

Review of the Western Australian Department of Environment and Conservation (DEC)

December 2007

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1. EXECUTIVE SUMMARY

The Minister for the Environment; Climate Change; Peel, Hon David Templeman MLA and the Director General, Department of Environment and Conservation, Keiran McNamara should be congratulated on being extremely proactive and having the strategic foresight to commission this short form Review of the Department of Environment and Conservation (DEC).

It follows nearly 18 months after the amalgamation of the Department of Conservation and Land Management (CALM) and the Department of Environment (DOE) to create the new Department of Environment and Conservation on 1 July 2006. It also follows a background of three departmental organisational changes by Government in the environment portfolio and four appointed Ministers in the last six years.

The recent amalgamation resulted in two diverse cultures, systems and processes being brought together, with limited notice or ability to properly plan, and with no additional resources.

In fact it is noted at the time of the amalgamation with DEC, the Department of Environment (DOE) was still in the process of de merging with the Water and Rivers Commission (now Department of Water; DOW), and negotiating equitable distribution of resources, assets and funding support. The announcement of the amalgamation with CALM coincided with that negotiation process, with the result that DOE management attention was diverted and a negative funding outcome to DEC occurred from that redistribution process.

The equitable division and therefore distribution of resources has continued to be an unresolved issue between the respective agencies (DEC and DOW), and the Department of Treasury and Finance (DTF). It deserves urgent attention, instruction and resolution as without additional resources the anticipated increased efficiencies, elimination of duplication and streamlined regulatory and approval processes will not be achieved in the short term. In addition, following the DOE de merger with DOW, and broader staff retention issues there appears to have been a loss of experienced staff and corporate knowledge, all of which has had a major deleterious effect on DEC's efficiency and capacity to meet Government and community expectations.

Since the amalgamation and in adverse circumstances DEC has produced some excellent work in the face of major organisational change and significantly increased workload and complexity; however much more needs to be done on a number of fronts. Although the merger has been completely embraced by DEC staff, with a positive desire to ensure its success, demonstration of its full potential benefits have not been evident or clearly demonstrated and enunciated to date for Government, stakeholders or staff.

The Report identifies in Section 6.2, nine major findings.

These include:

- Successful and effective programs of CALM and DOE amalgamation to date,
- Issues of ongoing efficiency and effectiveness need to be addressed,
- DEC and Government's responses on a range of compliance issues including the matters of lead pollution in Esperance have been substantial and significant,
- Resourcing and funding remains a critical element for DEC in the short term as a consequence of the amalgamation and for the longer term as a consequence of ongoing economic growth and State development,
- DEC's core performance in relation to its objectives has been substantial and acceptable in adverse circumstances and the relatively short timeframe, however, the Review did not interview all Divisions and Branches of DEC and had limited scope, or the required detailed information on which to provide an assessment on performance on every activity undertaken by DEC,

- Change issues and broader across Government issues in areas of staffing, in particular requires attention by senior DEC management having significant import for morale and performance,
- The appointment of a General Manager, Business Performance, a new senior member of the smaller responsive corporate executive was seen as fundamental in managing ongoing change for effecting improvements in DEC's performance and efficiency,
- There remains significant risk for DEC in wildfire management and future risks for biodiversity that require continuing reassessment, and
- Increasing scrutiny of DEC's business performance requires a management lead effective response.

The challenge of bringing together the two agencies to form a modern, efficient, effective and proactive natural resource management agency and regulator although substantially advanced; still remains to be completed.

The merger resulted in two agencies amalgamating into DEC with a \$300m operating and capital budget, 1,800 FTE's and nearly 2 billion financial transactions per annum. The workload in bringing the respective information technology, finance, payroll, human resources and communication systems together in a relatively short space of time would have been enormous. This was also achieved without disruption to those systems, with the result that it was a comparatively smooth transition for stakeholders.

The complexity in bringing the two departments together, at a time when DOE was already proceeding to de merge from the DOW, cannot be over estimated. The need to ensure the maintenance, stability and integrity of all information technology, payroll, human resource, finance, communication and reporting systems and processes was critical to the ultimate success of the transition, which is still occurring. That process has been slow, but steady. There has been an expectation from some staff and stakeholders that the migration of essential systems, processes and business tools could have been implemented at a faster rate. An alternative strategy could have been disastrous for DEC's ability to continue to operate and provide delivery for its range of services.

Testimony to the excellent work that has been achieved to date is the fact that the Office of the Auditor General had 'no findings' following a comprehensive audit of DEC for the year ended 30 June 2007.

The Report builds on the considerable work and change that has already occurred to date, but emphasises that further change is critical and must be implemented at a much faster pace to deal with the consequences of significant economic growth, expanding stakeholder demands and increased community expectation and scrutiny. The demands for urgent change need to be matched with adequate resourcing.

Too much change has been thrust on the dedicated DEC staff and particularly those ex DOE staff, and the real challenge is the continuing amalgamation of the two cultures, systems, procedures and policies to generate significant and sizable benefits as the major government agency providing environmental and conservation protection in Western Australia.

The key to success lies in adequate resourcing to enable the proper alignment of policies, systems and procedures, with corporate and strategic outcomes, to allow the Chief Executive and his staff to deliver internal business efficiencies, meet increasing daily workload requirements and quickly respond to Government and community expectations.

The Report therefore contains a series of recommendations with a focus on structural change to provide improved business efficiencies; and enable the Chief Executive to substantially add value in meeting the external strategic policy needs of Government, stakeholders and address the Western Australian portfolio requirements for environment and conservation.

The Report strongly recommends the creation of a new General Manager, Business Performance position for a period of 5 years to strategically manage and drive the significant internal change agenda required for improved organisational performance.

In order to implement the various recommendations a number of essential initiatives and drivers for change at the senior level will be required, and need to be put in place. The risk of not doing so could be significant as demonstrated by the Esperance lead issue, and the benefits of acting immediately are critical to underpinning the delivery of DEC's services in the protection of our biodiversity and fragile environment.

The short timeframe of this Review has not enabled the resource requirements to be fully analysed and costed, however, it is estimated that a minimum of \$1 million will be required in the 2008-2009 Budget or sooner to fund the new General Manager, Business Performance position, provide change management support staff, overheads and allow for the elevation of the new Deputy Director General, Corporate Services and Deputy Director General, Operations positions onto an invigorated corporate executive team, and the retention of critical staff in key senior positions. The ongoing loss of corporate knowledge is a major ongoing risk for the department and funding will need to be allocated from that \$1 million for the new Retention Bonus for the Top 20 most crucial operational and executive positions (excluding Group 2 and above Executives).

The business case for increased capital funding for computer systems and hardware improvement and crucial accommodation requirements for the Pilbara are also proposed as a matter of urgency. These are expected to cost in total around \$13 million in capital and further recurrent expenditure of \$4.6 million. A case will also need to be considered for the accommodation requirements of resource / mining based regions of the State.

One of the prime roles to be undertaken by the General Manager, Business Performance will be to accurately identify the support systems development and additional funds required in order that an appropriately detailed special funding submission can be made. This funding submission and its successful outcome will be crucial for ongoing organisational change development for the full benefits of the amalgamated DEC to be realised.

Another critical role for the General Manager, Business Performance is to address areas of staff concerns raised during the Review process including staff recruitment, retention, maintaining corporate knowledge, advancing aboriginal and equal opportunity employment, accommodation, manpower planning and internal communication.

The Report further recognises the increasingly important role that the agency and Government will be playing in climate change, and emphasises the need for Western Australia to be better informed on the impact that climate change will have on this State and its economy but more particularly on today's planning decisions and consequential risks for the future. DEC needs to be fully informed and engaged with the science community and stakeholders including with Government and the implications for policy in this issue. The Minister and DEC will need to take an increasing proactive role on climate change ensuring that the Government's role in what has become a global debate is well articulated, informed and resourced.

The Report recognises the forecast for significant and continuing growth (threefold) of the Western Australian resources sector, and its subsequent impact on DEC's demand for new resources. The need to develop a clearly articulated vision, and plan for the future is also emphasised.

The Review process has created a positive platform for change, and an expectation within the agency and stakeholders for a commitment by Government and the Chief Executive to deliver the required changes.

The many recommendations for change and suggestions for ongoing improvements for service delivery have their origins from some of the ideas and views of the many stakeholders and staff interviewed underlying, the positive commitment by DEC staff and others to the Department.

We acknowledge the considerable enthusiasm and dedication of DEC staff over the past 17/18 months in what would have been an extremely trying, challenging and stressful environment.

2. RECOMMENDATIONS

RECOMMENDATION 1

A matrix be developed aligning the many policy statements and commitments relating to Sustainability; Climate Change and Conservation and Environment contained in the ALP Platform (as amended November 2005), with initiatives and programs already being undertaken, and those to be undertaken, by DEC in accordance with its Corporate Plan 2007–2009.

A regular reporting protocol should also be established with the Minister for Environment; Climate Change; Peel to ensure adherence, and that action is being taken by DEC to address stated Government commitments relating to the Environment and Conservation; and Climate Change components of the portfolio.

RECOMMENDATION 2

The Corporate Plan 2007-2009 be reviewed, and updated to ensure its relevance and nexus with Government policies; agency trends, challenges and priorities; and community and stakeholder expectations.

RECOMMENDATION 3

Divisional / Branch Strategic and Business Plans should be reviewed, standardised and revised, where appropriate to ensure consistency with the Departmental Corporate Plan.

RECOMMENDATION 4

The revised Corporate Plan is drafted with increased input from staff and stakeholder consultations; and consideration given to aligning it with the *“Better Planning: Better Futures – A Framework for Strategic Management of the WA Public Sector”* document referred to in the Premier’s Circular 2007/05.

RECOMMENDATION 5

Staff should be fully briefed on the revised Corporate Plan; its content; its values; and how individual staff members will play their part in achieving the desired corporate objectives.

RECOMMENDATION 6

Consideration should be given by DEC management to addressing the requests from stakeholders for greater involvement and input into the departmental strategic planning and policy setting processes; and increased interaction with the Director General and senior DEC staff on related issues.

RECOMMENDATION 7

Consideration is given to placing the Air Quality Branch within the Environmental Regulation Division.

RECOMMENDATION 8

Although DEC will not be migrating to the Shared Corporate Services model until September 2012, this Review considers that a Divisional and Branch Needs Analysis should be conducted in the short term in conjunction with an overall Review of the DEC Financial Information Management System, including a review of the DEC Chart of Accounts; the relevance and benefits of the Service Purchaser Provider Model; and linking the Corporate Plan to the financial management information system. The opportunity provided by migration to shared services should then be used to further refine DEC’s financial management systems.

RECOMMENDATION 9

The apparent recurrent appropriation shortfall of \$3.188m p.a. deserves urgent attention, instruction and resolution as without additional resources any perceived increased efficiencies, elimination of duplication and streamlined regulatory and approval processes will not be achieved. This issue requires the highest priority for resolution.

RECOMMENDATION 10

Subject to the outcome of further negotiations to resolve the recurrent funding dispute with DOW, an independent accountant should be commissioned, with the assistance of the Department of Treasury and Finance (DTF), to provide some clarity over the DEC calculations. Should such an independent verification not provide a resolution, DTF should be requested to issue an appropriate Instruction, based on the findings of that review.

RECOMMENDATION 11

Introduce a wider Attraction and Retention program as a matter of priority, with a particular emphasis on a Retention Bonus for identified key staff, and to cater for the needs of senior Regional staff.

RECOMMENDATION 12

Independently identify the Top 20 most crucial operational and executive (excluding those classified as Executive Group 2 or above) positions in the agency, and pay up to a 30% Retention Bonus based on competitive private sector employment conditions, performance and achievement of agreed key performance indicators.

RECOMMENDATION 13

A special business case is urgently developed in order to fund a proposed Retention Bonus for the identified Top 20 most crucial operational and executive positions (excluding those positions classified as Executive Group 2 or above). This Review considers that an estimated \$0.4 million would be required in the first year, and an inflationary and merit based allowance should be made for increases in future years.

RECOMMENDATION 14

The DEC People Reference Group should continue to be promoted, and actively and fully supported by members of the Corporate Executive, Directors, Managers and staff as an excellent forum to provide the executive with advice on strategic people management objectives and issues.

RECOMMENDATION 15

Consideration is given to developing a staff Motivation and Morale Program and an expanded Reward and Recognition component in order to contribute towards a reduced staff turnover rate.

RECOMMENDATION 16

The Director General only deal with human resource management issues relating to level 9 and above, Branch Managers and Regional Managers, or 'key' positions.

RECOMMENDATION 17

Whenever possible, vacant executive and senior positions in the Department should be filled with priority in order to provide some stability and certainty through the organisation.

RECOMMENDATION 18

A Gap Analysis of training needs be undertaken throughout the agency, and initiatives introduced to fill any identified training gaps.

RECOMMENDATION 19

DEC promote strategic, people and performance management training throughout the agency.

RECOMMENDATION 20

Increased emphasis should be given in the successful Graduate Recruitment Program to meet environmental regulation and compliance staffing needs, including closer liaison with relevant universities and the development of training packages.

RECOMMENDATION 21

A consolidated and updated Disaster Recovery Plan for Information Technology systems should be prepared with some urgency.

RECOMMENDATION 22

The revised Information and Telecommunications Strategic Plan be urgently finalised, and where relevant appropriate costings developed to provide for identified improvements and gaps. This Review considers that this particular recommendation is critical and fundamental to the desire to improve the efficiency and effectiveness of DEC.

RECOMMENDATION 23

An urgent business case is developed for a minimum of \$5 million for capital purchases, and \$2.2 million for recurrent expenditure in order that numerous identified information technology initiatives can be implemented with expediency (within a maximum of 12 months) in order to provide staff with significantly improved software, hardware and business tools with the ultimate aim of increasing the efficiency and effectiveness of DEC. This recommendation should be afforded the highest priority.

RECOMMENDATION 24

DEC should continue to work towards consolidation of its metropolitan office accommodation in the medium term, where practicable and cost efficient to do so.

RECOMMENDATION 25

Consideration is given to creating a new position, Manager – Asset Management, to Manage and Coordinate the large DEC accommodation portfolio (including metropolitan and regional office and staff housing), and that such position is located within the Corporate Services Division.

The responsibilities of this position could include; Policy and Strategic advice on infrastructure development and asset management and procurement; Management of the ongoing operations, maintenance and enhancement of DEC infrastructure; Manage relevant contracting and procurement functions consistent with legislation and Government policy; and Develops and implements major strategic infrastructure and asset development projects.

RECOMMENDATION 26

Consideration should be given to merging the Environmental Enforcement Unit and the Nature Protection Branch, and co-locating the respective relevant staff into an agency wide Compliance and Enforcement Unit, and named accordingly.

RECOMMENDATION 27

The Director General commission a systematic performance review and evaluation of resources, processes and methodologies as they are applied to major developments approvals, inspections and compliance monitoring for completion by the end of 2012. Ideally this should be undertaken under the purview of the new General Manager, Business Performance. Consideration will also need to be given to the specific resourcing requirements of the EPA in the preparation of environmental impact assessments, and the proposed 'separation' of activities between EPA related work and that of DEC, which is the subject of another recommendation in the Strategic Policy Division section of this Report.

RECOMMENDATION 28

The recently approved Industry Regulation Business Restructure should continue to be implemented as a matter of urgency; be constantly reviewed by management; and formally evaluated by 30 June 2008 to ascertain whether the desired benefits and outcomes are being achieved.

RECOMMENDATION 29

The Independent Review of Audit and Inspection Processes commissioned by DEC is requested to extend Task 3(b) (*Discuss the pros and cons of alternative inspection models including the use of accredited auditors paid for by industry and if these models could be used in Western Australia*) to also look at the value of establishing panel contracts for auditors who undertake inspection audit of reports prepared by accredited auditors for and on behalf of industry as an additional audit model.

RECOMMENDATION 30

The Independent Review of Audit and Inspection Processes is completed urgently.

RECOMMENDATION 31

The Environmental Protection Regulations 1987 should be reviewed following the introduction of the business improvement program in the Industry Regulation Branch.

RECOMMENDATION 32

Continue the documentation and flow charting of all industry licensing, environmental approval and regulation processes and systems.

RECOMMENDATION 33

Upon completion of the documentation and flowcharting processes by the Industry Regulation Branch, that a quality assurance review be applied by the DEC Management / Performance Audit Branch, or where necessary peer review, in order to provide multi-layered control checks to minimise risk exposure.

RECOMMENDATION 34

The Statewide Assessment of Ports Bulk Handling is completed quickly, and where necessary, appropriate remedial action is taken.

RECOMMENDATION 35

The overall Environmental Reform process that is being gradually implemented should be urgently completed in order to minimise potential risk exposure to the community, DEC and the Government.

RECOMMENDATION 36

An Action Plan is developed to regularly monitor all DEC related commitments, strategies and activities in the response of the *Western Australian Government to the Western Australian Legislative Assembly Education and Health Standing Committee in relation to the Cause and Extent of Lead Pollution in the Esperance Area, November 2007*.

RECOMMENDATION 37

An approach be made to the Department of Treasury and Finance requesting that the Cabinet Expenditure Review Committee decision to reduce DEC appropriations from 2007-08 onwards of \$0.6 million per annum be rescinded in view of the cost recovery element of Industry Regulation fees.

RECOMMENDATION 38

DEC promote the establishment of a whole of government committee (comprising agencies such as DPI, DoIR, DOH, WALGA, LGRD and larger LGA's) to monitor and guide consistent and streamlined land use planning, approval and regulation processes. DEC should develop Memoranda of Understanding within a 3 year period to better engage with local government authorities on environmental, noise, air quality, emissions and waste issues.

RECOMMENDATION 39

Consideration should be given to transferring the line of responsibility of the Legal Service Branch from the Deputy Director General Environment directly to the Director General as legal advice is increasingly being sought across the Department. This Review considers such a transfer appropriate in order to provide independence to legal services across the agency.

RECOMMENDATION 40

A DEC Strategic Audit Plan containing broad financial and operational objectives to be achieved over a 2/3 year period should be prepared, based on a standard Risk Assessment Matrix, with input from the Office of the Auditor General, relevant DEC Directors and the Audit and Risk Management Committee. In drafting a new Strategic Audit Plan consideration should be given to increasing the focus on performance review audits in that Plan, such as, efficiency, effectiveness, workload, productivity and 'value for money' indicators.

RECOMMENDATION 41

A quality assurance review process is included in the Strategic Audit Plan to confirm the appropriateness of Environmental Regulation processes and systems in order to minimise risk exposure.

RECOMMENDATION 42

A quality assurance review methodology is included in the Strategic Audit Plan for departmental processes and systems that have been identified 'high risk' through a Risk Assessment review process.

RECOMMENDATION 43

A Corporate Governance system is compiled from the various governance documents and procedures that already exist, and any gaps identified and rectified in order to achieve best practice and minimise risk.

RECOMMENDATION 44

The name of the Management Audit Branch should be changed to the Performance Review Branch to reflect the increased emphasis on agency performance, internal control and quality assurance.

RECOMMENDATION 45

The immediate risks around performance in native vegetation clearing continue to be closely managed and resourcing levels, particularly for effective enforcement continue to be reassessed and re-evaluated in the broader context of the compliance and monitoring function across the Department and other reviews. The key issue for the Minister and Government is the linkage between resourcing and the timeframes sought to ensure an adequate compliance response, including prosecutions for dealing with the identified potential backlog of illegal clearing applications. Options need to be developed and agreed between the Department and the Minister.

RECOMMENDATION 46

A science led management strategy and funding case for the resources necessary to address known increasing risks for loss of biodiversity be developed for the 2009-2010 budget as a consequence of accumulative impacts for plant and animal pests, major threats such as phytophthora and climate change which threaten long term protection and maintenance of biodiversity be prepared and taken to Government.

RECOMMENDATION 47

The Director General reviews and where appropriate, significantly expands existing delegations to the new Corporate Executive team and designated senior staff in accordance with a revised Instrument of Delegation.

RECOMMENDATION 48

A Code of Practice is developed whereby Corporate Executive members are required to ensure that the Director General is adequately briefed on 'important, sensitive, complex, controversial, problematic' issues. Members of the Corporate Executive team must be fully accountable for details of knowledge and performance in their areas of responsibility and assisting in the wider performance of the department.

RECOMMENDATION 49

The 'Agreement for Communications' document is reviewed with the Minister for the Environment and revised where appropriate to allow members of the Corporate Executive to directly deal with the Minister for the Environment and his staff, as necessary.

RECOMMENDATION 50

The development of a business case to meet the resourcing needs in the context of a resource and funding gap analysis for the planning, reservation and management of key natural assets in the Pilbara and Kimberley regions of the State for the delivery of park services and conservation be undertaken and presented to government.

RECOMMENDATION 51

A business case be urgently developed for special funding (\$8 million for capital, and \$2.4 million for annual recurrent funding) to meet the staff housing needs of the Pilbara region in order to deal with the current, and future workload associated with the forecast expansion in the Western Australian resource sector.

Such a business case should also be considered for the Kimberley, Goldfields and Mid West Regions to reflect the significant economic growth that has already occurred, and expected in those areas.

RECOMMENDATION 52

The Director General (himself) consider the merits of establishing a detailed independent performance review of wildfire preparedness and management by DEC, and if applicable, seek a wider Government review of the issue.

RECOMMENDATION 53

The Regional Services Division is placed within an overall Operations Division under the responsibility of a new Deputy Director General Operations in order to provide increased focus on service delivery and increased recognition of its functions within the department.

RECOMMENDATION 54

The General Manager, Business Performance as part of the position's focus on improving DEC's organisational performance, embrace a separate strategic planning process to examine the priority for, resources needed and case for integration of all research delivery within the Science Division or as proposed within a broader Operations Division.

RECOMMENDATION 55

A corporate brand is developed around the credibility of DEC as the lead agency protecting Western Australia's biodiversity and fragile environment.

RECOMMENDATION 56

A structured marketing program is developed to increase the agency's credibility with the community, based on education, awareness, communication, established values, respect and trust.

RECOMMENDATION 57

A planned series of structured positive weekly media releases be developed promoting the protection of the State's biodiversity and fragile environment. This needs to be developed from a State perspective and as a regional targeted media program.

RECOMMENDATION 58

Agency staff be fully briefed on the corporate brand, and encouraged to promote that brand on all occasions.

RECOMMENDATION 59

A media champion / personality is engaged to support and promote the corporate brand.

RECOMMENDATION 60

The Strategic Development and Corporate Affairs Communications Plan is updated, including a structured Internal Communication Program, containing a weekly personalised 'one page' message from the Director General advising staff of key issues, activities, events, decisions, announcements of interest.

RECOMMENDATION 61

All Intranets be merged, and the DEC website is consolidated as a matter of urgency in order to significantly improve internal and external communications.

RECOMMENDATION 62

Consideration should be given to transferring the DEC Corporate / Strategic Planning function to a more dedicated Strategic Planning and Policy branch responsible to the new General Manager, Business Performance which will also have a whole of government, departmental, divisional and branch strategic planning and policy focus.

RECOMMENDATION 63

Although a trial is to be conducted at the DEC Geraldton office to assess the impact of extending the ex DOE online phone book to all DEC staff, it is considered that an agency wide on line Internal Telephone Directory should be implemented urgently, comprising name, title, role and responsibilities, contact details, photograph, specific location, personal profile and interests.

RECOMMENDATION 64

Although it is noted that a new Information Management Plan is being developed, this Review considers that the development of a single DEC Intranet should be afforded high priority in order to provide a central portal of information and improve internal communication.

RECOMMENDATION 65

All members of the Corporate Executive and Directors should implement a Planned Visitation Program to ensure that they have at least one structured visit to all DEC metropolitan offices over a 2 year period, and one structured visit to all DEC regional offices over a 3 year period.

RECOMMENDATION 66

The Strategic Development and Corporate Affairs Division should be transferred to the Corporate Services Division as the Marketing and Public Affairs Branch with the primary aims of reducing the span of control within the Department; make a smaller Corporate Executive and combine corporate services related functions into one Division, under a new senior Deputy Director General Corporate Services position.

RECOMMENDATION 67

The EPA Service Unit is formally created, comprising relevant staff from the Office of the EPA Chairman; the Environmental Impact Assessment (EIA) Division and the Strategic Policy (SP) Division. Following a negotiation process, identified other DEC staff from the EIA and SP Divisions will remain in their existing functional areas.

RECOMMENDATION 68

The EPA Service Unit is included on the DEC Organisation Chart, with continuing administrative responsibility to the Deputy Director General – Environment, and functional responsibility to the Chairman of the EPA.

RECOMMENDATION 69

The current Service Level Agreement between the EPA Chairman and the Director General of the Department of Environment and Conservation should be reviewed and updated to accurately reflect the responsibilities of both parties, and the agreed resourcing requirements. Recognition will need to be given to the recent Review by Cressida Consulting on EPA resourcing requirements.

RECOMMENDATION 70

DEC consider the various 'areas requiring attention', as identified in the *State of the Environment Report 2007*, and where relevant implement appropriate strategies, including the development of an Environmental Action Plan. DEC should then provide the EPA with a progress report on its response to the SOE Report.

RECOMMENDATION 71

The Office of Climate Change is transferred to the direct functional responsibility of the Deputy Director General – Environment to reflect the increased importance, and growth of the climate change debate within DEC and the environment and conservation; and climate change portfolio.

RECOMMENDATION 72

Negotiations commence immediately on the development of a Memorandum of Understanding / Service Level Agreement between DEC and the proposed Waste Authority.

RECOMMENDATION 73

Consideration is given to the appropriateness of transferring the Sustainability Program Unit to be a branch of the Office of Climate Change.

RECOMMENDATION 74

Consideration should be given to the Community Education Branch being merged within an overarching Marketing and Public Affairs Branch in order to achieve internal efficiencies and economies of scale on education and awareness programs provided by DEC.

RECOMMENDATION 75

The future funding arrangements of the Keep Australia Beautiful Council, beyond mid 2009, should be clarified in order to provide some certainty and allow for appropriate planning to occur.

