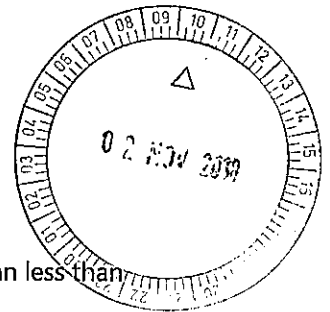


## LEGISLATIVE COUNCIL STANDING COMMITTEE ON ESTIMATES AND FINANCIAL OPERATIONS

## 2017-18 ANNUAL REPORT HEARINGS SESSION 2 - LATE REPORTS

## Department of Water and Environmental Regulation

Hon Diane Evers MLC asked:



1) I refer to the Key Performance Indicators on page 29:

- a) Why is the Percentage of regulatory compliance activities completed as plan less than target?

Answer:

The variance between the 2017-18 Actual and the 2017-18 Target results is due to the targeting of high risk areas where the matters are often more complex and protracted than general compliance activities.

The Key Performance Indicator for regulatory compliance activities was based on the Department of Water and Environmental Regulation compliance program. The compliance program set a target of 350 inspections.

It was the first year that this Key Performance Indicator and the 2017-18 Target had been used. Following the first year of reporting, the Department considers that the Target did not adequately reflect the resources and time required to manage high risk compliance activities, including unplanned inspections. Members of the public or licenced companies can contact the Department of Water and Environmental Regulation regarding incidents where there may be a risk to the environment. The Department conducts a risk assessment and if the risk is considered high, may divert resources from the planned compliance program to undertake unplanned compliance inspections.

For 2017-18, the Department undertook 273 planned and 59 unplanned inspections, resulting a total 332 inspections being undertaken.

The Department has finalised the 2018-19 compliance program to ensure that it is reflective of both planned and unplanned inspections and adequately considers the time and resources required to successfully address high risk matters.

- b) What factors have caused the lower than targeted percentage of potential environmental risks identified during compliance that are rectified within two months?

Answer:

The variance between the 2017-18 Actual and the 2017-18 Target is due to the targeting of resources at areas of highest risk. The higher risk areas and associated non-compliances are generally more complex and take longer to address.

It was the first year that this Key Performance Indicator and the 2017-18 Target had been used. It was based on Department's previous work practices, prior to Machinery of Government changes. The previous practices did not have the same level of focus on prioritising and addressing high risk matters. In addition and in order to address these high risk areas, the Department has increased its use of a range of legislative notices, including Environmental Protection Notices, Vegetation Conservation Notices, Closure Notices and Prevention Notices to ensure compliance with lawful requirements is restored as quickly as possible. Once a notice is issued the Department maintains contact with recipient to ensure they are undertaking the activities prescribed within the notice, and that the notice is having the desired effect.

- c) What factors have caused the lower than targeted percentage of municipal solid waste reported as diverted from land fill through recycling?

Answer:

The variance between the 2017–18 Actual and the 2017–18 Target reflects the lack of significant change in the services and infrastructure being provided by local governments to households. The majority of household waste is collected directly from the kerbside. In Western Australia two bin systems, on average, diverted around 20 per cent of waste from landfill in 2016–17. Three bin collection systems are capable of achieving much higher diversion rates, averaging 51 per cent landfill diversion across Western Australia in 2016–17. In 2016–17, only 17 per cent of Perth metropolitan households had a third bin. It is anticipated that the roll-out of a third kerbside bin by local governments under the Better Bins program will start to have a positive impact on performance in future years.

Recent projections of takeup of the Better Bins program show that the proportion of households with three bins in the Perth metropolitan region is expected to increase to 49 per cent by 2019–20. Around a third of these will provide residents with a food organics and garden organic bin, which is anticipated to recover around 65 per cent of waste.

The recently released draft Waste Strategy 2030 includes a target for all local governments in the Perth and Peel regions to provide harmonised kerbside collection systems that include food organics and garden organic by 2025.

- 2) I refer to the Key Efficiency Indicators on page 30:

- a) Service 3 – Water regulation and licencing:

- i) What factors have caused the average cost of assessing a water licence application to increase from the Target of \$5551 to \$14297 Actual in the medium risk category and from \$8571 to \$28762 in the high risk category?

Answer:

The increase in actual costs is due to a significant reduction in the actual number of water licence application assessments completed across the medium and high risk categories from what was forecast during the target cost setting process. Although a total of 500 medium risk application assessments were forecast in 2017–18, only 171 assessments were completed, while 1500 high risk application assessments were forecast and only 317 assessments were completed.

The reduction in medium and high risk application assessments resulted from the transition to a new electronic licence assessment system (COMPASS), which introduced a new automated and more consistent risk assignment methodology. As a result of the transition to COMPASS, licence application assessment risks were reassessed and applications were reassigned to a more reflective risk category. This resulted in the decrease in the number of actual medium and high risk application assessments and the increase in the actual number of low risk application assessments from what was forecast during the corresponding period (520 to 2686).

