promoted in all department publications.

## Compliance with public sector standards and ethical codes

### Ethics and corruption prevention

The department aims to achieve the highest standards of integrity and professionalism in undertaking its business. The efficacy of its procedures and systems are continuously reviewed and improvements implemented under the guidance of the Government integrity and standards branch.

The department's has a *Code of Conduct* available on the department's intranet which outlines ethical principles and expected standards of behaviour

for all staff. New employees are made aware of the *Code of Conduct* during the workplace induction process.

Accountable and ethical decision making training, based on the six modules of the *Code of Conduct*, has been delivered to 546 staff in metropolitan and regional areas. Training in Records Awareness is completed by all new staff.

In 2009–2010 the department conducted two investigations into alleged breaches of discipline.

### Public interest disclosures

The department had one public interest disclosure during the course of the year.

## Recordkeeping plans

### Records and information management

In accordance with Section 61 of *State Records Act 2000*, the department provides the following information in support of compliance with the State Records Commission's Standard 2 (Principle 6).

Activities undertaken this year include the further development of a record-keeping plan for completion in mid-2011 and improvements to departmental policies and procedures. This is to consolidate the installation and upgrade of the TRIM Context records management system as the central repository for all corporate documents, relegating other repositories to secondary options

for use during certain parts of the document lifecycle.

The record-keeping awareness training program handled 73 staff (with 18 more still in progress) for the year. The course is delivered to all new staff as a mandatory part of induction and has increased the use of the records management system to 815 licensed users. Existing staff must also complete the course.

The department provides face-to-face and on-line training in record-keeping as part of staff induction. The course includes staff roles and responsibilities relating to obligations under the *State Records Act 2000*. An additional strategy in staff training has visits to regional offices to provide a more focused training package and to advise on existing operational issues with record-keeping.

The efficiency and effectiveness of the record-keeping awareness program is assessed periodically through participant feedback received either in person, or on-line, and continues to produce satisfactory recommendations. Feedback from regional staff indicates that they improve their skills significantly as a result.

## Government policy requirements

### Substantive equality

#### Public Sector Commissioner's Circular 2009/23: Implementation of the Policy Framework for Substantive Equality

The department undertook its first Needs and impact assessment (of complaints management) in 2008 and is nearing the completion of its second, in the area of Water licensing.

The assessment of Water licensing services has identified possible areas of improvement to service provision, and further investigation will be undertaken in order to determine whether any action or changes to processes will be required.

The department has recognised the need to address substantive equality, and without undertaking formal Needs and impacts assessments, initiatives have been taken by some areas of the department in relation to consultation with affected groups. For example, the review of the *Gascoyne River allocation plan* involved a community presentation and production of information sheets in Vietnamese, in order to allow the estimated 30 per cent of Carnarvon growers of ethnic Vietnamese background to learn about the river system, and engage in the management of water resources.

It is expected that several more assessments will be conducted during the 2010–2011 year, in priority areas within the department.

## Occupational safety, health and injury management

#### Statement of commitment to occupational safety and health, (OSH), and injury management

The department commitment to OSH and injury management is shown in the OSH Policy and the Workers' compensation and injury management policy.

Both policies are readily available on the OSH intranet site and staff are informed how to access these on induction and in OSH awareness training. Since November 2009, the department has been rolled in to the Office of Shared Services, which is now handling workers' compensation and injury management.

The department's annual strategic goals for 2010 – 2011 are:

- ◆ to have at least 80 per cent of all staff attended OSH awareness training (in house). Regular monthly training sessions are held at head office
- ◆ to have 90 per cent of all actions from the systems audit completed
- ◆ to have all managers trained in OSH and injury management

#### Formal mechanism for consultation with employees on OSH and injury management matters

The OSH steering committee, OSH reference group, area OSH committees and safety and health representatives are the key to OSH consultation with the department. Safety and health representatives' locations and details are communicated to all employees and are accessible for the discussion and resolution of OSH issues.

The department's OSH steering committee meets regularly, and the OSH reference group meets on a quarterly basis, with the area committees meeting more frequently to feed issues and initiatives into the main committee. The OSH steering committee oversees the OSH reference group and ensures that progress for the OSH plan is on track.

#### Statement of compliance with the injury management requirements of the *Workers' Compensation and Injury Management Act 1981*

The Workers' compensation and injury management policy and procedure, along with the department's return to work form and procedure, demonstrate the department's compliance to the *Workers' Compensation and Injury Management Act*. The policy and procedures have been approved by RiskCover, the department's insurer. The policy, procedures and forms will have to be reviewed when the Office of Shared Services electronic system is rolled out.

The policy and procedure are available to employees on the department's intranet along with all the forms required to initiate a workers' compensation claim.

## Evaluation of the department's OSH management system

The department's OSH coordinator has internally audited the regions and branches in the department to gauge compliance to the actions of the OSH action plan that was developed from external audits in 2008. From this audit further action plans have been developed for regions and divisions.