RECOMMENDATION 76

The organisation structure proposed under Option 1 (Appendix 2) is adopted.

RECOMMENDATION 77

A smaller more responsive and effective Corporate Executive team of 6 be formed, comprising, the Director General; the Deputy Director General Parks and Conservation; the Deputy Director General Environment, the Deputy Director General Operations; the Deputy Director General Corporate Services and the General Manager, Business Performance.

RECOMMENDATION 78

A new position – General Manager, Business Performance be created as a matter of urgency in order to:

1. Deal with the many findings and recommendations contained in this and other Reports;
2. Drive and manage the continuing change management / transition process, including any organisational re-design;
3. Provide high level whole of government, agency and divisional strategic planning and policy support;
4. Provide high level strategic operational support to the Director General and other Deputy Director Generals;
5. Drive improved Agency Performance and transparency in reporting, and
6. Create an agency change champion addressing many of the staff concerns raised during this Review.

It is proposed that at the end of 5 years (the standard Contract period) that the contract will not be renewed unless there is a case for ongoing change management and improving business performance.

The position will be directly responsible to the Director General and should be empowered with a high level of agency wide operational authority.

RECOMMENDATION 79

In view of the proposed Divisional and Branch re-alignment, and subsequent changes in responsibilities, it is considered appropriate that all affected positions will require a classification review.

RECOMMENDATION 80

A special business case is urgently developed in order to fund the General Manager Business Performance position, support services and positions that are affected by the proposed Divisional and Branch re-alignment.

3. BACKGROUND / PURPOSE

3.1 Context and Terms of Reference

On 23 May 2006, the then Minister for the Environment, Hon Mark McGowan MLA, announced the creation of a new Department of Environment and Conservation by merging the former Department of Environment (DOE) and the Department of Conservation and Land Management (CALM).

The new Department of Environment and Conservation (DEC) commenced on 1 July 2006.

In the context of the merger occurring 17/18 months ago, the Director General commissioned a short *“Review of the department’s capacity to effectively and efficiently manage DEC’s core business in the medium term with a particular focus on program implementation and delivery of services.*

The review will be conducted within the scope of the Guidelines for Public Sector Reviews and Evaluations released by the Department of the Premier and Cabinet in August 2005.

The review will be achieved by:

- *Examining the report “Review of the Organisation of the Department of Environment” dated 23 March 2006, and assessing whether any outstanding recommendations made remain appropriate.*
- *Advising on the implementation of key deliverables contained in the DEC Corporate Plan 2007-2009. This will include some assessment of organisational design and workloads across divisions.*
- *Taking into account the findings and recommendations relevant to DEC contained in the report of the Legislative Assembly Education and Health Standing Committee Inquiry into the cause and extent of lead pollution in the Esperance area (September 2007).*
- *Consulting with the Director General, Directors, senior staff and the Office of the Minister for the Environment; Climate Change; with the Chairs of the Environmental Protection Authority, Conservation Commission, Marine Parks and Reserves Authority, Waste Management Board and the Keep Australia Beautiful Council; and with stakeholders nominated by the Director General.*

3.2 Scope and conduct of the Review

As detailed above, this is a small scale Review of the Department of Environment and Conservation (DEC), and has been conducted in a very tight timeframe.

The broad approach taken by the Review Team has been:

1. A high level assessment of all Divisions with a focus on program implementation and service delivery,
2. An internal and external consultation process. (In addition to meeting with the Director General and the Minister for the Environment, the Review Team conducted confidential interviews with nearly 50 departmental and ministerial staff and a range of independent stakeholders. Positive and negative comments were received during this process to allow ‘open and frank’ discussions and observations to occur. Keys points and trends discussed during this process were noted for consideration and if relevant, for inclusion in this Report. These comments are included in Chapter 5—Significant issues and trends raised during the consultation process),
3. Considerable background research,
4. Analysis and identification of relevant issues,

5. Identification of relevant Findings, and
6. Preparation of a comprehensive Report and numerous Recommendations.

Following an initial briefing session with the Director General, the Review Team have focused their attention on:

- a) Service delivery of programs,
- b) High level performance of Divisions,
- c) Policy development,
- d) Effectiveness of the existing Organisational structure,
- e) Impact of change and change management processes,
- f) Culture – staff taking and accepting responsibility,
- g) Corporate Governance,
- h) Relationships with external bodies,
- i) Human Resource management,
- j) Internal and external communication processes,
- k) Adequacy of existing Departmental processes and systems, including finance and information management,
- l) Adoption of best practice methodologies, and
- m) Cost recovery.

This approach has resulted in a 'DEC Report Card', that may be used by management to chart a future direction in order to improve service delivery in a variety of crucial areas, and ensure that the Objectives and Strategies contained in the DEC Corporate Plan 2007–2009 are being appropriately addressed.

During the conduct of the Review, the Review Team was provided Executive Support from DEC, and sincere thanks are extended to Murray Carter, Jan Rayner and Fiona Keating, for their valuable contribution throughout.

Considerable assistance was also provided by members of the DEC Corporate Executive group and members of their respective teams. Thanks are extended to them for their patience and diligence in quickly responding to the many questions and requests for further information in order that meaningful consideration and currency could be given to the issues raised during the consultation process.

3.3 Events leading up to the Review

Leading up to this Review there were a number of significant events that have resulted in increased stakeholder attention and scrutiny on the activities of the Department of Environment and Conservation (and its predecessors).

A brief description of each is provided as background information:

Esperance Port Lead issue

Mass bird deaths in Esperance starting in December 2006 sparked a wide environmental investigation by the department to determine the cause. As the issue unfolded, other government agencies became involved and DEC worked closely with them and with local stakeholders.

Between December and March, DEC staff collected more than 100 dead birds for testing at the Department of Agriculture and Food's Animal Health Laboratory and the Chemistry Centre (WA).

The birds were found to have prominent levels of lead and phosphorus, but with nothing to compare them to, it wasn't known if these levels were normal for the Esperance area.

Additional testing on control samples determined the likely cause of death was lead poisoning.

Initial test results did not provide direct evidence of a lead source but it was noted that lead carbonate was being transported into Esperance for shipping through the Esperance port.

This led to the environmental investigation, focusing on the port and the town area to confirm the source of the lead, carried out by officers from the Pollution Response Unit and the Esperance district office. The testing program involved soil sampling throughout the Esperance town site and along the transport route and inspections and testing at the port including marine sediment sampling. Swabs of buildings and residences were also taken for sampling.

A licence inspection of the port resulted in serving Environmental Field Notices to improve dust management of the loading facilities. The Port Authority was also directed to undertake additional environmental monitoring. The department served a prevention notice on the Esperance Port Authority in March to prevent it receiving and shipping lead carbonate and closely monitored all nickel ship loading from this date. An investigation into possible breaches of the Environmental Protection Act 1986 was undertaken by DEC's Environmental Enforcement Unit.

Isotope testing commissioned by the department on bird liver samples subsequently matched the lead in these and other samples to the lead material shipped in and out of Esperance.

The department further announced an independent review would be held of its own audit and inspection processes to identify where improvements were needed.

Together with the Department of Health, DEC commissioned a health and ecological risk assessment to assess any risks to the community and the environment from emissions and shipping operations to date and to recommend any clean-up measures that may be required.

Parliament subsequently referred the Esperance lead issue to a Parliamentary Standing Committee in April to inquire into the cause and extent of lead pollution in the Esperance area.

The Legislative Assembly Education and Health Standing Committee tabled its Report 'Inquiry into the cause and extent of lead pollution in the Esperance area – Report No.8 in the 37th Parliament', on 6 September 2007.

The Report contained over 500 pages, 192 findings and 46 recommendations.

The department has since provided detailed responses to the Legislative Assembly Report – further details are contained in this Review.

Bellevue (waste control premise) fire

The Waste Control hazardous waste facility in Bellevue caught fire on 15 February 2001. The fire was described as the worst chemical fire in Australian history. A Parliamentary Inquiry into the fire found significant deficiencies in the way in which the then Department of Environmental Protection (DEP) had regulated the facility.

The credibility of DEP was seriously and negatively impacted.

40 staff members across a number of branches were impacted by this issue for a number of months.

There was in the region of \$2 million spent by the Department in the clean-up of the facility.

Following the Parliamentary Inquiry report DEC received additional resources for industry regulation (8 staff) and Pollution Response (5 staff). Reviews into the approach to licensing and enforcement were conducted by consultants Welker & Robinson respectively. Implementation of the recommendations of both reviews has been ongoing since that time. Progress has been affected by several changes to institutional arrangements.

Brookdale treatment plant issue

In 2003, concerns from the community living near the Brookdale liquid waste treatment facility erupted as a result of some incorrect air monitoring data in a report, suggesting that one lead sample exceeded health guidelines.

The then Department of Environment (DOE) was seen to have not regulated the facility effectively, and public pressure resulted in the plant's closure. Staff were heavily criticised in the media, every week for several months.

There was also a conflict of interest as the site was under the control of Waste Management WA (the CEO of DOE), a body corporate under the Environmental Protection Act. Waste Management WA contracted Cleanaway Technical Services to operate the facility on its behalf while DOE was also the regulator.

The issue resulted in many thousands of hours of staff time being committed, including extensive air quality monitoring (which showed no issue was present), on-going site investigations and development of clean-up plans as a result of the closure of this facility. Some of these matters are still consuming considerable staff time. This issue will continue to require staff resources until at least April 2008.

This issue is one of several landmark matters/events which has seen one of DEC's predecessor agencies being heavily criticised in public with little support from within Government. This matter was particularly significant as there was no environmental issue at this site which is quite different to the Bellevue situation.

In both events, officers had to attend angry public meetings and suffered personal attacks. Again, staff morale and agency credibility were negatively impacted, whilst the credibility of very vocal activists increased and they were seen as more credible than the Department.

Perth hills fire

A series of arson strikes in the Perth Hills behind Pickering Brook resulted in a major bushfire that burned over 28,000 hectares in January 2005. The fire was the biggest bushfire in the northern jarrah forest since the Dwellingup fires of 1961.

Although property losses were minimised to some outbuildings on orchards, the fire burned for 10 days. The incident involved more than 700 personnel from the then Department of Conservation and Land Management as well as similar number of volunteer bushfire brigade members and staff from support agencies.

Dwellingup-Waroona fire

On the Australia Day long weekend in 2007, a wildfire in State forest north of Dwellingup began as a result of a flare up of a fire deliberately-lit three weeks previously.

Although the fire was contained by DEC crews over the next three days, a second fire began on private property south of the main fire. Because DEC had the incident control structure in place and the resources, the Department continued to manage this fire. Overall, more than 13,000 hectares between Dwellingup and Waroona were burned.

Sixteen homes were destroyed and three were damaged as a result of the fire that began on private property.

The fires involved 550 DEC staff from the Kimberley to the south coast as well as 70 staff from the Forest Products Commission.

3.4 The Review Team

Graham Short Consulting, as the Principal Consultant (>80%) for this Review, is a family partnership. The Principal, Graham Short, has forty years business, management and strategic experience in the WA State Government (twenty years in five Departments including Crown Law, Treasury and Industrial Development) and Private sectors, including eight years at the Chief Executive level of two not for profit organisations. He was also General Manager of a small Consulting Group specialising in business investment, joint venture projects and feasibility studies.

He has also been appointed to numerous Government Boards, Committees and Inquiries, including current Chair of a Ministerial Advisory Committee on the Pearling Industry, previous Board member of the Rural Adjustment and Finance Corporation and Commissioner on the Legal Aid Commission.

Graham also played a significant coordination role in a major Review of functions, operations and structure of the then Crown Law Department, and the two sub Departments (Registrar Generals and Public Trust Office), in order to improve efficiency and productivity. At the time, the Department had 950 FTE's, an Operating Budget of \$200 million, a Capital Works Budget of \$50 million, 950 employees and infrastructure / facilities spread all over the State.

He has a variety of qualifications, including a Bachelor of Business degree in Accounting, and has been a Certified Practising Accountant (CPA) since 1983.

Dr Peter Rogers, as the supporting Consultant (<20%) provided strategic and high level advice during the conduct of this Review.

Peter was the Chief Executive Officer of the Department of Fisheries for a period of fifteen years. Prior to that he spent nineteen years in the department employed in a variety of roles including those of economist, administrator, as a scientific liaison officer and as Director of Fisheries Management Policy.

Other employment has included those of a chemist with CSIRO (fourteen months), local government (six months) and under leadership training in the Department of Premier and Cabinet and the then Public Service Commission.

Peter brought to the review team, recent high level experience in a natural resource management agency, with a practical knowledge of public service principles and practice, effective management of natural resource within a regulatory environment and well developed skills in management of organisational change. This experience extended to the peak of strategic policy development, implementation and appraisal at senior levels in the fisheries and government sector.

Currently Peter is working for Murdoch University, the chairman of Western Australian Marine Science Institution and that of a private aquaculture development company, Lobster Harvest Pty. Ltd.

Peter's qualifications include B.Sc (Agric) Hons; M.B.A. (UWA) and D.Sc (Murdoch University).

He led many of the major changes in fisheries management and policy, legislation, organisational change and introduction of cost recovery from the fishing industry sector from the mid 1980's until 2006.

4. CURRENT SITUATION

4.1 Status of the Department of Environment and Conservation

As a result of a recommendation of the Machinery of Government Review (*Government Structures for Better Results, The Report of the Taskforce Established to Review the Machinery of Government, June 2001*), a new Department of Environment, Water and Catchment Protection (DEWCP) was formed in July 2001. It was formed from divisions of the then Department of Environmental Protection (DEP) and the Water and Rivers Commission (WRC).

The MOG also recommended the continuation of the Environmental Protection Authority undertaking statutory functions relating to environmental policy development, assessments and sustainability audits.

The DEWCP was subsequently renamed the Department of Environment (DOE) in early 2003. A Review (*Department of Environmental Protection, Water and Rivers Commission; Management and Structure Review, March 2003, D. Carew-Hopkins*) was commissioned to examine areas for improvement of departmental administration across a wide area of recommendations relating to management culture, organisation structure, community consultation, integration, staff training, career development, natural resource management, telephone management, funding and financial management issues. The general thrust of many of the recommendations contained in that 2003 Review are mirrored in this Report.

During the period that DEWCP / DOE operated, legislation to formally merge the divisions of DEP and WRC into one department was never implemented. This in turn created complex administrative arrangements as the two agencies had to maintain two financial and payroll systems, and two sets of annual and budget reporting.

The DOE then underwent considerable change during the 2005-2006 year, as a result of a Government announcement to create the new Department of Water to provide comprehensive advice on the status of water resources and the viability of new source development. The creation of the new department was based on a comprehensive review of the administrative and legislative arrangements within the water resources portfolio. The Department of Water was assigned water allocation, licensing and monitoring responsibilities which were previously undertaken by the Water and Rivers Commission (WRC) as a subsidiary of the Department of Environment. Responsibilities for waterways and catchment management, which were also undertaken by WRC, were not clearly delineated between the DOE and the new DOW, and are still to be fully resolved.

FINDING 1

Roles and responsibilities for waterways and catchment management, which were undertaken by the WRC, are not clearly delineated between the DOE and the new DOW. The Water Resource Legislation Amendments Bill 2006, which is currently before the Legislative Council, will abolish the Water and Rivers Commission. There will then be a need to review a previous decision (September 2005) of the Water Resources Cabinet Sub Committee to determine the relevant roles and responsibilities for DEC and DOW. The DOW is also currently preparing new water legislation in the form of a Water Resources Management Bill which is intended to be introduced into Parliament in 2008, which should provide clearer specification of relevant roles and responsibilities.

Following creation of the new Department of Water, the DOE initiated a structural review to re-define its role and functions (*Review of the Organisation of the Department of Environment, March 2006 - Chris Pollett and Charlie Welker*). Broad recommendations were contained in that Report, including; Strategic Vision; Organisational design and structure; Service Delivery; Management Reforms and Development of an Implementation Plan.

Soon after receipt of that Report, the then Minister for the Environment, Hon Mark McGowan MLA, on 23 May 2006, announced the creation of a new Department of Environment and Conservation by amalgamating the former Department of Environment (DOE) and the Department of Conservation and Land Management (CALM). CALM had previously been established as a department in March 1985.

FINDING 2

The recommendation to develop an Implementation Plan for the various reforms proposed in the *Review of the Organisation of the Department of Environment, March 2006* was not completed in view of the Cabinet decision to merge the Department of Environment with the Department of Conservation and Land Management, to form the new Department of Environment and Conservation. The various recommendations contained in that Report have not specifically been implemented, although many are mirrored in the recommendations emanating from this Review.

In the intervening period, the DOE and WRC each had an acting Director General who was engaged in discussions relating to their de merger, and the equitable distribution of staff, assets and funding support. To date, those discussions still do not appear to have been adequately resolved. DOE and DEC have estimated that at the time DOE and WRC were split about \$3.188m of WRC funding was being used to meet the costs of core environmental operations of the DOE. WRC also retained most senior staff in Regional positions and Corporate Services (including the Information Management Branch). To date, those negotiations are unresolved.

FINDING 3

The negotiations between DEC and the DOW relating to an apparent inequitable distribution of resources, assets and funding support are unresolved.

The new Department of Environment and Conservation (DEC) commenced on 1 July 2006, and is responsible to the Minister for the Environment: Climate Change; Peel.

In the six years leading up to the amalgamation with CALM, the Department of Environment staff had 4 chief executives and 3 Ministers. The chief executive position had also been occupied on an acting basis since early 2003. It had therefore been a most unsettling, uncertain and turbulent period for Department of Environment staff.

The new Department of Environment and Conservation has the lead responsibility for protecting and conserving the State's environment on behalf of the people of Western Australia. This includes managing the State's national parks, marine parks, conservation parks, State forests and timber reserves, marine nature reserves and marine management areas.

The key responsibilities of the Department of Environment and Conservation include broad roles in conserving biodiversity and protecting, managing, regulating and assessing many aspects of the use of the State's natural resources. The Department contributes to the development of environmental protection policies, manages the environmental impact assessment process and carries out regulatory functions to achieve improved environmental outcomes. It is also responsible for the management of contaminated sites and responding to pollution incidents.

The Department is responsible for fire preparedness and pest animal and weed control on 89 million hectares of unallocated Crown land and unmanaged reserves.

The Department provides support or assists the following portfolio authorities and boards to carry out their functions, which are integral to the Department achieving its vision and mission:

- Environmental Protection Authority,
- Conservation Commission of WA,
- Keep Australia Beautiful Council,

- Marine Parks and Reserves Authority,
- Swan River Trust,
- Waste Management Board, and
- Contaminated Sites Committee

(Department of Environment and Conservation, Annual Report 2006-2007, p14)

NOTE: The scope of the Review did not include assessment of the functions or performance of these boards and authorities. No comment is therefore made in that regard.

In an explanatory booklet issued on 1 July 2006 the Message from the Director General, *inter alia*, stated that *the Department of Environment and Conservation heralds a new era for protecting and conserving our environment and the nature of Western Australia.*

By combining the strengths of the former DOE and CALM, the new Department will bring many benefits, including:

- *Improved policy coordination and advice to Government,*
- *A stronger and more robust agency that will be better equipped to address existing and emerging issues,*
- *A more streamlined regulatory and approvals process through providing a 'single entry point' for the community and industry,*
- *Elimination of duplication, particularly in delivering natural resource management programs,*
- *Improved efficiencies in areas such as scientific research, community information and education, mapping systems and databases, and*
- *Greater career opportunities for staff in a larger and broader agency*

FINDING 4

The staff and stakeholder consultation process indicated that there had been benefits to Government and stakeholders from the amalgamation and that staff have been provided with increased career opportunities from being employed in a larger and broader agency. There was nevertheless a general view that more benefits will be achievable over the coming years as agency wide systems, processes and policies continue to be refined and developed.

4.2 Legislation and Policy

On 27 June 2006, two Notices under the Public Sector Management Act 1994 were published in the Government Gazette enabling the amalgamation of the Department of Conservation and Land Management and the Department of Environment from 1 July 2006, and forming the new Department of Environment and Conservation (DEC).

Legislation administered by DEC as at 30 June 2007 includes:

- Carbon Rights Act 2003,
- Conservation and Land Management Act 1984,
- Contaminated Sites Act 2003,
- Environmental Protection Act 1986,
- Environmental Protection (Landfill) Levy Act 1998,
- National Environment Protection Council (Western Australia) Act 1996,
- Reserves (National Parks and Conservation Parks) Act 2004,
- Reserves (National Parks, Conservation Parks and Other Reserves) Act 2004,
- Reserves (National Parks, Conservation Parks, Nature Reserves and Other Reserves) Act 2004,
- Sandalwood Act 1929, and
- Wildlife Conservation Act 1950

DEC also manages a number of Regulations, Environmental Protection Policies and assists with other written laws (including the Litter Act 1979; Litter Regulations 1981; Swan River Trust Act 1988; and Swan River Trust Regulations 1989).

(Department of Environment and Conservation Annual Report 2006-2007, p15-16)

Section 33 of the Conservation and Land Management Act 1984 states that the functions of the Department are:

"(1) The functions of the Department are, subject to the direction and control of the Minister —

(a) to manage land —

(i) to which this Act applies; or

(ii) which becomes subject to the management of the Department under subsection (2), and the associated forest produce, fauna and flora;

(b) to provide the Conservation Commission, the Marine Authority and the Marine Committee with such assistance as they may reasonably require to perform their functions;

(ba) without limiting paragraph (b) or section 20(2), to provide the Conservation Commission with any staff and facilities that it may reasonably require to perform its functions;

(bb) to enter into a memorandum of understanding with the Forest Products Commission relating to the performance of the Department's and that Commission's respective functions and to any other prescribed matter;

[(c) deleted]

(ca) to promote and encourage the use of flora for therapeutic, scientific or horticultural purposes for the good of people in this State or elsewhere, and to undertake any project or operation relating to the use of flora for such a purpose;

(cb) to use, for the purposes of making improvements to any land to which this Act applies, any forest produce that becomes available for use from the carrying out of —

(i) necessary operations, within the meaning in section 33A(1), on nature reserves;

(ii) compatible operations, within the meaning in section 33A(2), on national parks and conservation parks;

or

(iii) operations, in accordance with the provisions of section 56 applicable to the land, on land vested in, or on land the care, control and management of which are placed with, the Conservation Commission that is State forest, a timber reserve or land referred to in section 5(1)(g) or (h);

(cc) to promote and encourage the planting of trees and other plants for the purposes of the rehabilitation of land or the conservation of biodiversity throughout the State, and to undertake any project or operation relating to the planting of trees or other plants for such a purpose;

(d) to be responsible for the conservation and protection of flora and fauna throughout the State, and in particular to be the instrument by which the administration of the Wildlife Conservation Act 1950 is carried out by the Executive Director pursuant to section 7 of that Act;

(da) to promote and facilitate public recreation, in accordance with this Act, on land to which this Act applies;

(db) to be responsible for the permanent preservation of the plant collections of the Western Australian Herbarium and to care for and extend those collections;

(dc) subject to paragraph (dd), to promote the conservation of water, as to both quantity and quality, on land referred to in paragraph (a);

(dd) to develop policies that provide for water to be taken from land referred to in paragraph (a);

(e) to carry out or cause to be carried out such study or research of or into —

(i) the management of land to which this Act applies;

(ii) the conservation and protection of flora and fauna;

(iii) the taxonomy of flora and introduced plants; and

(iv) any other matter related to a function of the Department, as the Minister may approve;

(f) to provide advice to, or undertake work for or jointly with, and to supply services or facilities to, any department, public or private body or other person, whether in the State or elsewhere if the Minister is of the opinion that the provision of that advice or the undertaking of that work is in the public interest;

(g) upon request by the Minister to whom the administration of the Land Administration Act 1997 is committed, to advise him on the reservation, alienation, and disposal of Crown land in rural areas under that Act;

(h) to perform any other function prescribed for the purposes of this paragraph".

The Environmental Protection Act 1986 provides for an Environmental Protection Authority, for the prevention, control and abatement of pollution and environmental harm, for the conservation, preservation, protection, enhancement and management of the environment and for matters incidental to or connected with foregoing.

The Australian Labor Party (Western Australian Branch) Platform (as amended November 2005) contains many policy statements and commitments relating to Sustainability; Climate Change; and Conservation and the Environment.

In the limited time available to conduct this Review, a detailed comparison of the 255 policy statements and commitments (many of which were whole of government issues), addressing Sustainability; Climate Change and Conservation and the Environment contained in that Platform; and the objectives and strategies contained in the DEC Corporate Plan 2007–2009; has not been undertaken. However, no obvious gaps were found between those two documents.

RECOMMENDATION 1

A matrix be developed aligning the many policy statements and commitments relating to Sustainability; Climate Change and Conservation and Environment contained in the ALP Platform (as amended November 2005), with initiatives and programs already being undertaken, and those to be undertaken, by DEC in accordance with its Corporate Plan 2007–2009.

A regular reporting protocol should also be established with the Minister for Environment; Climate Change; Peel to ensure adherence, and that action is being taken by DEC to address stated Government commitments relating to the Environment and Conservation; and Climate Change components of the portfolio.

Of note, the preparation of a draft Biodiversity Conservation Bill has been a State Labor Party policy commitment since before the February 2001 election.

In December 2005 Cabinet approved the drafting of the Bill for the purpose of further consultation within government (drafting instructions were completed at this time).

While work commenced on drafting the Bill it remains unfinished, with a draft anticipated by early 2008. It is expected that will be followed by a public consultation process.

It is noted that, although the enacting of the proposed legislation will not significantly affect DEC's current operations it will achieve a number of outcomes, including:

- Replacing the Wildlife Conservation Act, (which is legislation enacted in 1950; and lacks contemporary initiatives such as offset policies, partnerships, off reserve agreements, etc),
- Biological threats, including pests and weeds are intended to be addressed, and
- Paving the way for accreditation of State biodiversity management against the Commonwealth Environmental Protection and Biodiversity Conservation Act. This will potentially remove or at least reduce the current duplicated development related environmental assessment processes.