This subsequently led to a significant reduction in the actual costs of this service (\$1701) from the target cost (i.e. \$4790). The Department of Water and Environmental Regulation is working to refine the costing methodology for this key efficiency indicator, to ensure that it accurately reflects the contemporary distribution of water licence application assessments completed across the three risk categories.

- ii) Why is the average time taken to assess a licence application significantly greater than targeted in the medium risk (59 days) and high risk (101 days)?

Answer:

The increase in the average time taken (days) to assess medium and high risk water licence applications reflects a short-term increase in licence application processing times associated with the introduction and transition to the new on-line water licence assessment system (i.e. COMPASS). The introduction of the COMPASS system led to a significant spike in the backlog of medium and high risk water licence applications and as these older applications are progressively finalised the average assessment durations across both risk categories are being upwardly skewed. The Department is actively working to reduce the application backlog, which declined by more than 100 applications over the course of 2017-18.

The average time taken to complete assessment of applications across the medium and high risk categories has also been upwardly skewed by some significant outliers (very long standing licence applications) within each category. Removing the top five per cent of assessment durations within each risk category reduces the average time taken to complete application assessments to 93 days for medium risk (from 134 days) and 114 days for high risk categories (from 158 days), effectively lowering the variance between the actual and target assessment durations to 18 days (from 59 days) for medium risk and 57 days (from 101 days) for high risk applications.

The new risk assignment methodology embedded within the COMPASS system also more accurately reflects the actual application risk, which is generally proportionate to assessment effort (i.e. assessment duration increases as application risk increases).

- b) Service 4 Environmental regulation:

- i) What factors have caused the average cost per works approval and licence application to increase from \$24263 targeted to \$55962 Actual?

Answer:

The cost allocation methodology for the average cost per works approval and licence application has changed since the restructure and amalgamation of functions post Machinery of Government. The targets were set early in the 2017-18 budget process prior to the Machinery of Government changes and they were not based on the subsequent post Machinery of Government revised cost allocation processes.

In addition, the Department was addressing a significant backlog in applications for work approvals and licences which limited the number of applications which were processed against targets.

The estimated and actual number of approvals and applications for 2017-18 were 597 estimated and 417 actual. The estimated and actual total cost of service for 2017-18 were \$14 485 000 estimated and \$23 336 000 actual. The combination of a lower number of approvals and applications than estimated and a total cost of service which better reflects the direct and indirect cost than estimated caused the increase in average cost.

The targets for 2018-19 KPI reporting have changed. The number of planned works approval and licence applications for 2018-19 is 386 and the average cost per Works Approval and Licence Application target is \$68 503. Budget targets are

reviewed and updated annually to reflect the most up to date information the Department holds in respect to environmental regulation.

- ii) What factors have caused the average cost per native vegetation clearing permit application to increase from \$7991 to \$34405?

Answer:

The cost allocation methodology for the average cost per native vegetation clearing permit application has changed since the restructure and amalgamation of functions post Machinery of Government. The targets were set early in the 2017-18 budget process prior to the Machinery of Government changes and they were not based on the subsequent post Machinery of Government revised cost allocation processes.

In addition, the Department was addressing a significant backlog in applications for clearing permits which limited the number of applications which were processed against targets.

The estimated and actual number of permits for 2017-18 were 450 estimated and 388 actual. The estimated and actual total cost of service for 2017-18 were \$3 596 000 estimated and \$13 349 000 actual. The combination of a lower number of approvals and applications than estimated and a total cost of service which better reflects the direct and indirect cost than estimated caused the increase in average cost.

The targets for 2018-19 KPI reporting have changed. The number of planned permits for 2018-19 is 424 and the average cost per Native Vegetation Clearing Permit application target is \$28 428. Budget targets are reviewed and updated annually to reflect the most up to date information the Department holds in respect to environmental regulation.

- 3) I refer to page 34 and the Water supply options for green space irrigation in the South West 2015-2060

- a) Are the options and pathway solutions for each of the focus areas publicly available?

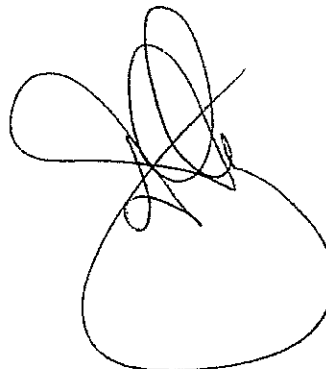
Answer:

A final report is currently being prepared which will be publically available in early 2019.

- b) If no, please provide details of each option and solution?

Answer:

The details are still being finalised.

A handwritten signature in black ink, consisting of several loops and a large oval at the bottom.