The department's 2009–2010 performance reporting rates are below:

|  |                     |
|--|---------------------|
| Number of fatalities   | 0                   |
| Lost time injury incidence rate <sup>1</sup>   | 1.53 (24% increase) |
| Average lost time severity rate <sup>2</sup>   | nil                 |
| Percentage of injured workers returned to work within 28 weeks                                       | 100%                |
| Percentage of managers trained in occupational safety, health and injury management responsibilities | 33%                 |

The Lost time injury incidence rate for 2008-2009 was 1.22

- 1 The incidence rate is the number of occurrences of lost time injury/disease for each one hundred workers employed
- 2 The severity rate is the number of severe injuries (actual or estimated 60 days or more lost from work) divided by the number of lost time injury/disease claims (LTI/Ds) multiplied by 100. An injury resulting in death is considered to have accounted for 60 days or more lost.

The following is a comparison between 2008-2009 and 2009-2010.

|                    | 2008-2009    | 2009-2010          |
|--------------------|--------------|--------------------|
| Incidents          | 23           | 27                 |
| Injuries           | 38           | 31                 |
| Lost time injuries | 7            | 9                  |
| Hours lost         | 90 (12 days) | 162.75 (21.7 days) |

The majority of injuries for both periods were musculoskeletal, consisting of sprains and strains. The next highest were bruising and cuts.

## Managers training in OSH and injury management responsibilities

Negotiation is in process to have an online system for managers' training in OSH and Injury Management.



## Office locations

### Head office

#### The Atrium

168 St Georges Terrace  
Perth WA 6000  
PO Box K822  
Perth WA 6842  
Phone: 08 6364 7600  
Fax: 08 6364 7601  
[www.water.wa.gov.au](http://www.water.wa.gov.au)

#### Water science, salinity and water resource recovery

Level 4 Septimus Roe Square  
256 Adelaide Terrace  
Perth WA 6000  
Phone: 08 6364 7800  
Fax: 08 6364 7888

### Regional offices

#### Swan Avon region

##### Victoria Park regional office

7 Ellam Street  
Victoria Park  
Perth WA 6100  
Home: 08 6250 8000  
Fax: 08 6250 8050

##### Hydrologic Technology Centre

105 Kew Street  
Welshpool WA 6106  
Phone: 08 9355 6237  
Fax: 08 9361 9311

#### Water measurement office

105 Kew Street Welshpool WA 6106  
Phone: (08) 9355 6237  
Fax: (08) 9361 9311

#### Northam district office

254 Fitzgerald Street  
PO Box 497  
Northam WA 6401  
Phone: 08 9690 2600  
Fax: 08 9622 7155

### Kwinana Peel region

#### Kwinana Peel regional office

107 Breakwater Parade  
Mandurah Ocean Marina  
PO Box 332  
Mandurah WA 6210  
Phone: 08 9550 4222  
Fax: 08 9581 4560  
[kwinana.peel@water.wa.gov.au](mailto:kwinana.peel@water.wa.gov.au)

### South Coast region

#### Albany regional office

5 Bevan Street  
Albany WA 6330  
PO Box 525  
Albany WA 6331  
Phone: 08 9842 5760  
Fax: 08 9842 1204

### South West region

#### Bunbury regional office

35–39 McCombe Road  
Bunbury WA 6230  
PO Box 261  
Bunbury WA 6231  
Phone: 08 9726 4111  
Fax: 08 9726 4100  
[bunburyadmin@water.wa.gov.au](mailto:bunburyadmin@water.wa.gov.au)

#### Busselton district office

Suite 1A/72 Duchess Street  
PO Box 269  
Busselton WA 6280  
Phone: 08 9781 0188  
Fax: 08 9754 4335

#### Geocatch network centre

Suite 1A/72 Duchess Street  
PO Box 269  
Busselton WA 6280  
Phone: 08 9781 0111  
Fax: 08 9754 4335  
[geocatch@water.wa.gov.au](mailto:geocatch@water.wa.gov.au)

#### Warren Blackwood district office

52 Bath Street  
Manjimup WA 6258  
Phone: 08 9771 1878  
Fax: 08 9771 8108

### Mid West Gascoyne region

#### Geraldton regional office

94 Sanford Street Geraldton  
PO Box 73  
Geraldton WA 6531  
Phone: 08 9965 7400  
Fax: 08 9964 5983  
[midwest@water.wa.gov.au](mailto:midwest@water.wa.gov.au)

#### Carnarvon district office

211 Robinson Street  
PO Box 81  
Carnarvon WA 6701  
Phone: 08 9941 6100  
Fax: 08 9941 4931  
[gascoyne@water.wa.gov.au](mailto:gascoyne@water.wa.gov.au)

### Pilbara region

#### Karratha regional office

Lot 4608 Cherratta Road  
PO Box 836  
Karratha WA 6714  
Phone: 08 9144 2000  
Fax: 08 9144 2610

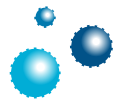
### Kimberley region

#### Kununurra regional office

27 Victoria Highway  
PO Box 625  
Kununurra WA 6743  
Phone: 08 9166 4100  
Fax: 08 9168 3174  
[kununurra@water.wa.gov.au](mailto:kununurra@water.wa.gov.au)







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