The Object of the new Act will be to conserve the biodiversity of the State, while having regard to:

- Implementation of the Biodiversity Conservation Strategy,
- Recognition of the importance of promoting the conservation of biodiversity, and encouraging and supporting the community in the conservation of biodiversity,
- The principles of ecologically sustainable development, and
- Recognition of the knowledge, role and interests of Aboriginal people in the conservation and ecologically sustainable use of biodiversity.

4.3 Corporate Plan 2007–2009

The DEC Corporate Plan 2007-2009 is the first for the new Department, following the amalgamation of the Department of Environment and the Department of Conservation and Land Management on 1 July 2006.

The document summarises DEC's role as a State Government agency, the way it carries out that role and its key objectives for the 3 year period.

The Corporate Plan states that the priorities for 2007-2009 include:

- ✓ Coordinating a whole-of-government response to climate change and implementation of the Western Australian Greenhouse Strategy,
- ✓ Finalising a State biodiversity conservation strategy and Biodiversity Conservation Bill,
- ✓ Continuing the establishment of the conservation reserve system towards the goals of competitiveness, adequacy and representativeness,
- ✓ Further developing a world class parks system in terms of ecosystem management and visitor facilities and services,
- ✓ Implementing the Contaminated Sites Act 2003,
- ✓ Fostering a whole-of-government and community approach to a sustainable future for WA, and
- ✓ Effectively engaging Aboriginal people and the wider community.

The Plan further states that public participation and consultation will be a cornerstone of DEC's operations.

(Corporate Plan 2007-2009, Foreword by the Director General)

The Corporate Plan also provides the following information:

Our Vision

A healthy, diverse and well-managed Western Australian environment.

Our Mission

Working with the community, we will ensure that Western Australia's environment is valued, protected and conserved, for its intrinsic value, and the appreciation and benefit of present and future generations.

Our Responsibilities

The Department of Environment and Conservation is in the portfolio of the Minister for the Environment and Climate Change. The Department is also part of a greater environmental community and has distinct responsibilities for implementing Government policy with that community. Protection and conservation of the environment is a collective role.

The Department has the lead responsibility for protecting and conserving the State's environment on behalf of the people of Western Australia. This includes managing the State's national parks, marine parks, conservation parks, State forests and timber reserves, marine nature reserves and marine management areas.

Its key responsibilities include broad roles in conserving biodiversity and protecting, managing, regulating and assessing many aspects of the use of the State's natural resources. The Department contributes to the development of environmental protection policies, manages the environmental impact assessment process and carries out regulatory functions to achieve improved environmental outcomes. It is also responsible for the management of contaminated sites and responding to pollution incidents.

The Department is also responsible for fire preparedness and pest animal and weed control on 89 million hectares of unallocated Crown land and unmanaged reserves.

The Department provides support or assists the following portfolio authorities and boards to carry out their functions, which are integral to the Department achieving its vision and mission:

- *Environmental Protection Authority,*
- *Conservation Commission of WA,*
- *Keep Australia Beautiful Council,*
- *Marine Parks and Reserves Authority,*
- *Swan River Trust,*
- *Waste Management Board, and*
- *Contaminated Sites Committee.*

The Department contributes to national and international programs through national Ministerial Councils, the Natural Heritage Trust and other national programs, the work of organisations such as the World Conservation Union, and to the implementation of international environment and conservation treaties in WA.

It employs people with world-class scientific, regulatory, evaluation, policy, land and marine management, visitor services and educational skills.

Our Values

People make organisations and the values they adopt shape those organisations. In working to achieve our Mission, we endeavour to behave with:

- *Honesty, courage and integrity – acting ethically, lawfully, in the public interest and treating people with impartiality,*
- *Respect – understanding and respecting individual differences, listening to and valuing each other's contribution, and respecting the views and aspirations of co-workers and the views and contribution of stakeholders,*
- *Openness – having decision making processes that are fair, transparent and understandable,*
- *Commitment – being responsible, accountable and dedicated in our work, both individually and collectively, and*
- *Innovation – continually seeking new and better ways of achieving desired outcomes.*

We will demonstrate

- *Teamwork – working collaboratively and cooperatively with co-workers, other agencies and in partnership with the community,*
- *Leadership – being progressive, showing courage, initiative and creativity in meeting our objective,*
- *Professionalism – acting in a courteous and fair manner, and using up-to-date and sound scientific principles and accurate information in our work,*
- *Value – delivering the best possible result for the protection and conservation of the environment through continual improvement of our efforts, and*
- *Learning-based culture – open to new ideas and concepts learnt from experience and others.*

Our Principles

In making decisions or providing advice we will be guided by the following principles:

- *Where there are threats of serious or irreversible damage, the lack of full scientific certainty shall not be used as a reason for postponing measures which seek to protect or restore the environment or prevent loss of biodiversity,*
- *All elements of the environment, including the diversity of ecological communities and native species throughout WA, will be maintained in a healthy state and, where necessary and possible, restored,*
- *The opportunity for the public to be involved and engaged in developing and delivering benefits to the environment and to their own health and enjoyment will be promoted,*

- *Outcomes will be delivered in the most effective and efficient way,*
- *Cooperation, sharing and integration of resources and knowledge within the department and between communities and agencies will be promoted,*
- *We will be adaptive in our management, taking a flexible and responsive approach to management and operations and being receptive to change,*
- *Users of the environment and resources should pay fair value for that use, and*
- *Use of environmental resources and wildlife will be on the basis of ecological sustainability.*

Strategic Directions, Objectives and Strategies

The vision we are working towards is 'A healthy, diverse and well-managed Western Australian environment'. The Department will achieve this vision by:

- ✓ *Conserving biodiversity,*
- ✓ *Managing natural resources and promoting sustainable practices,*
- ✓ *Leading climate change actions,*
- ✓ *Creating a world class parks system,*
- ✓ *Implementing sustainable forest management,*
- ✓ *Preventing pollution and remediating contamination,*
- ✓ *Maintaining community involvement and support, and*
- ✓ *Improving the way we do business,*

A summary version of the DEC Corporate Plan 2007-2009 is contained in the following table of Objectives and Strategies:

OBJECTIVE	STRATEGIES
1. To protect, conserve and, where necessary and possible, restore Western Australia's biodiversity.	1.1 Establish clear guidance for biodiversity conservation actions and improved legislation for achieving biodiversity conservation outcomes in partnership with the community.
	1.2 Expand and improve the marine, aquatic and terrestrial conservation reserve system.
	1.3 Expand off-reserve conservation that complements management of the reserve system.
	1.4 Recover threatened flora, fauna and ecological communities.
	1.5 Protect biodiversity from threatening processes, agents and activities, including pest animals, weeds, dieback and other exotic diseases, salinity, inappropriate fire regimes and climate change.
	1.6 Ensure that all use of native plants and animals is sustainable.
2. To protect, manage and, where necessary and possible, restore Western Australia's natural resources, including land, water and air, and promote the adoption of environmentally sustainable practices in the community, industry and government.	2.1 Develop and implement policies and strategies that promote waste avoidance, waste minimization, resource recovery and recycling.
	2.2 Monitor air quality and develop air quality management plans for priority airsheds.
	2.3 Contribute to State and regional programs and partnerships to manage, and where necessary restore, natural resources.
	2.4 Support the Environmental Protection Authority (EPA) to establish policies and undertake environmental impact assessments to protect the environment.
3. To provide leadership in the development and implementation of	3.1 Improve the department's capacity to lead action on climate change.

strategies to reduce greenhouse gas emissions and adaptation of initiatives to reduce the impact of climate change for Western Australia.	
	3.2 Develop and implement policies and strategies that reduce greenhouse gas emissions and the impact of climate change for Western Australia.
4. To generate environmental, social, cultural and economic benefits through the further development of a world class parks system in terms of ecosystem management and visitor facilities and services.	4.1 Plan, develop and manage parks, recreation areas, facilities and services so as to maintain in perpetuity the values of natural areas managed by the department.
	4.2 Provide and sustain a range of safe nature-based recreation opportunities, facilities and visitor services that are compatible with conservation and recreation requirements.
	4.3 Provide visitors with enriched experiences based on natural and cultural values.
	4.4 Reduce the threat of wildlife to human life, property and biodiversity and other values.
5. To generate social, economic and cultural benefits from forests, whilst sustaining their biodiversity, health, vitality and productive capacity.	5.1 Manage the forest and woodlands entrusted to the department, and the resources they provide, in accordance with the Forest Management Plan 2004-2013, including protection of old-growth forests.
6. To protect the environment, and people's health and amenity, by ensuring discharges meet approved criteria and contaminated sites are appropriately remediated.	6.1 Regulate emissions and discharges to the environment, and guide land planning to achieve adequate separation distances between industry and sensitive premises.
	6.2 Regulate the transport and disposal of controlled waste
	6.3 Regulate noise emissions in conjunction with local authorities, and guide land planning to avoid noise conflicts.
	6.4 Monitor compliance with Ministerial conditions on environmental approvals.
	6.5 Ensure land contamination from current and historical land uses is managed to reduce the risk to the environment and public health to a safe level consistent with accepted guidelines.
7. To develop community awareness and appreciation of the State's natural environment and biodiversity and promote community involvement in and support for its protection and conservation.	7.1 Improve community knowledge of environment and conservation issues and awareness, understanding and support of the department's activities, services and policies.
	7.2 Increase opportunities for youth to learn about and gain hands-on experience with environment and conservation issues.
	7.3 Establish and implement awareness and education programs promoting environmentally sustainable practices in the community, industry and government.
	7.4 Be responsive to the community.
	7.5 Increase involvement of Indigenous people in managing conservation lands and waters, biodiversity and 'country'.
	7.6 Partner with other agencies, industries and groups with similar interests.
	7.7 Promote a customer focus.
8. To foster a positive work culture of	8.1 Develop and maintain sound internal communications.

trust, continuous improvement and anticipation of environment and conservation issues and customer needs, and deliver core business activities in the most effective and efficient manner.	
	8.2 Manage and support employees effectively.
	8.3 Develop and improve knowledge and information sharing.
	8.4 Focus research programs on high priority issues.
	8.5 Ensure management is based on sound science.
	8.6 Focus the department's resources on strategically important areas.
	8.7 Commit to sustainability principles.
	8.8 Monitor our performance and identify areas where we can improve.

FINDING 5

The DEC Corporate Plan 2007–2009 is well considered and compiled, and contains a Vision, Mission, Responsibilities, Values, Principles and a number of relevant Strategic Directions, Objectives and Strategies towards achieving the Vision of '*A healthy, diverse and well managed Western Australian environment*'.

FINDING 6

The DEC Mission is '*Working with the community, we will ensure that Western Australia's environment is valued, protected and conserved, for its intrinsic value, and the appreciation and benefit of present and future generations*'.

It is considered appropriate by this Review that consideration should be given to reviewing and amending the Vision and Mission of DEC to include reference to the '*natural*' environment, and a statement stating that the purpose of the DEC Vision and Mission is '*to achieve environmental, social and economic outcomes for the State of Western Australia*'.

FINDING 7

The DEC Corporate Plan 2007-2009 was developed through the Strategic Development and Corporate Affairs Division, and involved consultation with senior staff members and the Corporate Executive; and input provided at a Corporate Executive Strategic Planning workshop in February 2007.

FINDING 8

A copy of the DEC Corporate Plan 2007–2009 was made available to all staff; however, they were not briefed on its content; its values; and how individual staff members might play their part in achieving the desired corporate objectives.

FINDING 9

A number of Divisional and Branch Strategic / Business plans have been prepared which also generally appear to be consistent with the objectives and strategies contained in the DEC Corporate Plan 2007–2009.

It was also noted that some Strategic / Business plans were in the formulation and drafting stages; whereas others were not presented during this Review.

Those Strategic / Business Plans that were sighted varied considerably in format and presentation, some of which were very well considered and presented.

FINDING 10

The DEC Corporate Plan 2007–2009 did not appear to be consistent with the “*Better Planning: Better Futures – A Framework for Strategic Management of the WA Public Sector*” document referred to in the Premier’s Circular 2007/05, although it reflects the strategies and objectives of the agency.

The DEC Corporate Plan 2007–2009 was drafted soon after the merger, completed approximately 12 months ago and released in March 2007. In view of the significant changes that have occurred in that time, and the further change emanating from this Review, it is considered relevant that the content of the Corporate Plan should be reviewed, and amended where appropriate to reflect the trends, growing challenges and priorities being faced by the department.

At that time, it would be appropriate to ensure that there is a complete alignment between the Government’s Policy Platform, the DEC Corporate Plan, and individual Divisional/Branch Strategic/Business Plans.

RECOMMENDATION 2

The Corporate Plan 2007-2009 be reviewed, and updated to ensure its relevance and nexus with Government policies; agency trends, challenges and priorities; and community and stakeholder expectations.

RECOMMENDATION 3

Divisional / Branch Strategic and Business Plans should be reviewed, standardised and revised, where appropriate to ensure consistency with the Departmental Corporate Plan.

RECOMMENDATION 4

The revised Corporate Plan is drafted with increased input from staff and stakeholder consultations; and consideration given to aligning it with the “*Better Planning: Better Futures – A Framework for Strategic Management of the WA Public Sector*” document referred to in the Premier’s Circular 2007/05.

RECOMMENDATION 5

Staff should be fully briefed on the revised Corporate Plan; its content; its values; and how individual staff members will play their part in achieving the desired corporate objectives.

4.4 Organisation Chart at 30 June 2007

Based on information provided during the conduct of this Review the Department of Environment and Conservation (DEC) organisation chart as at 30 June 2007 is detailed at **APPENDIX 1**.

The current Organisation Chart is reflective of the previous CALM and DOE based functions being amalgamated to create the new DEC to form two main functional streams each responsible to a Deputy Director General; the Parks and Conservation function; and the Environment function. It also follows a deliberate strategy by the Minister and the Director General of maintaining stability to the greatest possible extent consistent with the merger, given previous restructures (in the DOE) and noting the need for continuity in services delivery, particularly in the face of demands imposed by the State's strong economic growth.

At the time of the amalgamation it is understood that various functions and activities were merged, including the Nature Vegetation Conservation Branch being placed within the Nature Conservation Division; Corporate Services and Regional Services merging; with most Corporate Communications of the previous DOE being combined within the previous ex CALM Strategic Development and Corporate Affairs Division. The ex DOE functions relating to legal services and environmental enforcement remained reporting directly to the Deputy Director General – Environment. In addition, the ex DOE strategic policy function was included in the organisation chart reporting directly to the Chief Executive as it had in the previous DOE structure.

The organisation chart at 30 June 2007 indicates that the Director General had 9 positions reporting directly to him, however that number has since increased to 11 as a result of the recent restructure within the Office of the Director General.

The current Corporate Executive comprises 14 positions (2 Deputy Director Generals and all Directors) including:

- Director General,
- Deputy Director General – Parks and Conservation,
- Deputy Director General – Environment,
- Director, Nature Conservation,
- Director Parks and Visitor Services,
- Director, Sustainable Forest Management,
- Director, Environmental Regulation,
- Director, Environmental Impact Assessment,
- Director, Sustainability,
- Director, Science,
- Director Regional Services,
- Director, Strategic Policy, and
- Director, Corporate Services, and
- Director Strategic Development and Corporate Affairs.

The Office of the Director General provides the Secretariat function to the Corporate Executive.

FINDING 11

The current Corporate Executive comprises fourteen positions.

5. SIGNIFICANT ISSUES AND TRENDS

Significant issues and trends facing the Department have been identified as follows:

5.1 Annual Report 2006-2007

The *DEC 2006-2007 Annual Report* (p129) notes the following significant issues and trends:

- Increasing community awareness and expectations for action to reduce predicted impacts of climate change on the environment and biodiversity of Western Australia,
- Significant policy development at international, national and state levels in relation to adaptation to climate change and mitigation of greenhouse gases,
- Strong economic growth and major resource development projects placing pressure on the natural environment and on the department's environmental impact assessment and regulatory functions,
- The department instigated a statewide assessment of ports to ensure environmental and health standards were being met. The ports of Geraldton and Derby were inspected in May. Other assessments are scheduled for the ports of Port Hedland, Kwinana, Bunbury, Albany and Wyndham,
- Growing threats to the State's biodiversity from pest animals and weeds, dieback, salinity, altered fire regimes, habitat loss and climate change,
- Increasing emphasis on recovery of threatened species and ecological communities, and significant ecosystems and landscapes to reverse biodiversity decline,
- The need to establish a terrestrial and marine conservation reserve system to conserve biodiversity, that is comprehensive, adequate and representative and provides for sustainable nature-based recreation and tourism,
- Increasing interaction with private industry, individuals and other government agencies to conserve biodiversity on private and public lands that are not part of the formal conservation reserve system,
- Continued growth in visitation to parks,
- Continued expectation from recreational and community groups, including people with disabilities, to maintain and upgrade facilities, park infrastructure and services,
- Continued emphasis on developing partnerships with the non-government sector in providing tourism and recreation services and facilities,
- Working with Indigenous communities for joint management and employment in conservation and land management,
- Increase in complexity in the management of State forests for timber production and biodiversity conservation as a result of changes flowing from the implementation of the Forest Management Plan 2004-2013,
- Increasing focus on Government and community efforts to stop cane toads expanding their range from the Northern Territory into Western Australia,
- Responsibility for pest animal and weed control and wildfire preparedness on unallocated Crown Land and unmanaged reserves outside the metropolitan area and townsites,
- Increasing expectation that the department will be a good neighbour to pastoralists, farmers and others,
- Staff recruitment and retention challenges in a buoyant economy,
- Impact of rising costs of both materials and labour on the capacity to deliver projects and services, especially in remote areas,
- Continuing demand for the Perth Observatory's services and facilities by international astronomical institutions due to its isolated location as well as continued public demand for astronomical education and information services,
- Continuing strong community and industry interest in air quality management and health protection in the Perth metropolitan area and key regional centres including Wagerup, Port Hedland, Kwinana, Esperance, Collie and Kalgoorlie,
- Increasingly complex management of industry regulation accompanied by demands for improved community engagement,

- Increasing public focus on remediation of contaminated sites following proclamation of the Contaminated Site Act 2003 and the availability of a public database of sites,
- Reduction in reliance on landfill through waste avoidance, recycling and better management of hazardous wastes,
- Increasing support for the concept of producer responsibility in waste management,
- Focus on working with the community and industry to shift the way we live to a more sustainable basis,
- State of the Environment reporting as a plan for action influencing policy and resource allocation to programs,
- Continued implementation of the reform recommendations from the Keating Review of government approval processes for enhanced timelines, and
- Streamlining of procedures to reduce the processing delays for clearing permit applications while still maintaining the protection of native vegetation

5.2 State of the Environment Report 2007

The Western Australian government has previously arranged the preparation of a *State of the Environment Report* in 1992 and 1998.

The latest *State of the Environment Report* (SOE) was released in 2007 by the Environmental Protection Authority (EPA) following a comprehensive stakeholder and community consultation process.

In drafting the Report the EPA considered a number of indicators relating to the condition of the natural resources or assets, the pressures or threats present, and the adequacy of current responses.

The Report subsequently provides a rating of Western Australia's Environmental Priorities and trends, with Priority 1 ratings being afforded to:

- ✓ Climate Change,
- ✓ Population and consumption,
- ✓ Greenhouse gas emissions,
- ✓ Introduced animals,
- ✓ Weeds,
- ✓ Phytophthora dieback,
- ✓ Land salination, and
- ✓ Salination of inland waters.

Priority 2 ratings were afforded to:

- ✓ Particulates,
- ✓ Changed fire regimes,
- ✓ Loss or degradation of native vegetation,
- ✓ Soil erosion,
- ✓ Altered water regimes,
- ✓ Loss or degradation of wetlands,
- ✓ Loss or degradation of fringing and instream vegetation,
- ✓ Degradation of marine environments,
- ✓ Settlement patterns, and
- ✓ Loss or degradation of Aboriginal heritage.

As a consequence of the findings in the main report the EPA identified a number of strategic actions that it will take to assist in delivering improved environmental outcomes for the State, and committed to the following:

- Encourage the State and local governments, peak industry and business bodies, and peak environmental groups to respond to the *State of the Environment Report 2007* in an appropriate manner,

- Improve the quality of environmental data collection and access to existing data for project proposals in the Environmental Impact Assessment process,
- Undertake a policy gap analysis for all priority 1 and 2 environmental issues highlighted in the main report, with a view to ensuring that policy gaps are addressed,
- Undertake a review of native vegetation clearing data,
- Undertake a review of the progress of the recommendations of the *State of the Environment Report: Western Australia* in 2010,
- Improve linkages with Regional Natural Resource Management Groups and ensure that future State of the Environment reports include progress made by regional groups, and
- Encourage natural resource agencies and sectors to work to an approved Environmental Management System framework with clear environmental objectives and outcomes.

The EPA has also identified in the SOE 2007 Report that the following areas require attention:

- 1) Strategic leadership for environmental matters in WA needs to be strengthened,
- 2) Environmental education and community participation needs to be strengthened,
- 3) Improve the monitoring of community behaviour and attitudes over time,
- 4) Knowledge of many aspects of the WA environment is lacking,
- 5) Continuous improvement in managing the environment is essential for good outcomes,
- 6) Full recognition of the total economic value of environmental assets and services needs to be incorporated into development decisions, and
- 7) Ensure that the SOE Report is an ongoing publication, and that an Environmental Action Plan is developed that clearly influences policy decisions and priorities for budget expenditure on the environment.

A recommendation relating to the SOE Report is contained within the Strategic Policy Division report in Section 6.

5.3 Significant issues and trends raised during the consultation process

The following significant issues and trends were raised during the comprehensive; 'open and frank' and confidential consultation process with Departmental staff (from all levels) and nominated external stakeholders.

Although a standard set of questions was prepared by the Review Team, individual questions asked at the interviews were amended based on the knowledge, expertise and relevance to the specific interviewee.

There were nearly 50 structured interviews conducted during October and December 2007, many of the interviews each exceeded two hours duration, with a smaller number being in excess of three hours.

The number of interviews significantly exceeded original expectations as several additional direct and indirect approaches were made to the Review Team by interested and proactive Departmental staff.

The names of those people interviewed have deliberately not been listed in this Report in order to retain their anonymity.

The specific comments are not quoted verbatim, or attributable to any individual or stakeholder.

It is further noted that the following is a summarised version of those extensive comments and observations received during the consultation process (from over 40 pages of separate detailed notes), and in some cases, should not be taken on face value as being completely correct, as they may have been misinformed, misunderstood or the individual was not aware of the current progress on specific issues and actions being undertaken within the DEC. The Review Team subsequently sought clarification from specialist Departmental staff on those issues of concern.

The following extracted and abbreviated comments, based on the *questions* listed, are intended to provide some indication on the thoughts and observations of those interviewed, and are not necessarily the opinions or views of this Review:

Merger

Do you have any views on the formation of DEC?

Has it been beneficial to Government, stakeholders and staff?

Have you noticed any obvious improvements, problems or issues?

What are they?

How would you describe the culture within your Division and within DEC itself?

- Most staff have accepted, but not fully embraced the merger as many do not have the business tools they want to operate efficiently
- Most staff acknowledge that benefits have been slow to be achieved, but are positive about the future
- The current culture appears to consist of CALM people who are generally long term conservative employees / mature group of people who are generational employees with parents also being employees, and DOE who are shorter term and younger employees, who want to engage and be engaged. DOE staff appear to be more technologically demanding on improved systems and procedures, internet, emails, computers, business and support systems
- The merger has not been substantially beneficial to Government, staff or stakeholders. Environmental corporate knowledge (several Level 8 positions went to Department of Water) was lost in the de-merger with DOW. Regional staff are now spending more of their time on environmental matters (including ministerial correspondence), but do not have the environmental expertise. The capacity that has been lost has not been recovered. There has also been a workload cost in learning “antiquated finance and Information Technology systems”
- There have been few benefits for government following the merger, although it does now provide a one stop shop for all environmental matters and an integrated approach to environmental protection. It has been particularly useful for land users. On the downside there are gaps in the processes (which are being worked on), capabilities, leadership capacity and procedures
- Prior to the merger greater thought should have been given to the culture, size and communication strategies of the 2 entities. There does not appear to have a clearly defined change management process
- Little prior notice was given that the merger was occurring, and therefore no real planning could occur. It was considered that there were synergies between the 2 agencies, and a merger would provide greater capacity to deliver services. There has therefore been an expectation from stakeholders and consumers that improved services would be delivered, but that ‘has not eventuated to date’
- CALM has a hierarchical structure (with excessive use of Personal Assistants to pass paper and make calls on behalf of Directors), directive style of management, with no flexibility that leads to conflict and loss of staff self esteem. Workload is not free flowing, with regular bottlenecks occurring in the system. Staff consider themselves undervalued and there is no warmth in the agency. Communication is basically non existent
- Regional Managers are now spending more of their time on Environment Protection issues, and a high ratio of correspondence on regulation issues
- The merger provides a logical nexus and provides a one stop shop, however it needs time to bed down and realise the benefits, including economies of scale in regional locations. There has also been some evidence of cross fertilization and management
- The government voice on environment and conservation issues has been weakened over the past few years as the number of agencies has now been reduced to only DEC.

However, DEC has not increased its profile, and community education and awareness roles

- The merger should result in more consistent advice being given to the Minister and others
- The merged entity has resulted in increased workload and a reduction in the level of service
- The agency needs to identify itself, develop a brand, make sure that all staff understand that brand / identity and then sell that brand to the community and stakeholders
- DOE was considered to be the poor relation in what was seen as a takeover, and they have taken a backwards step in corporate systems, management, efficiency and internal recognition
- CALM staff have been relatively unaffected by the merger, but have lost corporate resources being diverted to environmental business and no compensation provided
- Office accommodation being spread all over the metropolitan area does not help in creating one entity, with unity
- 2 distinct cultures still exist and need to be brought together
- There is no change management process in place
- The benefits to the Government and stakeholders have not yet been fully appreciated, but there has been consolidated advice to government on major projects; and removal of overlaps on natural resource management issues

Organisation structure

Is the Organisation structure appropriate? What needs to be changed?

- The current structure is considered appropriate although more emphasis should be given to climate change.
- Some structural changes were suggested during the consultation process.
- It was also noted that a new Business Model, and re-structure was being implemented in respect of Environmental Regulation functions
- Further consideration was being given to the role and structure of the Strategic Policy Division
- A re-structure within the Office of the Director General has recently been approved
- A re-structure within the Parks and Visitor Services Division is currently being implemented
- A major re-structure in the short term would not be beneficial for the agency as a whole

Trends

What are the department's priorities, emerging trends and indicators?

- Increased workload and complexity of issues
- Reduced resources have resulted in service delivery across the agency being severely affected
- Future workload is expected to increase significantly across the agency as the resources boom and the WA economy continue to grow at a fast pace
- Greater public scrutiny and accountability has also created increased workload and correspondence
- Increased community expectations on emission, environmental and air quality controls
- The internet has created an additional problem as members of the community have access to far greater worldwide information than they used to have. The agency therefore has to ensure that it has sound research and factual data available to counter arguments that are put to it

Staffing issues

What needs to be done to retain staff?

What is the quality of existing staff?

Are staff skill sets appropriate?

Is adequate structured training, capacity building or leadership development processes in place?

What is the standard of morale in DEC?

- High staff turnover due to stress, excessive workload, constant public scrutiny, lack of internal recognition, being undervalued, low self esteem and poor morale
- Public Service salaries unable to compete with industry packages
- It is essential that planning is undertaken on succession planning and career paths. Critical positions / people (due to corporate knowledge, capabilities and technical skills) should be identified throughout the department and strategies developed to keep them and develop mentoring programs to provide a back up
- Morale varies throughout the department, with several pockets experiencing very low morale and self esteem. This has been caused by a range of issues, including stress, workload, feeling undervalued, sub standard accommodation and lack of recognition from management
- Most staff through the agency have had a chance to move to another position at some stage over the last 12–18 months, but many have chosen to remain in DEC because they are passionate about their work. The current workload, and the forecast increase from the resources boom, will place more pressure on the goodwill of existing staff to cope with the conveyor belt
- Need to urgently develop an Attraction & Retention Package
- Stress the benefits in working for the government
- Staff remain in their own work areas and do not know others in the agency – internal networks have not been developed within the agency
- Communication between Divisional staff is generally non existent unless absolutely necessary for work purposes
- A better Performance Management system needs to be developed
- The DEC people Reference Group should be fully supported by all Directors, Managers and staff
- More networking functions should be held throughout the agency
- A staff Recognition and Reward program should be implemented
- Staff want to be valued and recognised – even with a simple thank you
- An agency wide proactive training and mentoring program should be implemented
- People Management training for senior managers
- Administrative and strategic management based training for senior managers
- A graduate recruitment scheme should be implemented for all key areas within the agency
- Succession and Workforce Planning is essential for priority work areas
- An Induction package should be developed
- It is essential that trust and public confidence is restored in the agency, but before that can occur staff also need to be trusted so that they can believe in themselves again, and not worry about management reactions to any errors
- Loss of corporate knowledge should be addressed
- All managers should promote staff motivation as a priority

Communication

Are the communication and reporting processes adequate within your Division, within DEC and with external bodies?

- Opinions vary, but generally staff would like a better internal communication system
- A Formal Internal Communication Program should be developed

- An on line telephone system throughout the Department (with photos and a brief explanation of the role) is considered absolutely essential
- A weekly report from the Director General's office would be useful in improving internal communication
- There should be more downwards communication to Branch level on what is happening throughout the agency

Finance and Information Technology

Are the Finance and Information Technology (IT) systems adequate to meet the needs of the DEC?

- The IT system was universally considered to be a nightmare and needs fixing quickly
- Business tools are essential for all areas in the department to be more effective
- There are many databases, and limited access
- Regions are experiencing IT and bandwidth difficulties
- Bandwidth is too small and makes the IT system very slow
- The Finance system was considered to be okay by ex CALM staff, but ex DOE staff consider that they have gone back 20 years
- The Decentralised budget system does create funding problems (eg bandwidth problem)
- Service Purchaser Provider Model adds to the complexity and requires a varying degree of finance and budgeting expertise to be provided directly in each Division and cost centre

Policies / Regulations

Can the policies, systems or procedures within the DEC or your Division be improved? How?

- Policies are generally considered to be good, but need reviewing and brought up to date

Future

What needs to be done to make DEC more efficient and effective?

How can service delivery be improved?

What is needed to improve organisational and divisional performance?

How do you measure your performance?

What would you re-prioritise and why has that not already been done?

Do you have any views on the quality of DEC management?

What should the Agency be doing in the future – that is not already being done?

Is DEC adequately and equitably resourced across programs, if not which programs and why?

What process is in place to manage change and who takes responsibility for core business and systems / processes?

What procedure is in place to retain corporate knowledge?

Is legislative change needed in any way? What?

How do your Divisional functions tie into the Corporate Plan?

Delegation / Correspondence

- A formal system of delegation is in place, but something needs to be done with the high level of correspondence and requests for briefing notes from senior DEC Management
- A formal system of delegating under the legislation does apply – but needs a broader system of delegation for less important administration and work flow issues (correspondence etc)
- The yoyo model and the paper chase concerning Ministerial and associated correspondence needs to stop
- Face to face response suggested to the complaints related pieces of correspondence
- Increased complexity of issues, which take more time and consideration to answer

Media

- Good news stories are being generated in the Industry Regulation branch to ensure that the community is educated that the responsibility of many matters is not with DEC
- Suggest a media champion to argue the case on behalf of DEC, rather than accept responsibility for everything

Local Government

- Poor planning is seen to be one of the major sources of conflict and complaints to DEC
- Lack of understanding of who is responsible for many environmental regulation issues (pollution, noise, air quality)
- Poor planning by Local Government Authorities has created most of the environmental conflicts (limited buffer zones between residential and light industrial areas). Need to develop Memorandum's of Understanding with Local Authorities and establish who is responsible for the grey areas. Set up a committee involving all the key players (DEC, Department of Planning and Infrastructure, Department of Industry and Resources, WA Local Government Association, larger local authorities, Department of Health)
- A Whole of Government Committee should be established to provide leadership on planning issues

Corporate Plan

- Considered to be biased towards Conservation initiatives and not enough emphasis on Environmental and Climate Change issues
- Does not appear to meet the requirements of the Premier's Better Planning : Better Futures document
- Several Divisional Strategic Plans have not been updated and are not reflective of current activities
- Finance system does not appear to link with the Corporate Plan
- Corporate Plan has not been explained to staff, and therefore they cannot embrace it
- The Corporate Values need to be fully understood and then promoted by management (by example)

Future

- Corporate systems and infrastructure needs to meet user requirements
- Streamline business processes and ensure that regulations and policies are prescriptive and clear
- Proactive and strong leadership with the community and media is considered essential
- Need additional resources to deal with the current inefficiencies
- Address the cause of the problem/s and complaints by developing partnerships and MOU's with LGA's
- Develop a formal Change Management program
- Build community confidence in the agency by implementing a stronger enforcement regime, being stronger in the media and educating the community on the role of the agency and other stakeholders
- Stronger enforcement, but take care that it is consistent and not domineering
- Change the current management style of the Executive by empowering staff at all levels to take responsibility and reduce the bottlenecks and delays that have created considerable duplication, inefficiencies and low morale
- Develop trust in the staff
- Develop an identity / brand for the agency
- Appointments should be made to vacant senior positions as a matter of urgency in order to provide some future certainty and stability
- DEC should provide leadership by developing a whole of government cooperative forum to deal with approval, regulation and planning processes

- Increase community awareness and education of our world class parks system
- Take a more strategic approach to all agency related issues, including tackling issues such as feral animals and noxious weeds
- Strategic management should be a priority, and provision of effective business tools to undertake priority tasks
- Work closer with the indigenous sector on conservation and environmental matters
- Acknowledge the increased complexity of environmental and conservation matters and provide additional resources to deal with that issue
- Determine how effective we are and ascertain whether we are wasting resources. It is difficult to do this at the moment with the current IT and Finance systems
- We must win the hearts and minds of the community, and get their support. Efficient education and awareness programs are therefore paramount for the future
- Implementation of the Biodiversity Conservation Act is fundamental to the future of the agency
- The agency should be articulating as much as possible about the plan to tackle Climate Change and what stakeholders should be doing
- DEC should provide leadership by integrating environmental, biological and NRM information in order to develop broad environmental information

Specific issues raised by the various external stakeholders consulted (such as statutory bodies) included:

- Greater recognition and acceptance of the role and responsibilities of the various statutory bodies, and a request to have greater involvement, and input in the departmental strategic planning and policy setting processes,
- Improved communication between the respective agencies, including a desire to have increased interaction with the Director General and senior DEC staff on related issues,
- Existing DEC education and awareness programs appear to be invisible and ineffective, and therefore need to be improved,
- A branding program should be implemented immediately to improve the credibility of the agency in the eyes of the community, with the ultimate aim of promoting environmental and conservation protection,
- The DEC interface with the community needs improving and greater input and involvement of statutory bodies should be obtained, and
- The need for a crystal clear policy environment to assist with the decision making process, avoid confusion and stakeholder conflict.

NOTE: Discussions were not held with every major stakeholder or independent body in view of a number of circumstances. There were no major concerns raised by those stakeholders interviewed that are not already raised elsewhere in this Report.

RECOMMENDATION 6

Consideration should be given by DEC management to addressing the requests from stakeholders for greater involvement and input into the departmental strategic planning and policy setting processes; and increased interaction with the Director General and senior DEC staff on related issues.

6. PROGRAM ACTIVITY AND PERFORMANCE

6.1 Individual Reports

In accordance with the Terms of Reference an abbreviated and high level analysis of the performance of the various DEC Divisions and Branches has been undertaken within the limited scope of the project, short time frame and the information made available during the Review.

At the commencement of the Review, the Review Team asked a number of questions to the DEC secretariat on Divisional and Branch functions, activities, workloads, trends, issues, priorities, challenges, and tasks not being undertaken that should be being done. A variety of responses were received to these questions, some of which were addressed in detail, whereas with others there appeared to be limited input, effort or lack of information. It is however noted that these requests to Divisions and Branches were in addition to normal high workload demands.

Information on workload, efficiency, effectiveness and productivity indicators was limited mainly to that contained in the DEC 2006-2007 Annual Report, or subsequent information provided as a result of the Review Team requesting more specific data on which to form an opinion on performance. This therefore made the performance assessment process more difficult.

It is further noted that in several instances, other internal or external Reviews or management initiated actions were either being undertaken, or recently commissioned to identify issues of concern (eg Audit and Inspection Processes Review, Port Bulk Handling Review, Integration of the Compliance and Enforcement function, Review of the Parks and Visitor Services Division, Industry Regulation Business Re-structure, Strategic Policy Division Review).

The individual Division and Branch reports have therefore been compiled on information provided to the Review Team, the limited staff and stakeholder consultation process, further direct clarification on many issues and information accessible to the Review Team from other reference documents.

The opportunity to drill down further into the operations and performance of some Divisions and Branches was also not possible in the time available to undertake the Review. It is the opinion of this Review that further analysis on Divisional and Branch workloads compared to resources would be extremely beneficial in order to consider any opportunities to re-allocate internal, or seek additional resources, where necessary. This is particularly the case for the delivery of all operational services undertaken by DEC inclusive of the Regional Services and Science Divisions. The resources applied through the Divisions are substantial and require further analysis beyond that conducted during the Review covering efficiency and effectiveness.

It is further stressed that this Review was not able to consider or analyse every issue, trend, priority, challenge or task identified as not being undertaken. This Review considers that the new General Manager, Business Performance should investigate and analyse all of those specific matters raised throughout this Report that are not covered by Recommendations.

The various Divisions and Branches that have been reported upon are those that are listed on the Organisation Chart contained in the DEC 2006–2007 Annual Report.

The following Program Activity and high level Performance Report Cards are therefore presented on that basis:

6.1.1 **AIR QUALITY MANAGEMENT BRANCH**

The Air Quality Management Branch currently reports to the Deputy Director General - Environment.

The role of the Air Quality Management Branch (AQMB) is the protection and maintenance of air quality in Western Australia.

The AQMB is the only recognised group within the State Government with expertise in air quality management.

The AQMB plays a major role in providing strategic, technical, and policy advice on air quality matters such as ambient air quality, industrial emissions and odour modeling, meteorology, health standards, and air toxics.

The Branch provides regular advice to:

- The Minister for the Environment;
- EPA;
- DEC;
- Government Agencies;
- Industry; and
- The community.

An important function of the Branch is the development and implementation of national environmental protection and monitoring measures as required and promulgated by the Australian National Environment Protection Council (NEPC) on ambient air quality and for establishing frameworks for regional air quality management.

The Branch delivers its services through four major work programs:

1. Regional Air Shed Strategies,
2. Policy Development and Implementation,
3. Ambient Air Quality Monitoring, and
4. Strategic Research and Investigations.

The *DEC 2006–2007 Annual Report* indicates the following performance highlights:

- Implemented the Perth Air Quality Management Plan with major initiatives aimed at reducing smoke emissions, including Phase 2 of the Wood Heater Buy Back program,
- Implemented the Diesel National Environment Protection Measure including emissions testing of the public bus fleet, selected light and heavy diesel trucks and a technical training/education program,
- Implemented major air quality investigations at Wagerup,
- Developed air quality management plans for the key regional centres of Port Hedland, Wedgefield and the Collie basin as a strategic context for addressing air quality issues,
- Undertook targeted monitoring at selected regional and industrial locations,
- Implemented the Air Toxic program in Perth and regional centres, and
- Implemented the National Environment Protection Measure monitoring.

The Branch stated that workload has increased significantly over the past five years due to a combination of factors including:

- the rapid expansion of the resource sector;

- extensive media coverage of regulatory challenges associated with the management of major industrial and infrastructure facilities; and
- proactive initiatives by the Department to address air quality management in a more strategic manner.

Identified priorities include:

- Secure a safe and appropriate accommodation for staff and branch activities;
- Progress and finalise key outcomes and deliverables in the Perth and regional air shed strategies;
- Complete major field investigations at Wagerup and Port Hedland;
- Obtain NATA accreditation for the Departments ambient monitoring network;
- Develop an effective Community based air quality sampling culture within WA;
- Maintain high quality scientific and technical capacity within the Department to address complex and emerging issues; and
- Work with other sections of the Department to enhance their capacity to address air quality management challenges.

Challenges have been identified by the Branch as:

1. Recruitment and retention of staff in the face of ongoing accommodation challenges and an aggressive external employment environment; and
2. Maintain officer morale in the face of continual organisational change and dislocation.

From an organisational perspective whilst the Review did not identify any specific issue warranting mention, it was not convinced that reporting directly to the Deputy Director General – Environment was ideal. Much of the work undertaken falls more appropriately in the Environmental Regulation Division and its inclusion within that Division needs to be considered.

RECOMMENDATION 7

Consideration is given to placing the Air Quality Branch within the Environmental Regulation Division.

In the meantime, no performance measures were provided to the Review to make any assessment on the efficiency or effectiveness of this Branch.

6.1.2 **CORPORATE SERVICES DIVISION**

The Corporate Services Division reports directly to the Director General, and has the following Branches:

1. Financial Services,
2. People Services, and
3. Information Management.

The major challenges anticipated by the Division over the coming two years are:

- Attraction and retention of staff,
- Changing the culture of DEC in regard to information management and the investment in information management throughout DEC to achieve the optimum balance of cost and productivity from information management,
- Development of the DEC corporate culture to achieve a consistent, merged culture that matches the needs of the organisation,
- The development and resolution of the Shared Services initiative,
- Funding for infrastructure, particularly accommodation, information management and roads, and
- Achieving greater funding from the Consolidated Fund for DEC services, eg biodiversity, industry regulation and parks and visitor services.

It is noted that a copy of the People Services Branch Operational Plan 2005-2006, Financial Services Branch Plan for 2006 and the Information Technology and Telecommunications Strategic Plan developed and approved in 2002, were made available during the Review. Management advice indicated that all three plans had been developed in CALM, prior to the merger, and requires updating. Advice was also provided indicating that the plans are currently being updated. It was stated that the high workload in the Corporate Services Division following the merger was a delaying factor in updating the plans.

FINDING 12

During the staff consultation process there were concerns expressed that there was insufficient strategic corporate services support provided to other DEC Divisions. There was a view that they were left to their own devices, which often lead to Divisions doing their own thing. This was considered to be inefficient as it could result in inconsistencies, duplicated effort and overall lack of strategic direction. More importantly, business efficiency and effectiveness is dependent upon corporate objectives and business systems aligning with departmental objectives integrated with the needs of the department as a single entity. For this reason, this Review focused particularly on the Corporate Services Division and its branches.

Financial Services Branch

The Financial Services Branch provides advice to operational managers on purchasing and fleet management, manages accounts receivable and accounts payable processes, and asset records, coordinates remote area housing, consolidates budgets, maintains core financial software that is shared by all parts of the department, and produces management, tax and statutory reports.

In order to manage the Department's operations efficiently and effectively a number of computerised processing and information reporting systems are utilised. These systems are collectively referred to as the Financial Management and Information System. Central to these is the Oracle Financial General Ledger. There are several systems linked to the Oracle General Ledger including the Oracle Financial Accounts Payable, Accounts Receivable and Asset Management systems, while others such as the Payroll and Fleet Management systems are

interfaced with the General Ledge Module. This Module stores summary data relating to financial information, budgetary information and statistical information.

The Department's Chart of Accounts comprises seven segments each consisting of a number of characters, with the result that 21 characters form the (flex field) account code number. As each segment has a specific purpose it allows considerable flexibility in financial management and reporting; including costing by activity, by project, by job or by service.

There are a number of drivers to DEC's current costing system, including; the demand for transparent, auditable financial reporting of the multiple use of management of land and for financial information required for external funding sources. These drivers have resulted in a time based costing system for payroll, decentralisation of budgets and costs and a chart of accounts that reflects a purchaser: provider approach.

The Branch has stated that the next major challenge is the introduction of the Shared Corporate Services model in the Western Australian public sector. It is expected that it will affect individual branch staff and the financial processes used in the Department. There is also some doubt on which DEC functions will be taken over by the Shared Service Centre.

It is further understood that DEC is considered to be a low priority for roll in, due to the stability of existing DEC systems and remaining unresolved issues relating to how the DEC information needs will be met by the Shared Services chart of accounts. DEC has recently been advised that it will be rolling into the Shared Services model in September 2012.

Based on information provided by management the DEC financial system operates within a 'Service Purchaser Provider Model', which is a framework to allow specialist divisions (the Service Purchaser) to influence service delivery by the operations divisions (the Service Providers). Service providers include the Regional Services Division, Science Division, Strategic Development and Corporate Affairs Division.

It has been acknowledged by DEC management that the Service Purchaser Provider Model is not perfect, and that it could be improved.

FINDING 13

A constant view during the staff consultation process (especially ex DOE staff) was that the current finance/budget system does create some funding problems (particularly for service providers), and requires a varying degree of finance and budgeting expertise and knowledge to be provided directly in each Division and cost centre. In the timeframe provided for this Review no further assessment or comment is made on this issue, although the concern should receive attention in the lead up to adoption of the Shared Services Centre outcomes. In the interim, a higher level of support from Corporate Services to the ex DOE staff will assist.

RECOMMENDATION 8

Although DEC will not be migrating to the Shared Corporate Services model until September 2012, this Review considers that a Divisional and Branch Needs Analysis should be conducted in the short term in conjunction with an overall Review of the DEC Financial Information Management System, including a review of the DEC Chart of Accounts; the relevance and benefits of the Service Purchaser Provider Model; and linking the Corporate Plan to the financial management information system. The opportunity provided by migration to shared services should then be used to further refine DEC's financial management systems.

A further significant challenge with which DEC has been faced is an issue relating to an unsolved distribution of resources, assets and funding support following the de merger of the Waters and Rivers Commission and the Department of Environment.

Following an internal review of expenditure incurred against Water and Rivers Commission (WRC) and Department of Environment (DOE) budgets as part of the de merger of the agencies, DEC identified in July 2006 a recurrent appropriation shortfall of \$3.188m per annum.

That shortfall comprised:

- 1. Corporate Services of \$1.208m p.a.**
(DOE had approximately 45% of the staff of the former DOE/WRC. However, only 30% of the combined DOE/WRC corporate support budgets (finance, human resources and information services) were allocated to the DOE. Allocating combined DOE and WRC budgets on a pro rata FTE basis, the shortfall in the DOE budget was calculated at \$1.208m p.a.).
- 2. Vehicles of \$0.42m p.a.**
(DOE had approximately 45% of the staff of the former combined DOE/WRC. However only 28% of vehicles [48 of 172] were funded through the DOE budget. This left a considerable shortfall in vehicle availability. Replacement vehicles need to be leased).
- 3. Accommodation of (\$0.400m p.a. - negative)**
(With the relocation to the Atrium building, it was identified that the DOE accommodation costs should reduce and WRC accommodation costs should increase based on the accommodation budgets for 2005-06 and the proportion of staff. The DOE would have subsidised the WRC an amount of approximately \$0.4m).
- 4. Regional Services of \$1.65m p.a.**
(Most regional management and senior regional positions stayed with the WRC. A large number of these regional DOE [WRC] positions undertook significant components of the DOE's environmental management and regulation function. The DEC needed appropriate regional resources [\$1.2m] to enable the continued delivery of these programs at the existing levels. In addition, approximately 45 DOE regional staff were accommodated in DOW offices. It was expected that in the medium term DEC would incur these accommodation costs [estimated at \$10k per FTE] rather than the DOW.
- 5. Director Natural Resource Management of \$0.310m p.a.**
(The position of Director of Natural Resource Management and direct support staff were previously funded from the WRC budget, however these positions have now transferred to DEC without any associated funding).

DEC also identified that 12 staff were transferred from the WRC to the DOE in the Communications and Ministerial Liaison areas without full salary allocation. The cost of the unfunded positions was estimated at the time as \$0.867m p.a.

It was also noted that payment from the WRC to DEC was required for compensation relating to the leave liability of WRC employees who transferred to DEC. The estimated cost was calculated at \$0.25m.

Subsequent discussions between representatives of the DOW, DEC and the Department of Treasury and Finance have failed to resolve this crucial issue, the outcome of which has been a major deleterious effect on DEC's ability to cover the annual shortfall, evidence of which is contained in various sections of this Report.

A Department of Treasury and Finance response of 27 September 2006 indicated that *'...it is unfortunate that a satisfactory outcome for both parties has not yet been reached'*. That response also indicated *'The DTF is unwilling to support the transfer of the DEC's estimated funds without*

the quantum being agreed by both agencies' Chief Executive Officers. The DTF continues to maintain that funding should be apportioned on the basis of actual expenditure on functions prior to the de merger of the Water and Rivers Commission and the Department of Environment Protection'..... and then states..... 'the DTF recommends that the DEC continues its efforts in pursuing this matter with the DOW until resolution is achieved'.

To complicate the issue, the DOE and WRC (DOW) always remained separate legal entities, each with a separate appropriation and a separate annual report. However there was a single CEO, initially Roger Payne and then Derek Carew-Hopkins acted in the position. The public appearance was that DOE/WRC was a single agency. The treatment by government and its agencies reflected the fact that DOE/WRC would become a single agency as soon as the Machinery of Government legislation changes occurred and was already operating as a single agency under a single CEO. In reality, therefore there was not a de merger of DOE and DOW.

In summary, WRC was cross subsidising DOE under the authority of a single CEO in the context that government policy was that the two entities would soon become one and should already operate as one.

The key point is that what appeared to be a de merger and which many people incorrectly describe as a de merger was not a de merger at all. Since there was no de merger, DOE had no leverage or process to negotiate the split of resources with DOW. The two agencies were already separate and always had been. To compound this, the two agencies were placed in separate portfolios as soon as they no longer shared a CEO, and so DOE did not have recourse to a single Minister for assistance with resolution of issues that might arise.

FINDING 14

DEC appears to have been the subject of a \$3.188m p.a. recurrent appropriation shortfall following the de merger of the then Water and Rivers Commission and the Department of Environment. There were also other financial matters that were subject to clarification and resolution. Unfortunately, all of these matters remain unresolved, to the financial disadvantage of DEC.

RECOMMENDATION 9

The apparent recurrent appropriation shortfall of \$3.188m p.a. deserves urgent attention, instruction and resolution as without additional resources any perceived increased efficiencies, elimination of duplication and streamlined regulatory and approval processes will not be achieved. This issue requires the highest priority for resolution.

RECOMMENDATION 10

Subject to the outcome of further negotiations to resolve the recurrent funding dispute with DOW, an independent accountant should be commissioned, with the assistance of the Department of Treasury and Finance (DTF), to provide some clarity over the DEC calculations. Should such an independent verification not provide a resolution, DTF should be requested to issue an appropriate Instruction, based on the findings of that review.

FINDING 15

Recognition was recently provided to DEC in the *Innovation in Procurement – Treasurer's Awards 2007* where the Department was the winner in the *Implementation and Use of Purchasing Cards* category, and received a High Commendation (Large Agency) in the *Take-up of the Regional Buying Centre Initiative*.

In winning the former award, it was acknowledged that the Department successfully overcame the challenge of merging two agencies; each with their own financial and procurement systems; and of particular note was DEC's considerable progress with the Pcard program across the newly merged department, increasing the number of former DOE employees using the cards from 50 to 350 within a period of 6 months and as a result were well on track to achieve 2010 targets two years ahead of time.

The latter award noted that DEC is an enthusiastic supporter of regional buying, and has decentralised the procurement process with the majority of purchasing done by operational staff rather than head office.

At a macro financial level, the financial reporting for 2006-07 by DEC is commended, despite the timing of the merger and de merger at short notice by Government, and with a very limited increase in financial services staff (2).

The Auditor General had no findings or identified any major financial reporting issues following a comprehensive audit of DEC accounts for the year.

The Review noted the detailed level of financial reporting of a high standard, easy to read and suffice to provide reasonable control over DEC's overall business.

In the time allowed, this Review was not able to 'drill down' to assess the value of the DEC financial systems for project management or time activity costing system in the allocation of costs to the department's business, particularly for regional services.

However, based on the quality of information before the Review and assurances offered by the Director, Corporate Services and the Financial Services Manager, it is reasonable to believe that the supporting systems and financial reporting are adequate for DEC's immediate needs.

However, as raised earlier, every opportunity should be taken prior to and at the time of the shared corporate services model rolling-in, DEC needs to maximise the opportunity to continue to improve its financial management system including reporting and alignment with DEC's emerging organisational structure and changing reporting needs. The implementation of cost recovery arrangements in particular and its impact will need focused attention.

FINDING 16

The financial systems of DEC adequately meet the macro reporting needs for Government and management control of the Department.

People Services Branch

The People Services Branch provides strategic planning, policy development and formulation, advice and coordination in the management of people. The branch provides services in the functional areas of personnel, payroll, labour relations, training and development and risk management.

As highlighted above, the attraction and retention of suitable staff is a major challenge for the agency.

The issue is also a major challenge for the Western Australian Public Sector, with the Department of the Premier and Cabinet undertaking a review on the issue and producing the *'Meeting the Challenge: Attracting and Keeping Public Sector Employees'* document in May 2007. Edith Cowan University has also undertaken a review; and produced *'Attraction and Retention in the Western Australian Public Sector Regional Workforce'* document in June 2006.

The former Report states that *attracting people to the public sector is the first step, and ensuring that they stay is a greater challenge.*

It also states that *there are a range of financial and professional incentives available to public sector employees who work in remote and regional areas.* It states that *incentives can include:*

- *Housing, electricity and water subsidies,*
- *Air conditioning subsidy,*
- *Removal allowance,*
- *Remote community allowance,*
- *Annual leave travel concession,*
- *Paid travel time for sick leave, annual leave and bereavement leave*
- *Additional leave entitlements,*
- *Training and development benefits, and*
- *An attraction and retention package*

The Report states that these are provided through relevant award schemes and industrial agreements. Limited details on the incentives are provided.

The latter Report contains a variety of conclusions and recommendations, and states that regional communities throughout the State need health, education, policing, child protection, community development and other government services. However, many agencies have persistent difficulties in attracting and retaining professional and skilled staff to some regional locations.

It adds that the *reasons for the unpopularity of regional posts include:*

- *Isolation from family and friends*
- *Quality of accommodation*
- *Absence of work opportunities for partners*
- *Schooling and educational opportunities for children*
- *Unwillingness to work at less favoured locations for a long period*
- *Concern about being socially and intellectually isolated*
- *Perceived disadvantages to career progression*
- *Perceived disadvantages with regard to levels of allowances and other incentives with respect to peers and other public sector workers in the same locality*
- *Poor work environment and unfamiliar or more challenging clients*
- *Transfer and re-location expenses, and*
- *Inadequate training and preparation to work in a rural setting*

It is interesting to note the Report states that *nearly a third of public sector workers are employed in regional areas with younger workers in the Goldfields, Kimberley and Pilbara and older workers in the South West and Great Southern areas.* Agency data indicates that the districts of Peel, South West and Great Southern are more likely to retain staff.

The Report also noted that *allowances were thought to be inadequate either because they do not reflect the true cost of living in regional areas or because they do not adequately cover the costs associated with transferring or re-locating to a country posting.* Further, *whilst agencies may offer either subsidized or free rental housing this is not always available and much of it is reported to be of a sub-standard nature or inappropriate for the needs of the workers.*

On 15 November 2007 the Premier announced a new scheme aimed at retaining experienced public sector employees. The transition to retirement initiative will encourage individuals aged 55 years and over to remain in the public sector workforce by providing access to superannuation entitlements, while continuing to work full time or changing to more flexible working hours. The

intention of the strategy is to help keep key and experienced personnel in the employ of the State Government.

FINDING 17

The staff and stakeholder consultation process identified attraction and retention of suitable personnel as being critical to the long term efficiency and effectiveness of the Department.

It was noted in 2006, more than half (54%) of the full time permanent public sector workforce was aged 45 and over and the proportion of that workforce aged 55 years or over was almost 20% (*Department of the Premier and Cabinet's 'Meeting the Challenge: Attracting and Keeping Public Sector Employees'*.)

As at December 2006 the average age of DEC permanent employees and fixed term contract employees was 40.9 years, with 297 (15.55%) at the retirement age of 55 years and a further 491 employees (25.71%) reaching retirement age within the next 10 years.

FINDING 18

As at December 2006 the average age of DEC permanent employees and fixed term contract employees was 40.9 years, with 297 (15.55%) at the retirement age of 55 years and a further 491 employees (25.71%) reaching retirement age within the next 10 years.

The number of terminations by DEC Division for the 12 months to 30 September 2007 totalled 311, as follows:

<u>Division</u>	<u>Number Of Terminations</u>	<u>% of Division</u>	<u>% of Dept – head count (2,236)</u>
Nature Conservation	17	10.97	0.76
Parks & Visitor Services	11	10.9	0.49
Sustainable Forest Management	8	12.9	0.36
Regional Services	153	14.5	6.84
Science Division	16	7.88	0.72
Office of the DDG Environment	10	13.7	0.45
Environmental Regulation Division	21	25	0.94
Environmental Impact Assessment	6	15	0.27
Strategic Policy	7	16.28	0.31
Sustainability	2	8.7	0.09
Corporate Services	32	16.75	1.43
Office of The DG	4	11.11	0.18
Strategic Development & Corp Affairs	7	11.11	0.31
Swan River Trust	12	24.49	0.54
Keep Australia Beautiful	2	10.53	0.09
Waste Management	3	8.33	0.13
Total	311		13.91

FINDING 19

The number of terminations for the 12 months to 30 September 2007 totalled 311, with the highest percentages being experienced within the Environmental Regulation, Strategic Policy, Corporate Services Divisions and the Swan River Trust.

FINDING 20

An analysis of these terminations has been undertaken by the People Services Branch with a number of reasons being provided, including; transfer, promotion, family, study, health, dismissal, death, retirement, other work or other reasons. The highest proportion of reasons was attributed to 'Other Reasons' and 'Other Work'.

FINDING 21

DEC management is extremely concerned about this high level of staff turnover, and has identified and developed a number of strategies and measures to ensure that the Department is better placed to attract and retain suitably skilled staff.

In developing these strategies DEC management acknowledge that the agency is operating in a highly competitive market for skilled employees, and therefore the capacity to attract and retain relevant employees to meet future requirements is critical. It has also recognised that compounding factors to market influence include skills shortages, DEC ageing population and generational factors.

The DEC analysis indicated that there are a number of key issues affecting attracting and retaining staff, with specific consideration for remote and regional locations being:

- Jobs and career opportunities,
- Career development and training opportunities,
- Perceptions of lifestyle and community,
- Housing,
- Infrastructure,
- Workplace flexibility,
- Salary;
- Culture and
- Working environment.

FINDING 22

In order to address the issues and risks associated with staff turnover, DEC has established a Section within the People Services Branch concentrating on workforce planning and performance reporting. One of the key deliverables of this section is to develop a corporate position on attraction and retention opportunities.

A Workforce Planning and Performance model has been prepared, comprising the following elements:

- Review and re-design the recruitment and selection process,
- Develop advertising and a recruitment marketing package,
- Review and adjust the Induction package,
- Review, re-design and develop the leadership and learning program,
- Review and develop a corporate succession strategy, and
- Review, develop and implement extended work conditions and practices.

A key component to any successful Attraction and Retention Package is the provision of a financial incentive / reward. The Department currently has two officers receiving an Attraction and Retention Bonus (ARB) as part of the scheme approved by the Department of Consumer and Employment Protection (DOCEP). The first was approved (15% bonus in additional substantive Level 8) earlier this year and a second approval has recently been received. Both of these are

retention bonuses in recognition of the individual's particular expertise and to make it less attractive to venture to the private sector.

The ARB criterion was established by the Department of the Premier and Cabinet as Approved Procedure 7 and is managed by the Department of Consumer and Employment Protection (DOCEP).

This is the only mechanism currently available to provide any additional benefits to public service officers who are subjected to the Public Service General Agreement and Public Service Award.

DEC is currently entering into negotiations with the Australian Workers Union for a new allowance to make it more attractive for staff to work on the fire line whilst fighting bush fires. This is being achieved via an agency specific agreement which it will use to customise the terms and conditions for its AWU staff. The Department has limited scope to vary existing conditions and allowances.

FINDING 23

Other than two specialist employees DEC has not fully introduced a wider Attraction and Retention program throughout the agency, although efforts are continuing for it to be completed.

As a phased approach the agency should identify the Top 20 most crucial operational and executive positions (excluding those positions classified as Executive Group 2 or above, as their salary packages and conditions are set by the Salaries and Allowances Tribunal), and consider paying up to a 30% Retention Bonus based on competitive private sector employment conditions, performance and achievement of agreed key performance indicators. Such a Bonus should be paid fortnightly, based on the cash component of a salary package, and reviewed annually on achievement of agreed key performance indicators. The annual review will determine whether the continuation of the Retention Bonus is warranted, or whether, in fact it should be increased in line with market forces. The continuance of the Bonus should also be based on the importance of the position and individual to the overall objectives of the agency. It is further noted that the Top 20 positions are not necessarily those defined as members of the Corporate Executive, Directors or Managers.

RECOMMENDATION 11

Introduce a wider Attraction and Retention program as a matter of priority, with a particular emphasis on a Retention Bonus for identified key staff, and to cater for the needs of senior Regional staff.

RECOMMENDATION 12

Independently identify the Top 20 most crucial operational and executive (excluding those classified as Executive Group 2 or above) positions in the agency, and pay up to a 30% Retention Bonus based on competitive private sector employment conditions, performance and achievement of agreed key performance indicators.

RECOMMENDATION 13

A special business case is urgently developed in order to fund a proposed Retention Bonus for the identified Top 20 most crucial operational and executive positions (excluding those positions classified as Executive Group 2 or above). This Review considers that an estimated \$0.4 million would be required in the first year, and an inflationary and merit based allowance should be made for increases in future years.

A further initiative to approach the attraction and retention challenge has been the creation of an overseas recruitment team who recently travelled to South Africa to create interest in experienced staff applying for vacant DEC positions.

FINDING 24

An overseas recruitment team recently travelled to South Africa as a means of addressing the current attraction and retention problems in DEC, especially in some areas of Environmental Services and Regional Services Division. The Review acknowledges this proactive initiative.

In recognition of its acknowledgement to staffing issues and relationships, the previous CALM Executive group established a CALM People Reference Group to advise the executive on strategic people management objectives and issues.

The DEC People Reference Group has since been established following the amalgamation with the Department of Environment. Voluntary membership of the Group is drawn from throughout the agency.

The current focus of the Group is in the areas of:

- Identifying and understanding strategic issues affecting the people of the organisation,
- Integrating people management with corporate business,
- Excellence in managerial and supervisory skills,
- Recruiting, retaining and recognising quality people, and
- Effective management of organisation change.

The Agenda from the September 2007 meeting of the Group indicates a wide range of topics discussed, including; corporate communications, peer support workshops, Regulatory officers workshop, overseas recruitment campaign, graduate recruitment program, MATES, marketing, pathways projects for conservation employees, US exchange, scholarships, leadership training, firearms training, Agreement negotiations, advertised vacancy format, accommodation, information technology, occupational health and safety.

Recent meetings of the DEC People Reference Group have highlighted the following key areas require attention;

1. The delay in the introduction of a departmental wide performance management system,
2. The urgent need for the development of attraction and retention initiatives to stem the loss of staff, and
3. The urgent requirement for a communications system within the department that indicate who is in the department, their role, and how they can be contacted.

FINDING 25

The DEC People Reference Group has been established to advise the executive on strategic people management objectives and issues. The existence of the DEC People Reference Group is fully supported by this Review as the group contributes towards an effective communication network used by decision makers dealing with people management in a dynamic work environment.

FINDING 26

It was noted during the staff consultation process that not all senior DEC staff had either understood or embraced the concept of the DEC People Reference Group, and therefore provided minimal input or voluntary staff time in order to achieve the outcomes of the Group.

RECOMMENDATION 14

The DEC People Reference Group should continue to be promoted, and actively and fully supported by members of the Corporate Executive, Directors, Managers and staff as an excellent forum to provide the executive with advice on strategic people management objectives and issues.

As a further recognition of the importance of its staff, DEC has a number of internal Reward and Recognition awards (including safety awards, annual park passes, scholarships) emanating from a decision made by the CALM Corporate Executive in August 2002.

FINDING 27

DEC has a number of internal Reward and Recognition awards (including safety awards, annual park passes, scholarships) emanating from a decision made by the CALM Corporate Executive in 2002.

FINDING 28

During the staff consultation process it became evident that morale in various Divisions in the agency is low due to the continuing excessive workload, constant public scrutiny, sub standard accommodation and low self esteem, and that the development of the existing Reward and Recognition program would be highly beneficial in contributing to a reduction in the current high staff turnover rate.

RECOMMENDATION 15

Consideration is given to developing a staff Motivation and Morale Program and an expanded Reward and Recognition component in order to contribute towards a reduced staff turnover rate.

FINDING 29

Several observations were made during the staff and stakeholder consultation process that a limited number of women held senior DEC positions.

FINDING 30

The 'How Does Your Agency Compare in 2006' publication issued by the Office of Equal Employment Opportunity noted that of the 2,100 DEC employees, 917 (43.7%) were women, of which none were represented in the Senior Executive Service or Tier 1 and Tier 2 Management levels.

FINDING 31

Several comments were received during the staff consultation process that senior staff should be provided greater empowerment to deal with human resource management issues in order to avoid any unnecessary processing delays.

The following delegations are currently in place:

- Long Service Leave (LSL): Managers have delegated authority to sign off on LSL requests for their employees;
- Higher Duties Allowance (HDA): Managers have delegated authority to sign off on HDA's, however, if the acting is more than two levels above the occupants substantive level, this needs to be signed off by the Director General;
- Creation of positions – Director approval is required (delegated from the Director General);
- Transfer & Abolition of positions - Director approval is required (delegated from the Director General);
- Fixed term appointments - Director approval is required (delegated from the Director General);
- Reclassifications – Director General via the Classification Review Committee;
- Secondments - Director approval is required (delegated from the Director General);
- Transfers (Internal & External) - Director approval is required (delegated from the Director General);
- Temporary Special Allowance (TSA) - Director General via the Classification Review Committee.

It is noted that the Director General signs off on all positions that require external advertising.

In order to provide the Director General with an increased capacity to deal with strategic and often contentious issues affecting the Environment and Conservation portfolio; and to provide increased empowerment to members of the Corporate Executive it is appropriate that these delegations levels be revised.

RECOMMENDATION 16

The Director General only deal with human resource management issues relating to level 9 and above, Branch Managers and Regional Managers, or 'key' positions.

It was also noted during the staff and stakeholder consultation process that many DEC staff were performing higher duties, or acting in positions pending the completion of the recruitment process.

RECOMMENDATION 17

Whenever possible, vacant executive and senior positions in the Department should be filled with priority in order to provide some stability and certainty through the organisation.

FINDING 32

DEC managed two payrolls systems (ex DOE and ex CALM), until they were merged into one in February 2007.

DEC currently provides a significant number of training opportunities for its employees, with generic, leadership and operations training courses including driver training, workplace assessment, health and safety, diver, aboriginal heritage, bulldozer operation, cave guiding, wetland management, range management, law enforcement, environmental regulation, compliance capability development, fire management and many more.

Although the list of training courses provided by DEC is broad, no analysis has been conducted to identify any specific training needs gaps. This Review considers it appropriate that such a gap analysis should be conducted utilising the staff performance appraisal and review process.

RECOMMENDATION 18

A Gap Analysis of training needs be undertaken throughout the agency, and initiatives introduced to fill any identified training gaps.

The Department encourages participation in the Department of the Premier and Cabinet 'Leadership Development Strategy' and the 'Pathways to Leadership' programs, however, comment from the staff consultation process is that the department should also be further promoting strategic, people and performance management training.

RECOMMENDATION 19

DEC promote strategic, people and performance management training throughout the agency.

DEC operates a successful Graduate Recruitment Program with 27 new and existing recruits being placed within the department in 2007. A review of the Program was conducted in the 2005-2006 year. With issues now facing DEC with higher staff turnover in areas of environmental regulation and the need for increasing capacity in monitoring compliance effectiveness, a particular focus in recruitment and training is needed.

FINDING 33

The staff stakeholder consultation process indicated that increased emphasis should be given in the Graduate Recruitment Program and training to meet environmental regulation and DEC compliance staffing needs.

RECOMMENDATION 20

Increased emphasis should be given in the successful Graduate Recruitment Program to meet environmental regulation and compliance staffing needs, including closer liaison with relevant universities and the development of training packages.

Information Management Branch

The Information Management Branch (IMB) plans, coordinates and implements information systems support, and is responsible for corporate document and records management. The branch maintains the geographical information systems and provides a land-related information service.

An Information Management Council (IMC) has been established to advise Corporate Executive and the Director General on the strategic requirements for information management within the Department, so as to ensure the delivery of timely, accurate and relevant information required to support the Department's statutory functions, corporate plan, core business activities and meet its external obligations and commitments.

The Information Management Council acts as an advisory committee to Corporate Executive and the Director General on the corporate requirements for effective information management within the Department. It advises on standards for information and data, on practices for information and data management within the Department, and on specific project funding from the budget approved for whole-of-Department information management purposes. The IMC meets each month and comprises a Chair (currently Director, Strategic Development and Corporate Affairs), Directors from each division, Manager, Information Management Branch and Information Management specialists (non-voting members appointed by the Director General).

An Information Management Technical Committee also exists to provide technical advice and recommend how the Department's information systems, physical infrastructure and policies, guidelines and standards environment can provide the necessary support for the Department's information management requirements. The Committee operates as an advisory committee to the Information Management Council on information management within DEC and the infrastructure that supports it.

The Information Management Branch has provided considerable background to this Review which indicated that the information technology process relating to the de merger of the then Department of Environment (DOE) and the Water and Rivers Commission (WRC) was occurring at the time that the subsequent merger of DOE and CALM was announced.

It was noted at that time a number of sophisticated business information systems had previously been developed to support the Department of Environment functions, and that they had become essential tools in this area. The development and maintenance of these systems was previously carried out by external contractors funded by the Environment client areas, but the provision of the project management, the contractor management, the underlying GIS databases and the infrastructure on which they run, were funded to a large extent from the WRC component of the budget.

When DEWCP ceased to operate a decision appears to have been made to split the assets of the Information Services Branch according to which component of the budget they were funded from. This meant that much of the staff, assets and funding support for the key Environment business

systems went to the WRC. The intention was, however, that WRC would continue to provide the necessary support to DOE under a service level agreement. When the merger to form DEC was announced, the WRC determined that this support would continue, but only until such time as DEC could take it over, for which a target date of 1 January 2007 was proposed by the WRC.

At the time of the merger announcement, approximately ten custom built business information systems were being used by DOE as essential tools for the delivery of core business functions. Most of these were linked to a large spatial database, and some to the electronic document and records management system. Approximately 265 GIS data layers were being maintained and accessed by these systems, in an Oracle/SDE environment. The software architecture in which the business applications operated was quite different from that used by CALM, to the extent that the systems could not be readily migrated across into the CALM computing environment. DEWCP also operated a similar number of corporate information systems, of which the latter included Oracle Financials, Concept HR and TRIM (the electronic document and records management system – for which CALM uses Objective).

All of the IT system management and support was provided by DEWCP's Information Services Branch (ISB). This was somewhat smaller than CALM's Information Management Branch, but had a more integrated structure. It consisted of three groups: the computing infrastructure support group (17 positions), the records management group (10 positions), and a "business consultancy" group, whose functions included Environment information systems, GIS support, and administration of textual and spatial databases (12 positions). The last mentioned appears to have been specially designed to provide the multi-disciplinary support needed to maintain and run the business information systems. The IMB does not have an organisational unit with similar functionality to the business consultancy group.

The numbers of ISB positions earmarked to move to DEC were 3 from infrastructure support (1 position occupied), 4 from records (all occupied), and one vacant position from the business consultancy. The most senior of the records staff subsequently accepted an offer of a position with WRC. Of the total of 35 actual staff within DEWCP's Information Services Branch, only 4 have ended up in DEC (one Level 4, one Level 2 and two Level 1's), which meant that there was a serious gap for DEC in the specialised knowledge and expertise coming across to support its information systems. Approximately 25% of the Information Services budget was also allocated to come to DEC, plus some hardware and some software licences. All of the TRIM licences remained the property of the WRC.

In addition to the services provided by Information Services Branch, GIS project support was also provided to the Environment branches by contractors within the Regional Operations Group and Water Division, under service provider agreements. None of the positions providing these services was earmarked to come to DEC.

DEWCP also operated an Internet site and an intranet, the content for which was managed by the DOE Communications Branch.

The subject of this allocation of assets, resources and funding support are covered elsewhere in this Report.

In light of the resourcing dilemma that confronted DEC, a number of short term and long term objectives were considered in preparation for the merger of information management support. The longer term objective was to achieve an integrated and rationalised information service for the whole of DEC, but the incompatibility of the software architectures of the former DEWCP and CALM business systems means that this integration could not be achieved within the time available for DEC to take over the hosting of information systems and services.

FINDING 34

The overriding objective during the short term merger process was to maintain the stability and uninterrupted availability of all business information systems and other services (including email and file services), and the integrity of the information these systems provide.

However, the merger did raise some immediate problems of compatibility of information systems and data versions from the two former agencies, particularly in the GIS area, which was identified as placing the department at risk of providing inconsistent information if it was not addressed in the short term.

Since the merger nearly 18 months ago, the IMB has been progressively and steadily dealing with the identified short term objectives, whilst ensuring the original objective of maintaining the stability and integrity of the information management system.

A Disaster Recovery Plan for Information Technology systems is normally prepared in order to detail the strategies and actions required in the event of a multi system failure (disaster) within an agency's information technology system. The recovery plan provides the necessary steps required to ascertain the extent of the failure, determine the anticipated recovery time, inform custodians, staff, external effected companies and individuals and then perform the actual recovery.

FINDING 35

Although a recovery planning document exists, the CALM Disaster Recovery Plan for Information Technology systems dated July 2005 has not been updated to reflect the merger with the DOE, and the creation of DEC.

RECOMMENDATION 21

A consolidated and updated Disaster Recovery Plan for Information Technology systems should be prepared with some urgency.

FINDING 36

Regular comment was provided during the staff consultation process that the communication bandwidth requirements of the department were not being met, particularly in the regions. A consultant has recently been appointed to determine the bandwidth requirement of the department, and that a Network Communication Working Group (Chaired by a representative from the Regional Services Division) to expand the regional network has been formed.

FINDING 37

Due to workload pressures and the need to maintain the integrity of the merged information technology systems throughout DEC, a DEC Information and Telecommunications Strategic Plan has not yet been developed, with the agency operating from the CALM Information Technology and Telecommunication Strategic Plan dated 18 July 2002; and short term and longer term priorities as identified at the time of the amalgamation with DOE. The Review considers that the development and finalisation of the Information and Telecommunications Strategic Plan is crucial to the immediate future of DEC. The Review acknowledges that a revision of the Plan has just commenced, however it is of the view that the development of a new Plan should have been provided a high priority upon the announcement of the amalgamation with DOE.

FINDING 38

The revised Information and Telecommunications Strategic Plan will identify the information and information management requirements for the Department to be able to do its business; issues and gaps; and recommended actions to address those issues and gaps, and how they should be funded. This Review considers that this planning process should be completed with the utmost urgency in order to improve the efficiency and effectiveness of the department by providing increased access to technology based business tools.

RECOMMENDATION 22

The revised Information and Telecommunications Strategic Plan be urgently finalised, and where relevant appropriate costings developed to provide for identified improvements and gaps. This Review considers that this particular recommendation is critical and fundamental to the desire to improve the efficiency and effectiveness of DEC.

In view of the critical requirement that Information Technology meets the immediate needs of the Department, this Review sought indicative costings from the Information Management Branch on initiatives that appear to be urgently required to overcome some needs identified during the conduct of this Review. It is further noted that work is already in progress in migrating systems etc, however, the following initiatives should be afforded the highest priority, and completed within the next 12 months:

<u>Initiative</u>	<u>Comments by DEC IMB</u>	<u>One-off Cost '08</u>	<u>Recurrent – including '08</u>
One domain	Achievable, and in progress	\$300,000	\$100,000
One Intranet, internet	Achievable – SDCA. One off cost includes \$60,000 for the Internet site, \$200,000 for the intranet site and \$140,000 for IT setup and infrastructure costs.	\$400,000	\$100,000
One electronic phone book		\$10,000	\$50,000
One central (GIS) database	Major progress achievable in 2008, but likely to be on-going, which has been allowed for within the recurrent cost. This includes consultant costs for development of an integrated data model and for data integration, plus the provision of central corporate spatial data server including software and backup.	\$1,500,000	\$500,000
Bandwidth that can cope with current and future GIS requirements	Achievable: currently funded by cost centres (\$400,000 p.a.) – total required for adequate performance is \$950,000. Have therefore sought additional \$550,000 recurrent. \$200,000 one-off cost in 08.	\$200,000	\$550,000
Compatible hardware and software throughout the agency	Achievable. The one-off cost covers replacement of all desktop hardware and infrastructure. Recurrent cost is for Microsoft Enterprise Agreement (\$600,000 p.a.) and additional \$100,000 pa for support etc.	\$2,500,000	\$700,000
One records management system	Achievable, and in progress. Will require \$150k to complete migration, and \$200k recurrent for Objective desktop licence maintenance	\$150,000	\$200,000
		\$5,060,000	\$2,200,000

NOTE: During the staff consultation period it became apparent that staff have a desire for increased access to visual and statistical data relating to the financial reporting system. It is understood that such a modification to the Oracle Financials Module will cost in the order of \$300,000. This Review considers that

this requirement should be further considered as part of the development of the business case for the additional information technology initiatives identified above. It also needs to take into account planning around the implementation of shared services and its potential impacts on the organisation.

RECOMMENDATION 23

An urgent business case is developed for a minimum of \$5 million for capital purchases, and \$2.2 million for recurrent expenditure in order that numerous identified information technology initiatives can be implemented with expediency (within a maximum of 12 months) in order to provide staff with significantly improved software, hardware and business tools with the ultimate aim of increasing the efficiency and effectiveness of DEC. This recommendation should be afforded the highest priority.

In December 2002, CALM prepared a Business Case (*Strategic Review of Metropolitan Accommodation*) for the replacement of the Herbarium, which is currently located at the South Perth end of Technology Park, near the Department of Agriculture and Food. The Business Case identified significant functional and consequential service delivery benefits in co-locating the Herbarium facility with CALM's other science functions that are currently located at Woodvale. Construction of the Herbarium has since recently commenced.

The Business Case also identified that significant administrative benefits would accrue to the delivery of Government conservation services through the co-location of all its metropolitan service units on one site. This Review agrees with that philosophy.

CALM examined several options, including a 'Do Nothing' option with the preferred approach to redevelop its facilities on the core Kensington site in a staged process.

The advent of the amalgamation has resulted in the Business Case being revised by VSA Properties, with the intention of improving business efficiency. It is expected that a draft will be completed in early 2008. There are a number of significant issues to consider, not the least of which will be the cost / benefit analysis of the various options that appear to be available. It will also need to take into account the terms and conditions of existing lease arrangements for DEC metropolitan sites.

FINDING 39

In order to cope with the many office accommodation issues being faced by the Department, including the development of a Business Case for Metropolitan accommodation; monitor the construction of the new Herbarium to keep the timelines on target, and on budget; deal with other accommodations issues (such as immediate accommodation pressures, car parking and staff amenities) and Plan for the future needs of the Department, DEC has reallocated a staffing resource to manage the Accommodation function. Based on other comments within this Report, there appears to be a need to have a more coordinated and centralised strategic approach to Regional office accommodation.

RECOMMENDATION 24

DEC should continue to work towards consolidation of its metropolitan office accommodation in the medium term, where practicable and cost efficient to do so.

It is the understanding of this Review that the responsibility for managing the considerable Departmental accommodation portfolio across the Metropolitan area and Regions previously lay with individual Divisional / Branch Heads. Arrangements have recently been made to create an informal central coordination and management point in DEC.

This Review considers that there is a strong argument for a new Manager Property Services / Accommodation position to be formally created to provide Policy and Strategic advice on

infrastructure development and asset management and procurement; Management of the ongoing operations, maintenance and enhancement of DEC infrastructure; Manage relevant contracting and procurement functions consistent with legislation and Government policy; and Develops and implements major strategic infrastructure and asset development projects. Initial discussions with senior DEC staff indicate support for such a proposal.

RECOMMENDATION 25

Consideration is given to creating a new position, Manager – Asset Management, to Manage and Coordinate the large DEC accommodation portfolio (including metropolitan and regional office and staff housing), and that such position is located within the Corporate Services Division. The responsibilities of this position could include; Policy and Strategic advice on infrastructure development and asset management and procurement; Management of the ongoing operations, maintenance and enhancement of DEC infrastructure; Manage relevant contracting and procurement functions consistent with legislation and Government policy; and Develops and implements major strategic infrastructure and asset development projects.

Based on the DEC Annual Report 2006–07, the total assets value is \$3.58 billion; of which buildings are \$67 million, or less than 2%; and vehicles are \$11 million.

In order to manage these assets an Assets Coordinator position, and Fleet Manager position exists within the Corporate Services Division. Consideration should be given to the value, or otherwise in combining those positions with the new position identified in the Recommendation above, and forming an Asset Management Branch. It is however noted that Assets Coordination is currently a finance function that is integrated into the financial management system and located within the Financial Services Branch.

It is also noted that an arrangement is already in place for management of most asset classes (such as land, visitor facilities and fleet) except for accommodation. These arrangements are spread across the various divisions.

Management of land, which is the biggest asset class by value, is also integrated into the general management of DEC. There do not appear to be any significant unresolved issues in the current arrangements for management of land as an asset class.

Visitor facilities in national parks such as visitor centres, toilets, path ways, lookouts and the Tree Top Walk are a major category of assets in DEC with a section in Parks and Visitor Services Division that manages the capital budget, including planning and procurement of these facilities. Parks and Visitor Services Division also sets the maintenance standards for buildings and other visitor facilities and engages the professional expertise required for advice on management of assets like lookouts and the Tree Top Walk.

Most of the DEC vehicles by number and value are understood to be leased, and therefore a limited number of issues arise. Costing of vehicles to the general ledger is one of the more significant functions of fleet management and is closely integrated with the financial system and best located in Financial Services Branch.

In summary, and in the face of short notice being provided that the merger between DOE and CALM was to occur, with the creation of the new Department of Environment and Conservation, the Corporate Service Division (comprising the Financial Services, People Services and Information Services Branch) have performed extremely well in complex, demanding and stressful circumstances.

The merger resulted in two agencies amalgamating into DEC with a \$300m operating and capital budget, 1,800 FTE's and nearly 2 billion financial transactions per annum. The workload in bringing the respective information technology, finance, payroll, human resources and communication systems together in a relatively short space of time would have been enormous. This was also achieved without disruption to those systems, with the result that it was a comparatively smooth transition to stakeholders.

The complexity in bringing the two departments together, at a time when DOE was already proceeding to de merge from the DOW, cannot be over estimated. The need to ensure the maintenance, stability and integrity of all information technology, payroll, human resource, finance and reporting systems and processes was critical to the ultimate success of the transition, which is still occurring. That process has been slow, but steady. There has been an expectation from some staff and stakeholders that the migration of essential systems, processes and business tools could have been implemented at a faster rate. An alternative strategy could have been disastrous for DEC's ability to continue to operate and provide delivery for its range of services.

Testimony to the excellent work that has been achieved to date is the fact that the Office of the Auditor General had 'no findings' following a comprehensive audit of DEC for the year ended 30 June 2007.

An analysis of the Management Audit letter from the Auditor General for the year ended 30 June 2007 confirms that relatively minor standard issues require attention. This fact reinforces the excellent effort that the Department as a whole has achieved in bringing the systems together.

6.1.3 **ENVIRONMENTAL ENFORCEMENT UNIT**

The Environmental Enforcement Unit currently reports through the Deputy Director General - Environment.

The aim of the Environmental Enforcement Unit (EEU) is to protect and minimise harm to the environment by changing offender behaviour.

The EEU was established with the support of the Government in April 2003 as a result of recommendations from the Robinson Review into Enforcement. The Minister for the Environment commissioned the review as a direct result of major concerns with the then existing levels of environmental enforcement.

The role of the EEU is to;

- Provide major investigative capabilities to the Department,
- Foster, promote and integrate an enforcement ethos throughout the agency, and
- Provide enforcement quality assurance, coordination and management through the Local Environmental Enforcement Group (LEEG) framework.

Enforcement concerning environmental incidents, including unauthorised clearing of native vegetation, involves regional ownership and investigation with support from the centrally located EEU.

On the other hand, conservation enforcement delivery utilises a regionally generated breach report sent to the centrally located Nature Protection Branch (within the Nature Conservation Division) who have central ownership of the incident and are responsible for investigation and processing the complaint.

Overall, the EEU provides the Department with the capability to conduct protracted and complex investigations into major environmental incidents to the high standard demanded by the Courts. Investigations are conducted objectively and impartially and outcomes are determined after the dispassionate assessment of the evidence in accordance with the requirements of the Enforcement and Prosecution Policy (updated April 2007).

The EEU has ownership and administration of the Department's Environmental Incident and Complaints Management System (ICMS) data base and case management system.

Significantly, the EEU has driven the development of the 14 day Regulatory Officers Training Course (ROTC), which is held 3 to 4 times per year. All Department inspectors are required to successfully complete this competency based course prior to becoming authorised persons under the Environmental Protection Act. Since 2005, over 120 departmental officers have benefited from this training. The course was also a finalist in the 2006 Premier's Awards category of '*Governance and Public Sector Improvement*'.

In support of the enforcement decision making process, the Local Environmental Enforcement Group (LEEG) is a regional or division based panel, ideally made up of the Regional Manager, Program Manager and EEU Investigator, which has the responsibility to determine investigation prioritisation, resources and investigation outcomes including recommending an appropriate sanction.

The original intention of the LEEG, when it was established in mid 2003, was to standardise the enforcement decision making process in accordance with the Enforcement and Prosecution Policy. Since then it has evolved to include the ongoing assessment and coordination of complex investigations, complaints and / or incidents from initial notification to closure.

Inclusion of a member of the EEU on the LEEG panels is to ensure best practice investigative methodology is used.

The LEEG structure endeavours to provide a comprehensive quality assurance process, supports the actions of the Department when determining appropriate regional enforcement action and ensures consistent and appropriate decision making, particularly in relation to recommended prosecution actions.

FINDING 40

The Local Environmental Enforcement Group (LEEG) structure is considered beneficial in ensuring effective management, coordination and ongoing assessment of the complex and protracted regional investigations.

The Department is responsible for investigating in excess of 2,000 environmental complaints per annum (mainly comprising issues surrounding pollution and the clearing of native vegetation).

It is expected that the number of environmental complaints will continue to grow in number, as evidenced by the statistics to date (table below). In addition, and as a direct result, the Native Vegetation Branch's proposed satellite imagery compliance strategy (where yearly satellite images are to be correlated against clearing permits issued), may identify hundreds of additional unauthorised clearing incidents requiring investigation. It is understood that since the recording of ICMS clearing incidents commenced in 2004, 916 such complaints have been received, of which 444 remain allocated to officers for investigation and 472 have been actioned or closed.

The Auditor General's report *Management of Native Vegetation Clearing* was tabled in Parliament on 5 September 2007 and made five key findings and two recommendations.

The Auditor General found that the process for determining whether to grant clearing permits is supported by a strong and comprehensive system in the Department, and that the Department assesses applications appropriately in accordance with the principles contained in the Environmental Protection Act.

It also found that DEC has not undertaken any meaningful testing of compliance with application decisions. In addition, while DEC had used imagery to identify possible illegal clearing, it had not investigated these, nor had it adequately and consistently followed up on reports of complaint.

DEC has responded to the Report by acknowledging that it needs to place increased emphasis on compliance monitoring of permit conditions, and investigation and implementation of enforcement action in respect of illegal clearing, and is redirecting staff resources into these areas as the backlog of applications is reduced. The response further indicates that DEC will be providing training to allow Department of Industry and Resources assessors to take on the powers of inspectors under the Environmental Protection Act, in order that those officers will be able to actively follow up clearing approvals and ensure that there is compliance with conditions.

	<u>2003/04</u>	<u>2004/05</u>	<u>2005/06</u>	<u>2006/07</u>	<u>2007/08 to date</u>
Number of investigative actions undertaken	1,145	5,405	9,412	17,692	2,356
Prosecutions	3	10	6	4	7
Complaints received	647	2,346	2,394	2,364	1,115

NOTE: There has been a drop in yearly reported water related incidents (approximately 600) due to the de merger and forming of the Department of Water in 2006.

The role of the EEU is not only to investigate incidents but to provide investigative support and quality assurance and to promote an enforcement ethos throughout the agency.

It is noted by this Review that the low number of prosecutions is not a reasonable indicator of workload, as many complex and protracted investigations result in a determination of insufficient evidence to charge or identify the existence of a bona fide defence concerning the cause (such as the Caversham Sewerage spill in 2006). The workload for each prosecution will also vary considerably, as evidenced by the Esperance Port Authority prosecution. The above table does however provide a clear indicator of the increasing workload, particularly the investigative actions undertaken by the Department.

Overall, the EEU has been working in an environment of significant increases in workload, without additional resources. They undertook over 17,000 investigative actions in 2006-07, and received over 2,000 environmental complaints (some of which are duplicate complaints) in the same period, many of which they were unable to effectively and appropriately investigate. In the meantime, although the EEU currently has six established positions directly responsible for compliance monitoring, only four positions have been filled on average over recent years, mainly due to attraction and retention issues.

Current resourcing levels therefore only allow a 'risk based' approach to be taken to compliance monitoring, with the result that about 25% of required work is being undertaken. Although non compliance matters are regularly identified by DEC, the low level of overall compliance monitoring does not provide sufficient deterrent for proponents to seriously and rigorously comply with their approval conditions. This is re-inforced by the low level of prosecutions undertaken in the last 12 months.

In the meantime, a Paper dated October 2006 prepared by the Acting Director, Environmental Enforcement Unit and the Manager, Nature Protection Branch has been prepared for the consideration of the Director General addressing the issue of '*Integration of the Enforcement Functions*'. The Paper examines the delivery of the enforcement function in DEC and the respective roles of the EEU (previously an ex DOE function) and the Nature Protection Branch of the Nature Conservation Division (previously an ex CALM function). A copy of that Paper was made available for this Review.

It is acknowledged by this Review that while the actual delivery of enforcement functions may vary between the EEU and the Nature Protection Branch, there appear to be synergies in both policy and procedures for delivering the enforcement function.

In this regard, it is understood that the two functional areas have already been working closely together to more accurately identify those synergies and to amalgamate those policies and procedures that can appropriately apply to the new Department.

It is understood that the Paper recommends the integration of the enforcement policies and procedures that existed in the former agencies irrespective of structural and delivery outcomes.

It also recommends the regional delivery of enforcement and provides four options for the structure of central enforcement support.

FINDING 41

A Paper dated October 2006 entitled '*Integration of the Enforcement Functions*', containing several recommendations and structural options has been prepared for the consideration of the Director General. The thrust of the recommendations concerning merging of systems and procedures (including investigations manuals, MOU's with other agencies, databases and training) is supported by this Review.

This Review notes the various structural options contained in that Paper include:

1. Retain the existing structure and adjust the reporting structure of the Nature Protection Branch (NPB),

2. Co-locate the EEU and the NPB and retain the existing structures,
3. Merge the EEU and the NPB,
4. Merge the EEU, NPB and the Legal Services Unit, and
5. Create an independent enforcement audit / policy group and a separate operations group.

Following consideration and closer analysis of those options, this Review considers that significant benefits can be achieved by having the DEC compliance and enforcement activities in a central functional area (excluding the legal services unit in order to maintain its independence on advice of law).

The benefits appear to be:

- Provides an agency wide approach;
- Separates Policy from Compliance;
- Provides a single point of function and accountability for compliance;
- Makes one person / Director wholly responsible;
- Economies of scale and administrative efficiencies (these would be further increased by co-location);
- Standardisation of systems and procedures; and
- Meets the principles of 'Best Practices'.

In the meantime, acknowledging the role the Regional Services Division initially plays in individual incidents, as being the first point of call and face of the agency, any structural adjustment would need to ensure that there is a clear delineation of roles between 'managing the incident' and the 'compliance and incident investigation'. A close working relationship with any 'central compliance and enforcement function' and the Regional Services Division would be fundamental to the success of the concept. This should be supported by the LEEG process.

Options 2 and 3 are supported by this Review for the reasons stated above.

RECOMMENDATION 26

Consideration should be given to merging the Environmental Enforcement Unit and the Nature Protection Branch, and co-locating the respective relevant staff into an agency wide Compliance and Enforcement Unit, and named accordingly.

This Review concludes by stating that the Division has been under extreme workload pressure and by all accounts has performed reasonably well in these adverse conditions.

6.1.4 **ENVIRONMENTAL IMPACT ASSESSMENT DIVISION**

The Environmental Impact Assessment Division reports through the Deputy Director General - Environment, and includes the following Branches:

1. Planning and Infrastructure Assessment Branch, and
2. Mining and Industrial Assessment Branch

The Environmental Impact Assessment Division (EIA) provides delivery of *Environmental Protection Act 1986* Part IV (Environmental Impact Assessment) obligations to and on behalf of the Environment Protection Authority.

These primarily relate to:

- Assessment of Strategic and Significant proposals (“proposal” means a project, plan, program, policy, operation, undertaking or development or change in land use, or amendment of any of the foregoing), and
- Assessment of Scheme (“proposal under an assessed scheme” means an application under the assessed scheme or an Act for the approval of any development or subdivision of any land within the area to which the assessed scheme applies)

These obligations relate to facilitating/managing the EIA processes on a day-to day basis; coordinating advice to and advising the EPA on proposals being assessed; and preparing the EPA’s report and recommendations (bulletin) and appeal report.

The EIA also advises and assists the Director General and Minister as required.

The scale of EIA Division activities each year is summarised by the following approximations:

- 45 formal assessments completed (EPA Bulletins),
- 500 proposal referrals received and level of assessment decisions made by EPA,
- 300 appeal reports prepared on Level of Assessment and EPA Bulletin,
- 90 active formal project assessments at any time,
- 30 pre-referral proposals active at any time,
- Advice given on 170 developments, and
- 600 Ministerial letters

The challenges identified by the Division include:

- Maintaining staff numbers and experience, within a competitive labour market and static budget,
- Coping with ongoing high and increasing project assessment workload,
- Reviewing post-approval EMPs,
- Revising style and scope of Part IV Environmental Conditions,
- Leadership in Sustainability/Triple Bottom Line assessments,
- Improving quality of proponent reports,
- Meeting timelines for all assessments,
- Balancing improved environmental practice against enforcement,
- Embracing major issues in assessments and approvals, e.g. climate change, biodiversity protection,
- Improving interactions within DEC, e.g. advice in assessments, advice on planning, compliance monitoring,
- Threatening processes and incremental increases,
- Encouraging strategic planning/policy,
- New EPA Chairman and EPA board, and
- Requests for EPA advice under EP Act section 16e

The key efficiency indicator for the Environmental Impact Assessment Division is the 'cost for number of environmental assessments' which indicates that the actual cost was \$61,665 more than the target of \$130,404, which reflects the increased complexity of environmental impact assessments undertaken during the year. Examples include the South West Yarragadee Water Source Development project, Dampier to Bunbury Natural Gas Pipeline and numerous resource related projects.

The number of EPA Reports over the past 5 years has been 46 in the 2002-03 year, followed by 40, 40, 39 and 33 in each subsequent year. This decline is likely to be a reflection of increasing workloads from major development approvals requiring complex assessment.

In the meantime, there has been a progressive increase in the number of major developments requiring formal environmental impact assessment during the decade, reflecting the State's strong economic growth. The increase commenced in 2003-04 (44) and 2004-05 (47) with an increase of around 25% from the 2001-02 level (36). Since then the workload has increased substantially, with a record number of 59 new developments requiring formal assessment in 2005-06. The number reduced in 2006-07 to 39, probably in part to the record number referred in the previous year. Based on the current workload it is anticipated the number of new development for 2007-08 to be in excess of 65 (refer table below), representing at least a 20% increase in workload over 2003-04 and 2004-05.

	<u>2001/02</u>	<u>2002/03</u>	<u>2003/04</u>	<u>2004/05</u>	<u>2005/06</u>	<u>2006/07</u>	<u>2007/08(1)</u>
Number of new major developments requiring formal assessment	36	37	44	47	59	39	>65
Total number of developments in formal assessment process (at 30 June)	55	55	60	65	75	78	>90
Number of developments informally assessed	191	166	174	169	154	75	>180
FTE positions directly involved in assessments	70	70	70	80	90	90	90

(1) projected based on data for July – Sept quarter

To cope with this workload 42 staff were employed in the Division until 2004-05 and increased to 47 in the last 2 years. There are currently 6 vacancies primarily caused by enticement to work for consultants servicing the resources sector. More staff have been requested as part of a 2008-09 Budget bid in order to meet the significant increase in workload associated with major resource development projects that are in the planning phases. The major iron ore companies have indicated that over 50 project referrals can be expected from them alone. In addition, the Review was aware of a further 60 plus prospective projects in the resource area, not including iron ore developments, potentially adding to the workload of DEC and the EPA.

Post approval work by DEC has and will continue to expand in line with the number and increased complexity of proposals assessed. These include environmental management plans and review of projects for compliance with existing EPA approved conditions as the implementation of projects proceeds. The following table summarises the trend in post approval workload for major development and resources since 2001-02.

	<u>2001/02</u>	<u>2002/03</u>	<u>2003/04</u>	<u>2004/05</u>	<u>2005/06</u>	<u>2006/07</u>	<u>2007/08(1)</u>
Number of major developments which require compliance monitoring	345	375	401	426	472	490	>520
FTE positions directly undertaking compliance monitoring	4	4	4	5	6	6	6
Number of EMP's and project changes submitted for review and approval	n/a	n/a	n/a	60	150	160	>160
FTE positions involved in approving EMP's	4	4	4	5	6	6	6

(1) projected based on data for July – Sept quarter

By any measure the workload of DEC and the EPA cannot be sustained to meet expanding demand for environmental assessment pre and post approval, without additional resources or changes in directions or concepts in the way they are undertaken. This has to be a key consideration for the newly appointed Chairman of the Environmental Protection Authority, the DEC Director General and the Minister.

In the meantime, Government has approved \$5.28 million over 4 years to facilitate more effective compliance (through the Environmental Regulation Division) of some 490 development projects that the Department is required to monitor for compliance with Ministerial approval conditions issued under part IV of the Environmental Protection Act.

Whilst acknowledging the proactive action by Government in taking positive steps to address clearly a resourcing need in DEC, progressive action is still required by DEC management to better identify workload and resourcing predictions for both areas of concern. That is the area for development approval and inspection / compliance monitoring including any prosecutions in the breach. This review work needs to be completed prior to the end of 2012 for budget estimates of 2012-13 and beyond.

RECOMMENDATION 27

The Director General commission a systematic performance review and evaluation of resources, processes and methodologies as they are applied to major developments approvals, inspections and compliance monitoring for completion by the end of 2012. Ideally this should be undertaken under the purview of the new General Manager, Business Performance. Consideration will also need to be given to the specific resourcing requirements of the EPA in the preparation of environmental impact assessments, and the proposed 'separation' of activities between EPA related work and that of DEC, which is the subject of another recommendation in the Strategic Policy Division section of this Report.

6.1.5 **ENVIRONMENTAL REGULATION DIVISION**

The Environmental Regulation Division (ERD) reports through the Deputy Director General - Environment, and has the primary role of regulating contaminated lands, industry emissions and discharges and pollution response strategies.

The Division has two branches;

1. Industry Regulation Branch, and
2. Contaminated Sites Branch.

The Corporate Executive approved a new structure for those functions on 12 November 2007, which will be implemented from the beginning of 2008.

INDUSTRY REGULATION BRANCH

The Industry Regulation Branch is responsible for the issuance of emissions and discharge licences for prescribed premises under Part V of the Environmental Protection Act including policy and technical support to regions, regulation of the transport of controlled waste, policy and technical support for the regulation of noise, National Pollutant Inventory (NPI) and the compliance monitoring of projects subject to condition approval by the Minister for the Environment under part IV of the Environmental Protection Act.

The regulation of industry through licensing emissions and discharges is delivered through regionally located teams (Regional Services Division) supported by the Environmental Regulation Division. Noise regulation of prescribed premises is included with the regulation of prescribed premises. Noise regulation of residential and other industrial/commercial premises is delegated to local government environmental health officers (authorised persons under the Environmental Protection Act).

CONTAMINATED SITES BRANCH

The Contaminated Sites Branch is responsible for the classification of known or suspected contaminated lands and policy, guidelines and the provision of information relevant to classified sites and land affected by acid sulphate soils. Information on classified sites is available to the public via a website or on payment of a fee for more detailed information.

The Division has identified the following priorities:

1. Improve technical and policy support to industry licensing and compliance services through development of specialist support teams, cross division access to expertise and an integrated intranet decision support workflow system;
2. Determine priorities for increasing regional capability and capacity for industry regulation;
3. Further develop online permit application and payment of fees;
4. Implement the revised divisional structure to enable a more responsive service delivery;
5. Develop a flexible, family friendly and diverse work environment to make the workplace a place of choice;
6. Develop a business delivery model for industry regulation that provides direct policy and process guidance and direction for case management to manage contentious issues and achieve the department's outcomes;
7. Develop regulations to drive the reduction in emissions and the discharge of wastes;
8. Reduce the level of effort in licensing and increase effort in compliance surveillance;
9. Integrate the part IV conditional approvals compliance monitoring service with part IV assessments service;
10. Complete base acid sulphate soil risk mapping for development expansion areas of the state; and

11. Develop sound technical policy and guidelines for acid sulphate risk soils to enable the planning and development industry to manage to protect the environment and infrastructure.

The identified challenges are:

- Make the workplace a place of choice;
- Develop innovative attraction and retention initiatives;
- Attraction of skilled/experienced staff to replace the extensive loss of experienced staff over the last 6 years;
- Develop flexible work systems to provide task variety, challenges and career development in those work areas where there is a high level of document assessment work;
- Develop better working relationships with regional staff;
- An accountability model that empowers regional staff while ensuring appropriate checks, balances and final decision making that minimises the risk of contentious issues;
- Resolve any remaining budget inconsistencies in regional budgets following adjustments made with the first round of distribution of funds from increased licence fees and rearrange budgets from the DOE to the CALM based DEC corporate services funding model; and
- Move from two businesses existing in parallel to an integrated Department of Environment and Conservation.

The industry regulation function has been subject to a number of reviews since 2001, the most notable being the Welker and Robinson reviews into licensing and enforcement respectively. Subsequently the Carew-Hopkins review promoted a full devolution for permitting to regions. Programs have commenced to implement the recommendations of these reviews. The extent to which these have been achieved has varied as has the stability of the implementation. A number of factors have contributed to this, including the complexity of the packages to be implemented, available resources to complete the work and the split with Department of Water and subsequent merger with CALM.

With the formation of the Department of Environment and Conservation (DEC) in July 2006 the regional industry regulation program now forms part of a much larger and diverse environment and conservation management framework than was previously the case in DOE. This provides significant opportunities for improvements such as, better team and corporate support, back up support and integration of some task areas to give depth and diversity to service delivery.

Consequently, DEC management considered that it was necessary to implement a number of changes to organisational structure, business processes and policies. There are a number of process and policy revisions occurring, resulting from program and Regional Leaders workshops held in August and September 2007. Working groups comprising central and regional industry regulation staff are being established to review and revise a range of policies and procedures relevant to the licensing function. An Independent Review of the Audit and Inspection processes and Compliance functions has also commenced. These will lead to a program of business improvements over the next 12 to 18 months.

An Industry Regulation Business Improvement Program has subsequently been developed, with a reform package that includes:

- ✓ A review of the organisation structure of the Environmental Regulation Division and the Industry Regulation Branch in order to provide more responsive support to regions and greater flexibility for addressing the changing industry regulation environment,
- ✓ Revise a Business Model for accountabilities and responsibilities of regional and Industry Regulation branch staff, relationship and command chain between the two and the relationship with Regional Managers and the Director Regional Services,

- ✓ Review legislation and current policies to ensure that procedures are consistent with the intent of relevant legislation,
- ✓ Review the Environmental Assessment Report to ensure that the objective and intent of the instrument are being achieved,
- ✓ Independent Review of Audit and Inspection Processes,
- ✓ Development of Policies and Guidelines, and
- ✓ A weekly review of works and licences to be assessed, involving a telephone link with Regional Leaders and relevant parties to discuss need for assessment; level of assessment; scope of issues to be addressed; and condition setting.

The objective of the Industry Regulation Business Restructure is to:

- Establish a consistent, reliable and responsive service that ensures industry conducts its business in a manner that does not cause harm to the environment, human health or an unacceptable impact on community amenity and which responds to community complaints and concerns,
- Establish a single point of accountability for service delivery,
- Ensure appropriate delegation of responsibilities commensurate with deployment of skills and experience, and
- Incorporate checks and balances that both empower decision making at appropriate management levels whilst ensuring decisions are robust, consistent with DEC policy and standards and are transparent and defensible.

The re-structure establishes a 'flying squad' for inspection and compliance that will operate throughout the State with regional staff, in a similar mode as the Environmental Enforcement Unit now does. It also aligns part IV Ministerial compliance monitoring with other inspection and compliance functions to strengthen its focus and support.

The principles of the restructure are to separate:

- policy development and quality control from operational functions;
- permitting and compliance functions; and
- proactive or preventative functions from reactive or incident response.

Administrative matters surrounding the processing of ministerial correspondence have also been considered as a component of the business improvement program. All regional and ERD industry regulation ministerial and allied business will be channelled through the Director Environmental Regulation, removing the dual pathway through two Directors that currently occurs.

A review of industry regulatory training is currently being completed and will be presented to the Corporate Executive in the near future.

During the conduct of the Industry Regulation Business Restructure review it was not considered practical to have all licences quality assured, signed and issued centrally. There are over 850 licences with some 300 issued each year together along with around 100 works approvals. Some 25 regional positions would have to be relocated to Perth. It would also mean returning to the previous separation with central licensing and regional inspection and compliance. The previous DOE fully regionalised licence issuing process presented difficulties in maintaining consistent quality instruments across the State.

The DEC internal management risk assessment matrix will therefore be reviewed and set in an obligatory administration and review framework which has been lacking. While the risk matrices have been prepared for each region they are not regularly reviewed and updated, nor is there an external review of the matrices. ERD will oversee a planned program of annual / bi-annual revisions of the matrices and will sign off the revisions, and thereby providing an external scrutiny.

The risk categories consider potential risk to the environment, compliance and complaints history and incidence of accidental emissions. Risk to the environment will be assessed by the licensee

using recognised consultants and risk assessment standards. Department of Health and the Department of Consumer and Employment Protection input will form part of both levels of risk assessment.

Regional delivery will be consistent with centrally approved policy, procedures, processes, standards and accountability. Any application of delegation that is at variance to policy, procedures or standards will require the approval of the Director Environmental Regulation or higher.

A review was also conducted on internal delegation arrangements based on high risk licences issued by ERD and medium and low risk licences issued by Regional Managers. The delegation allows any Regional Manager to revert to ERD if insufficient capability does not exist in a region.

FINDING 42

A paper "Industry Regulation Business Restructure; 2007" was presented and endorsed by the Corporate Executive on 12 November 2007. It contained a variety of recommendations in relation to: a revised organisation structure for the Environmental Regulation Division; a variation to regional industry regulation teams; and a revision of the business delivery model for industry regulation.

RECOMMENDATION 28

The recently approved Industry Regulation Business Restructure should continue to be implemented as a matter of urgency; be constantly reviewed by management; and formally evaluated by 30 June 2008 to ascertain whether the desired benefits and outcomes are being achieved.

FINDING 43

An Industry Regulation Steering Committee will be established to develop the Industry Regulation Business Improvement Program, and oversee the implementation of tasks and task groups to meet milestones and objectives.

FINDING 44

A Review of Industry Licensing Inspection Policies and Procedures (RFQ 622-01-2007) has recently commenced, with completion anticipated in early 2008. This initiative is fully supported, with the outcome being of critical importance to the future role, functions and activities of the Industry Regulation Branch and Regional Services Division.

The background and scope of services as detailed in the Request for Quote (RFQ) documentation provides a clear direction for the Review, as follows:

"In Western Australia industries with significant potential to pollute air, land or water are known as 'prescribed premises' under the Environmental Protection Act 1986. In accordance with the Environmental Protection Regulations 1987, premises defined as prescribed must hold a licence, or in some cases a registration, to operate.

Prescribed premise licences are issued with premise specific conditions which seek to control the discharge of waste to the environment in a manner consistent with the requirements of Environmental Protection Policies and other prescribed standards, environmental quality standards and industry specific guidelines. Prescribed premises with a lower potential to pollute are registered rather than licensed and controlled through industry generic regulations and Codes of Practice.

The Department of Environment and Conservation (DEC) is responsible for regulating prescribed premises' compliance with their licence conditions. An important part of this role is undertaking inspections of the premises. However scheduled inspections are only one way breaches of licence conditions are detected and many substantial breaches are discovered via other methods such as review of annual monitoring reports, responses to complaints and site visits.

Since an independent review of licence conditions was completed in 2003 the DEC has implemented a number of reforms to its licensing system. These have included prioritising licences via a risk assessment process, making licences more consistent and working to move some lower risk premises from licences to registrations to allow officers to concentrate on higher risk industries. The DEC has also worked to develop policies and procedures regarding inspections and compliance with licence conditions. These policies and procedures have now been in place for several years and it is intended that an independent review of their effectiveness, especially against best practice in other Australian jurisdictions will result in further improvement.

The lead event at Esperance Port has brought into focus DEC's licensing process, in particular its inspection protocols, policies and efficacy. This independent review is timely as a means of improving DEC performance and processes in this regard including consideration of alternative inspection models utilised by other jurisdictions.

SCOPE OF SERVICES

Required Tasks

Task 1: DEC Inspection System

a) Review current DEC's inspection policies and procedures particularly focussing on: prioritisation and scheduling of inspections, especially the use of the risk assessment process and any relevant Australian Standard; inspection methodology and documentation; approval of inspection reports and follow-up of non-compliances; and overall performance monitoring of premises including how facilities report non-compliance to DEC.

b) Identify areas for improvement to the DEC's inspection system and make specific recommendations regarding appropriate Quality Assurance measures and monitoring and review systems.

Task 2: Inspection Training Program

a) Identify the skills and knowledge level required by inspectors to successfully undertake inspections.

b) Assess the adequacy of DEC's Inspection Training Program in equipping inspectors with the identified skills and knowledge.

Task 3: Other Inspection Systems

a) Compare the DEC's inspection system against best practice within other Australian jurisdictions.

b) Discuss the pros and cons of alternative inspection models including the use of accredited auditors paid for by industry and if these models could be used in Western Australia.

Task 4: Case Study- Esperance Port

Briefly review the Esperance Port licence inspection reports as a case study and highlight how regulatory inspection may have been managed more effectively with improved outcomes using best practice and/or an alternative inspection system."

In considering the terms of reference to be undertaken by the independent compliance review, for the more complex industries, an alternative model requiring assessment is the use of panel contracts by DEC to appoint their own auditors, to assess accredited audit reports that are funded by industry. These reports would normally be a requirement of licensed conditions. This allows DEC to gain access to compliance and inspections processes and skills they rarely require for industries of a specialised or large complex nature. These costs need to be recovered directly from the companies involved.

It would also allow DEC inspection personnel to have the double 'assurance' that compliance has been reasonably undertaken by experienced well qualified personnel in the field, removing any perception or risk that 'purchasers' of the audit service have little likelihood of complicity towards

issues of non compliance should they arise. The costs and benefits of audit / the auditor approvals only has relevance where the issues are significant, complex and risks are high. This needs further evaluation.

RECOMMENDATION 29

The Independent Review of Audit and Inspection Processes commissioned by DEC is requested to extend Task 3(b) (*Discuss the pros and cons of alternative inspection models including the use of accredited auditors paid for by industry and if these models could be used in Western Australia*) to also look at the value of establishing panel contracts for auditors who undertake inspection audit of reports prepared by accredited auditors for and on behalf of industry as an additional audit model.

RECOMMENDATION 30

The Independent Review of Audit and Inspection Processes is completed urgently.

It is noted that the Environmental Protection Act Regulations 1987 are an extensive set of regulations for emissions and discharges and should be reviewed as they are understood to have been developed on an ad hoc basis over many years.

RECOMMENDATION 31

The Environmental Protection Regulations 1987 should be reviewed following the introduction of the business improvement program in the Industry Regulation Branch.

FINDING 45

The Industry Regulation Branch is in the process of documenting and flowcharting all industry licensing, environmental approval and regulation processes and systems. This initiative is commended by this Review.

RECOMMENDATION 32

Continue the documentation and flow charting of all industry licensing, environmental approval and regulation processes and systems.

RECOMMENDATION 33

Upon completion of the documentation and flowcharting processes by the Industry Regulation Branch, that a quality assurance review be applied by the DEC Management / Performance Audit Branch, or where necessary peer review, in order to provide multi-layered control checks to minimise risk exposure.

Following the Esperance lead incident the Environmental Regulation Division initiated a Statewide Assessment of Ports Bulk Handling review. Advice indicates that three ports have been assessed and where appropriate statutory notices are in the process of being prepared for improvement works and / or changes to management practices. The review program is expected to be completed in March 2008.

FINDING 46

DEC is currently undertaking a Statewide Assessment of Ports Bulk Handling review, with completion expected in March 2008.

RECOMMENDATION 34

The Statewide Assessment of Ports Bulk Handling is completed quickly, and where necessary, appropriate remedial action is taken.

RECOMMENDATION 35

The overall Environmental Reform process that is being gradually implemented should be urgently completed in order to minimise potential risk exposure to the community, DEC and the Government.

FINDING 47

The response of the 'Western Australian Government to the Western Australian Legislative Assembly Education and Health Standing Committee in relation to the Cause and Extent of Lead Pollution in the Esperance Area, November 2007' has been tabled in Parliament, and incorporates a number of ongoing commitments, strategies and activities to be taken, and being undertaken by DEC.

In its response to the 'Western Australian Legislative Assembly Education and Health Standing Committee in relation to the cause and extent of lead pollution in the Esperance area, November 2006', the Government has recognised that DEC needs to be appropriately resourced in order to meet its inspection targets and so ensure that the environment is protected.

A summary of the initiatives that have been undertaken by DEC on this issue are as follows:

- "Government increased industry licence fees in the 2007-2008 budget. The fee increases will provide an extra \$2.7 million in 2007/2008 increasing to \$4 million per annum the year after. These increases aim to recover the full cost of industry regulation. The additional funds will be used to increase inspection and compliance monitoring. The Government has since approved a further increase specifically for bulk handling in ports. This additional increase in fees for ports will generate a further revenue increase of \$330,000 per year for industry regulation of port activities. (Recommendation 7)
- The revenue will provide for an additional 25 staff with 12 staff deployed to the regions. 17 staff will work on improving licensing and inspection targets. The remainder will strengthen governance and technical support for industry regulation. (Recommendation 34)
- DEC is currently considering introducing fees to fund increased resources for compliance monitoring of projects assessed and approved under the Environmental Protection Act 1986. This will require amendments to the Act. (Recommendation 8)
- DEC has established a new position for the Esperance district and is currently in the Recruitment process. In the meantime, DEC is sending Perth-based staff from the Environmental Regulation Division and Pollution Response Unit to Esperance to monitor dust associated with ship loading. (Recommendation 24)
- DEC is establishing a special inspection and compliance branch to improve compliance and enforcement throughout the State. (Recommendation 34)

DEC is revising the Esperance Port Authority licence to strengthen dust management and environmental monitoring and reporting provisions. DEC is also reviewing licences of all Port Authorities in Western Australia with bulk mineral loading facilities to ensure that the licence conditions incorporate up to date standards of environmental management and monitoring.

DEC has, since the Esperance Port Authority's licence was amended in 2004, established policies and procedures to ensure that key environmental issues relating to facility operation, emissions and discharges are covered by licence conditions. However, these policies and procedures are being reviewed as a consequence of the Inquiry findings and will be further strengthened if necessary.

Emissions targets and limits are now being introduced into licences, and licensees are required to take necessary measures to ensure they operate within these conditions.

Should it be appropriate to specify other commitments, these will be contained within Environmental Management Plans rather than licence conditions, as licence conditions set the performance conditions for the premises. (Recommendation 19)

DEC is revising its policy for air emissions from prescribed premises and developing standard licence conditions to ensure that the requirements for hazardous dust emissions are based on HRA. (Recommendation 22)

The review of the Esperance Port Authority's Licence and the Port Review Program for other ports in Western Australia have identified strengthened monitoring requirements appropriate for bulk handling of mineral ores. These will form the basis for hazardous dust monitoring from prescribed premises within ports and will be applied to other similar premises. (Recommendation 23)

DEC will complete a comprehensive review of Western Australian ports bulk handling hazardous mineral, in December 2007. DEC will initiate amendments of port authority licences in accordance with the findings of the review following the revision of

the Esperance Port Authority's licence. Appropriate management and monitoring with the updated standards will be applied as required. (Recommendations 17)

DEC is reviewing the Schedule of Prescribed Premises to improve category descriptions and definitions to ensure they provide a suitable regulatory framework for modern industrial practices. The description of open and closed bulk material handling systems will be improved in the revised regulations to ensure that fugitive dust emissions are contained. (Recommendations 16)

DEC has sought to improve the environmental monitoring by the Esperance Port Authority.

DEC has commissioned an independent review of its inspection and compliance functions, and will make any improvements based on the recommendations of this review. This review is expected to be completed by the end of January 2008. (Recommendation 34)

The EPA is undertaking a review of its procedures, including the form and content of recommended conditions that it provides to the Minister for the Environment in its report and recommendations under Section 44 (2) of the Environmental Protection Act 1986. This review takes into account matters such as the clarity and auditability of conditions. The review will include external consultation and will be completed and implemented in early 2008 (Recommendation 11)

The EPA is strengthening its procedures to ensure that where applications for a variation to a proposal have been assessed including presenting a risk to public health that these are subject to public consultation. (Recommendation 13)

The EPA, in consultation with the DOH, is strengthening its policies and procedures to ensure that the level of assessment and public consultation provides adequate provision for public concern to be expressed. (Recommendation 14)

DEC has recently developed a policy to address changes to licences that are requested after the initial advertising of applications. This will be published on the DEC website by December 2007.

There are circumstances of change where public consultation should be undertaken, and the EPA,s procedures are being strengthened to ensure appropriate further consultation takes place. (Recommendation 20)

DEC is establishing a special inspection and compliance branch of properly trained and equipped staff dedicated to inspecting licensed premises throughout the State, to ensure compliance with licence conditions and those risks to the environment are being managed appropriately."

RECOMMENDATION 36

An Action Plan is developed to regularly monitor all DEC related commitments, strategies and activities in the response of the 'Western Australian Government to the Western Australian Legislative Assembly Education and Health Standing Committee in relation to the Cause and Extent of Lead Pollution in the Esperance Area, November 2007'.

FINDING 48

In recognition of the considerable pressure and workload on the Environmental Regulation Division, the Cabinet Expenditure Review Committee has recently approved an increase in industry licence fees that will provide an extra \$2.7 million in the 2007–2008 budget and \$4 million per annum thereafter. These additional funds are intended to cover the full cost of industry regulation.

FINDING 49

In approving the Industry Regulation fee increases for 2007-08 and 2008-09, as part of a phased move to full cost recovery, the Cabinet Expenditure Review Committee also approved a reduction of DEC appropriations from 2007-08 onwards of \$0.6 million per annum. No reason was provided for this reduction, however, this Review expresses concern with the principle of such a 'claw back', particularly noting that industry may, at some point in time, request full and transparent reporting on the application of funds being raised by way of 'cost recovery', and the actual costs incurred by DEC.

RECOMMENDATION 37

An approach be made to the Department of Treasury and Finance requesting that the Cabinet Expenditure Review Committee decision to reduce DEC appropriations from 2007-08 onwards of \$0.6 million per annum be rescinded in view of the cost recovery element of Industry Regulation fees.

A further issue worthy of note is one raised during the staff consultation process, relating to the high level of Ministerial correspondence apparently being caused by:

- Poor land use planning by Local Government Authorities has created most of the environmental conflicts (eg insufficient buffer zones between residential and light industrial areas), and
- A general lack of community understanding of who is responsible for many environmental regulation issues (pollution, noise, air quality).

It was considered that the creation of a whole of government Committee involving all the key players (DEC, Department of Planning and Infrastructure, Department of Industry and Resources, WA Local Government Association, larger local authorities, Department of Health etc) would considerably assist in providing clarity of roles; and develop streamlined land use planning, approval and regulation processes.

This Review supports that concept, and considers that DEC should take a lead role in this regard. This Review also notes the facilitation role undertaken by the Office of Development Approvals Coordination (ODAC) in the Department of the Premier and Cabinet for major industrial and resource development projects, and understands that ODAC does not have the resources, or the terms of reference, to undertake such a lead role, and supports the concept of the whole of government Committee.

To further clarify the current grey areas the respective roles of the State Government agencies and those of Local Authorities, Memoranda of Understanding should be developed between the respective parties.

RECOMMENDATION 38

DEC promote the establishment of a whole of government committee (comprising agencies such as DPI, DoIR, DOH, WALGA, LGRD and larger LGA's) to monitor and guide consistent and streamlined land use planning, approval and regulation processes. DEC should develop Memoranda of Understanding within a 3 year period to better engage with local government authorities on environmental, noise, air quality, emissions and waste issues.

In summary, the Environmental Regulation Division has been under intense work pressures brought about by the significant increase in workload; increased complexity in environmental risk assessment; responses to the Esperance lead issue; development of business systems, policies and procedures; and increased community and stakeholder scrutiny.

In the meantime, additional resources in the Industry Regulation function emanating from a recent increase in industry licence fees will contribute significantly to the staffing shortage problem.

As with a number of other DEC Divisions this Division is also faced with significant attraction and retention issues relating to capable and experienced staff. A number of findings and recommendations have been made in respect of this Division which are all considered in some way to assist the improved operations of the Division into the future.

6.1.6 **LEGAL SERVICES BRANCH**

The Legal Services Branch currently reports through the Deputy Director General - Environment.

The Branch provides legal services to the Department of Environment and Conservation; the Environmental Protection Authority; the Swan River Trust and the Contaminated Sites Committee.

The Branch also coordinates the Department's administration of the Freedom of Information Act 1992 and administers that Act in terms of reporting to the Information Commissioner; maintaining statistics; preparing and reviewing the Departments Information Statement.

Legal services include the provision of legal advice on a broad range of matters:

- a) Legislation administered by the abovementioned agencies and state instrumentalities;
- b) Legislation governing the operations of the public bodies and state instrumentalities. E.g. Freedom of Information Act 1992, Public Sector Management Act 1994, Corruption and Crime Commission Act 2003;
- c) Legislative reform and amendment both in terms of legislation the Department administers and legislation administered by other agencies which impacts on this Department and its related agencies (i.e. Swan River Trust);
- d) Statutory interpretation;
- e) Ombudsman's and Parliamentary inquiries;
- f) Administrative law;
- g) Civil litigation; and
- h) Contracts.

The Legal Services Branch also participates more generally across the Department in different areas; for example officer training; undertaking special projects, such as the review of Part IV of the Environmental Protection Act 1986 condition setting; preparations of template enforcement notices for the Environmental Enforcement Unit.

Where a matter is too specialised; too large or litigious, the Branch co-ordinates the provision of legal advice from the State Solicitor's Offices and guides the implementation of that advice at a Departmental level.

These services are not provided uniformly across the whole of the business of the Department of Environment and Conservation. For example, Legal Services rarely provides advice to Corporate Services Division (Human Resource or Industrial Relations matters); Nature Conservation Division; Sustainable Forest Management Division; or Parks and Visitor Services Division. On the other hand, increasingly legal advice is being sought from across the Department in relation to contracts; memorandum of understanding etc.

The priorities in terms of services have been identified as:

1. Continue to expand access to and the delivery of legal services to the Department;
2. Expand Legal Services involvement in staff training; and
3. Continue to improve record keeping and filing to ensure efficient sets of legal precedents.

Staff attrition, attraction and retention, increasing workload and accommodation shortages are considered to be the main challenges.

In relation to staff attrition, the Legal Services Branch faces similar challenges to that faced in other areas in the Department. The challenge is to provide and maintain a vibrant and sufficiently challenging working environment in order to retain and maintain highly trained professionals and to compete in the market place for their commitment.

The reclassification of lawyers in the Branch, to allow for some form of advancement, will help meet this challenge and assist.

As the use of Legal Services expands across all business units of the Department; the Branch may have some human resource challenges. Currently all lawyers work to capacity; should the work load increase substantially, in the short term, it is anticipated that it would either need to outsource more of our work to the State Solicitor's Office; longer term an expanded work load can be addresses by filling the vacant positions or expand the number of lawyers.

There will also be accommodation shortages for lawyers when all acting and vacant positions are permanently filled.

Although no specific statistics are maintained, there is a view that there are an increasing number of advices sought on conservation and agency wide issues.

Work is provided for Swan River Trust, Keep Australia Beautiful Council, Environmental Protection Authority, Freedom of Information, Contaminated Sites Committee, condition setting and legislative matters.

FINDING 50

Increasingly legal advice is being sought from across the Department.

RECOMMENDATION 39

Consideration should be given to transferring the line of responsibility of the Legal Services Branch from the Deputy Director General Environment directly to the Director General as legal advice is increasingly being sought across the Department. This Review considers such a transfer appropriate in order to provide independence to legal services across the agency.

No information has been presented to suggest that the Legal Services Branch is out of the ordinary and does not require specific action or comment from this Review.

6.1.7 **MANAGEMENT AUDIT BRANCH**

The Management Audit Branch reports directly to the Director General, and is established to assist the Director General and other Departmental managers identify and quantify the risks to the achievement of the Department's goals and to evaluate the adherence to agreed-upon tolerance levels to those risks. Accordingly, Management Audit programs are to be sufficiently comprehensive to ensure the effective review of the operations and functions that present the highest risks to the achievement of the Department's goals.

The Branch consists of 4 FTE's of which one position is currently vacant. In addition DEC has a contract with Stamfords (Chartered Accountants) to undertake internal audits of approximately 800 hours per year.

The Management Audit Charter establishes the authority and responsibility of the DEC Management Audit Branch in accordance with the requirements of Section 53 (1) (d) of the Financial Management Act 2006 and Part XII of the Act's Treasurers Instructions.

Officers of the Department's Management Audit Branch may undertake the following internal audits:

- Assurance – these are designed to meet the accountability needs of the Director General and Department's management; or
- Consulting – these are designed to cover problem solving tasks.

Management Audit through the undertaking of internal audits and through the Audit and Risk Management Committee provide the Director General with:

1. Assurances as to the control of key risks to the accounting and financial management information and protection of the assets and resources under his control;
2. Assurances as to compliance with legislation, policies and procedures;
3. Independent and confidential advice on action needed to reduce existing risks to Departmental effectiveness, efficiency and economy to acceptable levels; and
4. Progress reports regarding remedial action taken by Departmental officers.

The Audit and Risk Management Committee provides a forum where the Director General, Deputy Directors General, Directors and internal auditors together can deal with issues relating to the management of risks, internal control systems and financial reporting.

At an operational level, the Management Audit Branch has been using an ex DOE Strategic Audit Plan and an ex CALM Strategic Audit Plan which cover financial and operational audits.

In doing so, the Management Audit Branch audits are intended to be conducted using current and accepted risk based audit methodology and considers legal compliance; financial regularity; and effectiveness, efficiency and economy of the operations audited.

FINDING 51

A review of the two Strategic Audit Plans (ex CALM and ex DOE) indicated that there was insufficient attention afforded to performance review issues such as efficiency, effectiveness, workload, productivity and 'value for money' indicators.

FINDING 52

A consolidated DEC Strategic Audit Plan has not yet been prepared as the Audit Manager position had been vacant since the merger until a recent appointment was made.

FINDING 53

During the conduct of this Review it became apparent that there was a need for an expansion in the role of the Management Audit Branch (also referred to as the Internal Audit Branch) to add quality assurance and a further multi layered control process to industry regulation systems, processes, flowcharts and checklists, and all other identified 'high risk' areas. Such an approach recognises that branch and divisional control, monitoring and accountability systems are already in place, thereby providing a multi layered internal control framework.

The new Manager of the Management Audit Branch (commenced in September 2007) is conducting a review of the structure, functions and focus of the Branch towards performance issues (such as efficiency, effectiveness and economy), and has already identified the need for greater focus on systems audits.

Such an extension of focus may result in the need to obtain funding for an additional position (plus overheads) to provide assurance in relation to operations in the environmental regulation, environmental impact assessment, sustainability, EPA service unit and overall compliance and enforcement functions.

This Review supports the increased focus on performance review and quality control issues, and notes the probable need for an additional resource to deal with those important functions.

RECOMMENDATION 40

A DEC Strategic Audit Plan containing broad financial and operational objectives to be achieved over a 2/3 year period should be prepared, based on a standard Risk Assessment Matrix, with input from the Office of the Auditor General, relevant DEC Directors and the Audit and Risk Management Committee. In drafting a new Strategic Audit Plan consideration should be given to increasing the focus on performance review audits in that Plan, such as, efficiency, effectiveness, workload, productivity and 'value for money' indicators.

RECOMMENDATION 41

A quality assurance review process is included in the Strategic Audit Plan to confirm the appropriateness of Environmental Regulation processes and systems in order to minimise risk exposure.

RECOMMENDATION 42

A quality assurance review methodology is included in the Strategic Audit Plan for departmental processes and systems that have been identified 'high risk' through a Risk Assessment review process.

A Corporate Governance system will normally comprise a number of principles which lay solid foundations for management and oversight; promote ethical and responsible decision making; safeguard integrity in financial reporting; make timely and balanced disclosure; recognise and manage risk; encourage enhanced performance; remunerate fairly and responsibly and recognise the legitimate rights of stakeholders.

These principles are normally achieved by a vast number of strategic, financial, planning and risk management mechanisms, processes and systems, such as: a Corporate Plan, Budget, Financial Management and Information System, regular communication, monthly and annual reporting, audit function, risk analysis and mitigation, disaster recovery, delegation and authorisation processes, insurance, records management, sound information technology and communication systems etc.

DEC has all of these mechanisms, processes and systems in place to varying degrees; however, an overall Corporate Governance system has not been developed. It is considered appropriate by this Review that such a Corporate Governance system should be compiled as best practice, minimise risk exposure and identify any potential gaps.

FINDING 54

Although the various components appear to exist there was no consolidated Corporate Governance system.

RECOMMENDATION 43

A Corporate Governance system is compiled from the various governance documents and procedures that already exist, and any gaps identified and rectified in order to achieve best practice and minimise risk.

FINDING 55

The Management Audit Branch was not listed on the DEC Organisation Chart published in the 2006-2007 Annual Report.

FINDING 56

The Management Audit Branch appropriately reports directly to the Director General.

RECOMMENDATION 44

The name of the Management Audit Branch should be changed to the Performance Review Branch to reflect the increased emphasis on agency performance, internal control and quality assurance.

FINDING 57

The Office of the Auditor General had 'no findings' following a comprehensive audit of DEC accounts for the year ended 30 June 2007.

FINDING 58

The Management Audit letter from the Auditor General for the year ended 30 June 2007 indicates that relatively minor issues concerning payroll, reconciliations and acquittals, authorisations, back up arrangements and banking processes require attention.

The Auditor General has subsequently issued a Report on the Management of Native Vegetation Clearing in September 2007, further details of which are included in the Nature Conservation Division section of this Report.

The Management Audit Branch is a small branch, but has an important function to identify and quantify potential risk exposures to DEC. During the period under Review it appears to have completed its functions in accordance with its Charter. Although no significant findings were identified by the Auditor General, this Review considers that more progress should have been made towards a consolidated DEC Strategic Audit Plan to ensure that there are no gaps in the audit process.

6.1.8 **NATURE CONSERVATION DIVISION**

The Nature Conservation Division reports through the Deputy Director General - Parks and Conservation, and currently comprises the following Branches:

1. Species and Communities Branch,
2. Nature Protection Branch,
3. Marine Policy and Planning Branch,
4. Environmental Management Branch,
5. Native Vegetation Conservation Branch, and the
6. Natural Resources Branch.

The key functions of the Division include:

- high level Government policy advice, particularly for biodiversity conservation;
- policy development for biodiversity and nature conservation;
- coordination and integration of the Nature Conservation Service, across the Department but in particular the Science Division, the Regional Services Division and the Nature Conservation Division;
- integrating biodiversity conservation into natural resources management processes across Government; and
- management of Divisional budget and staff, project management of cross-Departmental initiatives.

Based on the *DEC 2006-07 Annual Report* the Division has been directly involved in a number of initiatives including:

- Drafting the Biodiversity Conservation Strategy,
- Celebration of the Land for Wildlife Scheme,
- Launch of the Saving our Species initiative, providing funding to over 70 projects across key themes of invasive and pest animal control; environmental weed control; threatened species and ecological communities recover; *Phytophthora* dieback management; biological survey and research; and the State Cane Toad Initiative,
- Drafting of the proposed Biodiversity Conservation Bill,
- Coordinating the State Cane Toad initiative,
- Finalisation of the Good Neighbour Policy,
- Management of the Western Shield program to control foxes and feral cats, using more than 950,000 poison baits.
- Surveying and monitoring of 386 species of threatened and priority flora,
- Locating 57 new populations or sub populations of threatened flora, and 55 populations of priority flora,
- Developing four Interim Recovery Plans for three flora and one threatened community, and two Recovery Plans for three species of birds,
- Seed collections from 221 taxa,
- Establishment of the Marine Science program,
- Approval of four Marine Conservation Reserves (Beeliar Regional Park, Jurien Bay Regional Park, Rowley Shoals Marine Park and the Montebello/Barrow Islands), and significant progress towards the establishment of new parks and reserves at Dampier Archipelago/Regnard, Geographe Bay/Leewin – Naturaliste / Hardy Inlet and Walpole and Nornalup Inlets,
- Increasing the area of terrestrial conservation reserves by 14,308ha,
- Purchasing 636,410 ha for future addition to the conservation reserve system,
- Identifying 20 new plant species in the Yilgarn Banded Ironstone Formation Survey,
- Reviewing the Environmental Protection Act (Clearing of Native Vegetation) Regulation 2004,
- Reviewing processes for clearing native vegetation for resource development projects, and

- Implementing an educational, compliance and monitoring program for native vegetation clearing.

Although the Division has been actively involved in a number of significant activities, the following identified by the Division are not being undertaken:

- All functions are covered to some degree, but not necessarily covered fully or in a timely fashion. The inability to attract suitable levels of staff in some areas, such as policy advice and development, and the number of staff acting in their positions, has meant that some initiatives and Governmental priorities have been delayed or taken significantly longer to finalise than expected,
- Since the creation of DEC, the Division has gained supplementary functions from ex-DOE, including the Native Vegetation Conservation Program and wetlands conservation, with limited resources to cover some initiatives and tasks adequately. Given the current workload of the Division, full integration of these services has yet to occur,
- Greater time and effort could be put into providing advice on environmental impact assessments, but due to time constraints, such advice is normally targeted to only issues of recognised importance,
- One area that is not being addressed is the preparation of Departmental guidance documents on nature conservation. Senior staff are too busy attending to current demands to prepare such documents to provide regional and other staff with the necessary background on these issues. An example of the demand for this sort of support is provided by the flora and fauna management courses run by Species and Communities Branch. Both courses are always very over-subscribed, indicating the demand within the Department for training in areas of nature conservation,
- Community support programs are also operating at a basic level, and only just meeting the demand that comes without publicity. The limited resources in these programs mean that it is not feasible to advertise their services as any increased demand cannot be accommodated. This means that the Department is missing out on a positive awareness opportunity, as well as not providing the most effective outcome for nature conservation in the State. These programs are Land for Wildlife, Nature Conservation Covenants, and the wetlands program,
- The Auditor General's report Management of Native Vegetation Clearing that was tabled in Parliament on 5 September 2007 found that DEC has not undertaken any meaningful testing of compliance with application decisions. In addition, while DEC had used imagery to identify possible illegal clearing, it had not investigated these, nor had it adequately and consistently followed up on reports of complaints (action has been taken to rectify this with resources for compliance actions, but there is an overwhelming backlog that may take years to address),
- The high turnover and vacancies of clearing control staff in regions and the inexperience of most of the remaining staff has had a significant impact on staff in the Branch and it is considered that the level of support that the Branch is currently providing is unsustainable,
- The progressive diminution of staff dedicated to Wildlife Conservation Act compliance across the State has severely reduced the effectiveness of the Department in this area and placed unacceptable pressures on the Nature Protection Branch to mount regional compliance actions that it is not resourced for. The very likely additional compliance requirements of the proposed Biodiversity Conservation Bill will require significant additional resources,
- Coordination of management within DEC for marine conservation to ensure consistency of delivery of the program and desirable outcomes is not undertaken fully, because of current Governmental priority of focusing on the creation of marine parks and reserves,
- The following are not being done adequately in Swan Region and other Regions and in several Regions are not being done at all: Wildlife industry compliance monitoring; conservation estate inspections; commercial tour operator (CTO) audits and monitoring; investigations into suspected illegal activity involving fire, timber and firewood theft, infrastructure damage, and off road vehicle use,

- The coordination of invasive species (invasive animals and weeds) programs and response is being undertaken in a limited fashion, with again difficulties in staff recruitment and budget constraints reducing the coordination and support effectiveness of the Environmental Management Branch, a situation that will be exacerbated by the new requirements on the Department from the *Biosecurity and Agriculture Management Act 2007*,
- The Environmental Management Branch (with assistance from the Regions) is expected to represent the Department as an adviser / stakeholder / regulator / negotiator in relation to management of the biodiversity aspects of mining throughout the State, and other environmental impacts on DEC managed lands. The need for this representation is increasing as a result of expanding mining and industrial development activity and related risks and potential liabilities. However, because the focus of Government over the last decade or so has increasingly been on approvals and industry self regulation (for example 8 'Keating' funded EMB FTE's are quarantined to the approvals phase by the original Cabinet decision providing the funding in comparison to 1 FTE allocated to management), the capacity for the Branch to address this post approvals function is severely constrained. This represents a significant and increasing risk to the State as the Government is likely to be regarded as accountable for the outcomes of poorly managed mining and other development activities, particularly on Department managed lands,
- The processing of problematic mining tenure applications is given a low priority due to: availability of staff (especially trained staff); and, the exacting and detailed research required to provide defensible advice to the Minister. Noting that these are treated on a priority basis and that, in many cases, applicant interest in a quick decision is comparatively low,
- The review and development of policy in relation to Basic Raw Materials is overdue, and
- The development of guidelines for industry in relation to biodiversity and land management for exploration and mining needs a lot more effort but 'approvals' processes take precedence.

The following future trends have also been identified by the Division:

- ✚ expected increase in demands for the Division to deal with environmental impact assessments, native vegetation clearing applications, involvement in climate change matters, new national initiatives and policy areas;
- ✚ administration of new legislation, including proposed Biodiversity Conservation Act and the Biosecurity and Agriculture Management Act and additional administration responsibilities under the Environmental Protection Act (EP Act);
- ✚ retirement of technically competent and experienced staff; availability of trained staff;
- ✚ significant increase in demands on time to accommodate growth in climate change work tasks (exponential increase expected);
- ✚ as new Natural Resource Management processes are developed and implemented, there will be a significant start-up cost;
- ✚ increasing demand for hydrological advice from limited resources;
- ✚ The Environmental Management Branch has become aware of approximately 100 significant new development projects warranting involvement from the Branch over the last year (October to October) which is similar to the previous year. This equates to introductory briefings on two new projects each week, together with ongoing work required on a large number of major projects initiated over the last three years and an expectation that DEC will continue to provide advice on current and future management of longer term major operations with biodiversity implications;
- ✚ Referrals (from the Department of Industry and Resources) of mineral tenure applications have numbered 253 referrals in the last 12 months. Normally this is around 100 per year. Workload relating to the assessment and approval of exploration programs on DEC managed tenure is escalating, especially in regard to new rangeland parks and sensitive areas such as banded iron ranges. Involvement of the Branch in assessment and managing mining projects in new rangeland parks will escalate. The change of

- Government policy in relation to allowing mining access to 'other' class nature reserves has resulted in renewed interest in the form of exploration applications; and
- ✚ There is a nexus in the Department in terms of the implementation of Government policy to expand the conservation reserve system towards the CAR objectives as the fundamental basis of meeting biodiversity conservation objectives, with unclear lines between land identification and purchase, which is mostly pursued by the Nature Conservation Division and the planning and management of purchased areas, which is undertaken by the Parks and Visitor Services and Regional Services Divisions.

As a major land owner for the crown estate (10% of the State's land) DEC faces significant threats to *Phytophthora cinnamomi* (*Phytophthora* Dieback). Since 1 July 2003 CALM and its successor DEC also has responsibility for animal and plant pest control across nearly 90 million hectares of unallocated Crown Land and unmanaged reserves. These 'pests' also threaten the long term protection and maintenance of biodiversity.

Programs designed to address both of these issues thus far taken to Government have not been resourced.

When consideration of climate change impacts are also taken into account, the inescapable conclusion reached is that of increasing threat of loss in the State's biodiversity over time.

It is evident from the above that workload exceeds available resources to perform desired projected outcomes from the Division in terms of nature conservation. In forming judgements on performance without full and detailed workload indicators, it is not possible to predict additional resourcing needs to meet priority areas.

What can be stated however the following observations and risks are noted:

1. Part of the increasing workload has grown over the years as a consequence of the expanding area of tenure and holdings of DEC land (previously CALM land), including those areas of land and water covered by management plans. The management of these lands sensibly is being undertaken within a priority framework driven by community expectation as an increasing number of plans come into effect, the need for review whilst meeting further planning needs of new parks and reserves continues to add to the Division's expanding workloads and performance expectations over time. The slow rate of implementation of marine park plans against community expectations within an extensive consultative process continues to require attention,
2. The reported recent expansion in mining tenure applications and incapacity by the Division to fully address these needs represents a growing performance risk for the agency, especially as resources continue to be spread across areas widening demands in the Division,
3. It is acknowledged the risks for loss of biodiversity, especially when one takes into account climate change impacts is increasing. More work is required to address this issue,
4. The compliance management of native vegetation clearing as it applies to non-DEC managed property identified by the Auditor General in September 2007 needs ongoing attention. It is acknowledged that significant progress has been achieved by DEC in reducing the backlog of applications during 2007 (see below) and specifically taking action to expand compliance and monitoring resources. Ongoing management of this issue towards effective monitoring, compliance and prosecution for breaches is an essential outcome for 2008. There is a community and Government expectation that it will occur,

Applications to clear native vegetation

	2004/05	2005/06	2006/07
No. of applications	656	455	437
No of decisions made	359	468	532
Median time to grant / refuse application	161	180	118
Mean time to grant or refuse application	228	223	134
Cumulative no. of permits	314	531	687
No. of compliance inspections	0	0	10
No. of complaints of illegal clearing	26	253	320
No. of complaint actions	18	161	85
No. of prosecutions	0	2	0

The following table outlines the timeframes for permits granted and refused, including the percentage that met the target 90 day timeframe, for July 2004 to June 2007.

	2004		2005		2006		2007 (end of June)	
	<90 days	Median (days)	<90 days	Median (days)	<90 days	Median (days)	<90 days	Median (days)
DEC	21%	138	13%	188	23%	151	64%	87
DoIR	N/A	N/A	18%	159	29%	130	47%	85

- The reported lack of resources in compliance and monitoring inspections for adherence to nature conservation issues for some areas of the State represents a further risk.

As a further measure of the performance of the Nature Conservation Division the following Key Efficiency Indicator for 'Wildlife and habitat management - cost per hectare managed', over a 5 year period, shows the actual cost per hectare being slightly higher than the target for the last 4 years. It also shows that the average actual cost per hectare over the past 6 years was \$2.88, compared to an average target of \$2.66. This result is in the face of increasing cost pressures:

Year	Land Management Cost Per Hectare	
	Target \$ per ha	Actual \$ per ha
2000-2001	1.98	2.03
2001-2002	2.63	2.28
2002-2003	2.58	2.77
2003-2004	2.58	2.76
2004-2005	2.72	3.08
2005-2006	2.83	3.30
2006-2007	3.31	3.98
2007-2008	3.22	

NOTE: This measure is the target and actual accrual basis gross total cost (excluding revenues) per hectare of managing nature conservation on Departmental-managed lands and waters. The measure provides an indicative comparison between years and against projected targets. Cost variations occur with acquisition of new lands and implementation of new management programs.

The total area of the DEC Conservation Estate has continued to steadily grow, as has the area covered by management plans shown by the table below:

Year	Area covered by management plan (ha)	Total Area of the DEC Conservation Estate (ha)	Percentage covered by a management plan
2006/07	3655685	18995646	19.2
2005/06	3473080	18981114	18.3
2004/05	3473080	18876308	18.4
2003/04	3321438	17998357	18.5
2002/03	3321438	17918770	18.5
2001/02	3321419	17916372	18.5
2000/01	3321419	17906312	18.5

Please note that the statistics need to be interpreted with the knowledge that DEC often reviews plans that are already in force due to the pressures/threats to these areas. Therefore, DEC may not significantly change the area covered by management plans but it does review management plans where they have been deemed a priority.

In bringing these matters to attention, this Review acknowledged the enormous and diversified scope of work undertaken by the Division and its personnel. Much of the work is innovative, demanding and contributes positively to their performance and acknowledged reputation and standing across Australian projects such as the Western Shield, recovery actions for many threatened species, management planning for reserves and the like.

FINDING 59

The Director of the Nature Conservation Division must as a priority in the lead up to the 2009-2010 Budget review the performance of the risk areas and issues in the context of the overall Division's objectives and budget. Should further resources be necessary, the case needs to be made based on workload analysis and overall agency and government priorities within at least a five year time horizon.

FINDING 60

Work output of the Nature Conservation Division is acknowledged to be effective, innovative and adds substantially to DEC's reputation.

RECOMMENDATION 45

The immediate risks around performance in native vegetation clearing continue to be closely managed and resourcing levels, particularly for effective enforcement continue to be reassessed and re-evaluated in the broader context of the compliance and monitoring function across the Department and other reviews. The key issue for the Minister and Government is the linkage between resourcing and the timeframes sought to ensure an adequate compliance response, including prosecutions for dealing with the identified potential backlog of illegal clearing applications. Options need to be developed and agreed between the Department and the Minister.

RECOMMENDATION 46

A science led management strategy and funding case for the resources necessary to address known increasing risks for loss of biodiversity be developed for the 2009-2010 budget as a consequence of accumulative impacts for plant and animal pests, major threats such as phytophthora and climate change which threaten long term protection and maintenance of biodiversity be prepared and taken to Government.

It is understood by this Review that the conservation reserve system is still incomplete as DEC moves to build a Comprehensive, Adequate and Representative (CAR) system. Currently, functions relating to terrestrial reserve purchase, priorities for purchase and initial planning are spread across the Regional Services Division, the Nature Conservation Division and the Parks

and Visitor Services Division. It would appear that DEC could benefit from having a central unit that coordinates this very significant area, which is the backbone of DEC's whole biodiversity conservation effort.

6.1.9 **OFFICE OF THE DIRECTOR GENERAL**

The role of the Office of the Director General is to provide administrative, operational and policy support to the Director General, ensuring that the Director General is appropriately briefed and involved as necessary on the following issues:

- Operational, including critical media;
- Political interface; and
- Organisational development.

There have been a number of high level contentious and critical issues since the merger of the agencies to form the Department of Environment and Conservation, not the least of which was the Esperance lead issue, all of which have had an impact on DEC and the Office of the Director General.

FINDING 61

There was a strong view during the staff consultation process that the complexity of issues had resulted in an overall increase in workload, as well as taking longer in the time required to compile a satisfactory response to ministerial correspondence and other relevant documents (Parliamentary Questions, Briefing Notes, Cabinet and Executive Council Submissions and Cabinet documents).

Although not reflective of the workload, statistics provided by DEC indicate a reduction in the number of actions requiring Ministerial correspondence, answers to Parliamentary Questions, preparation of Briefing Notes, Cabinet and Executive Council Submissions and Cabinet documents:

	<u>2003/04</u>	<u>2004/05</u>	<u>2005/06</u>	<u>2006/07</u>	<u>2007/08 to date</u>
CALM	2,695	2,621	1,858		
DOE	5,012	4,811	3,536		
DEC				4,298	2,096
TOTAL	7,707	7,432	5,394	4,298	

NOTE: It is considered that these figures do not reflect the increased complexity in the preparation of relevant ministerial correspondence and associated papers.

The figures for 2006-07 show that there were 4,298 actions in the year. This represents an average of 82 per week, all of which are processed through the Office of the Director General. This Review considers that to be a high level.

In recognition of the significant workload as a result of the merger, a new restructure has recently been approved to ensure that the Department has a coordinated and proactive approach to strategic issues as well as having the capacity to rapidly respond to critical and often contentious issues.

FINDING 62

A recent review of the support needs of the Office of the Director General has resulted in a revised organisation structure, which is in the process of being implemented. The action is supported by this Review.

FINDING 63

The new organisation structure is expected to provide the Director General with a higher level of direct support than was previously available, in order that the Department has a coordinated and proactive approach to strategic issues; and provide an increased capacity to rapidly respond to critical issues.

FINDING 64

A strong and common theme through the staff and stakeholder consultation process was that the Director General is totally committed to the agency, extremely conscientious, hard working, and highly intelligent and has excellent corporate knowledge and expertise.

Strong central leadership by the Director General was fundamental to implementing the merger of CALM and DOE at short notice.

Now that this merger process has proceeded, senior departmental staff, stakeholders and ministerial staff are seeking greater powers of delegated responsibility; more direct engagement between senior staff, the Director General and the Minister's office; and improvement in efficiency of communication towards achieving greater operational effectiveness by the Department.

Freeing up the time of the Director General to meet the demanding and expanding needs of the State in the Environment and Conservation portfolio was seen as appropriate, timely and essential.

FINDING 65

As part of managing government relations there appropriately exists an 'Agreement for Communications' between the Minister's Office and that of the Director General. The spirit of this agreement reflects a desire for quality advice and communication being achieved. This is being met and recognised by all parties but at the expense of the diligent commitment and time of the Director General himself. The responsibility for accuracy and quality of written advice to the Minister's Office needs to be more broadly shared across the Corporate Executive and the Office of the Director General's staff. Senior officers of the Department must meet that accountability and through performance continue to build effectiveness and trust in the management of DEC communication in its relationships with the Minister and his office.

FINDING 66

An 'Agreement for Communications' dated 20 March 2007 appropriately exists between the Minister for the Environment; Climate Change and the Director General, Department of Environment and Conservation, which provides the framework for communications between the respective offices.

FINDING 67

A strong perception from DEC staff and the Ministers Office that current delegation levels to senior DEC staff were inadequate to allow efficient and timely communication between the respective offices, and that such levels should be reviewed.

FINDING 68

A regular view from the staff and stakeholder consultation process was that the Director General and members of the Corporate Executive should regularly be seen by staff throughout the agency (including Regional locations) in order to improve upward and downward lines of communication. As the Department's senior officer, staff and stakeholders also wanted greater access to the Director General, particularly on matters of strategic importance to the performance of the department and responsibilities of the portfolio. As the department's senior adviser to Government, this Review in its support for further agency re-structure, the further empowerment of the members of the Corporate Executive and the creation of a General Manager – Business Performance position (refer to other areas of this Report) to focus on DEC's ongoing business performance will facilitate the Director General's highly regarded leadership capacity and availability to deliver the strategic requirements of the Minister and the portfolio.

RECOMMENDATION 47

The Director General reviews and where appropriate, significantly expands existing delegations to the new Corporate Executive team and designated senior staff in accordance with a revised Instrument of Delegation.

RECOMMENDATION 48

A Code of Practice is developed whereby Corporate Executive members are required to ensure that the Director General is adequately briefed on 'important, sensitive, complex, controversial, problematic' issues. Members of the Corporate Executive team must be fully accountable for details of knowledge and performance in their areas of responsibility and assisting in the wider performance of the department.

RECOMMENDATION 49

The 'Agreement for Communications' document is reviewed with the Minister for the Environment and revised where appropriate to allow members of the Corporate Executive to directly deal with the Minister for the Environment and his staff, as necessary.

On the basis of the anecdotal comment through the staff and stakeholder consultation process it is understood that the staff in the Office of the Director General have been under enormous pressure from the volume of work that flows through the Director General's office. It is expected that the benefits from the recent re-structure will be felt immediately, however, recommendations contained elsewhere in this Report concerning the creation of a new General Manager, Business Performance position are also intended to significantly assist in freeing up the Director General to deal with other strategic issues relating to the portfolio.

It is also intended that there will be greater empowerment to members of a smaller more responsive Corporate Executive group with an intention of reducing duplication of effort, particularly with correspondence related issues.

6.1.10 **PARKS AND VISITOR SERVICES DIVISION**

The Parks and Visitor Services Division reports through the Deputy Director General - Parks and Conservation, and comprises the:

1. Policy and Planning Branch, and
2. Visitor Services Branch.

The Parks and Visitor Services (PVS) Division provides advice and specialist services to a range of internal and external clients.

The Division is responsible for:

- policies and programs dealing with public involvement, visitation and appreciation of the natural environment on lands and waters managed by the department;
- providing, managing and maintaining appropriate access, recreation opportunities and visitor facilities;
- involving Aboriginal people in park management and the provision of visitor facilities and services; and
- developing community awareness and support for parks, natural areas, nature based tourism and recreation services and policies.

The *DEC 2006-07 Annual Report* indicates that the Division was involved in:

- Advancing the provision of innovative tourism services,
- Conducting workshops and meetings with regional tourism industry stakeholders,
- Continuing the development of the Community Involvement Program,
- Commencing joint management arrangements with the Miriuwung-Gajerrong Corporation,
- Establishing a Regional Park Council and six Sub-Councils and commencing the preparation of management plans for six new conservation parks,
- Establishing effective and meaningful liaison with Indigenous groups through the development of joint management arrangements and the progression of employment and training opportunities for Aboriginal people through the *Mentored Aboriginal Training and Employment Scheme (MATES)* program,
- Continuing the planning and construction of the Munda Biddi bike trail, and maintained and improved the Bibbulmun Track,
- Completing visitor infrastructure and tourist road improvement projects,
- Making information available to the public through a range of media on sites managed by the department for suitable access and use by people with disabilities,
- Reviewing and implementing the department's Visitor Risk Management system,
- Implementing the recommendations of the land tenure recommendations in the Forest Management Plan 2004–2013 and transfer of suitable water reserves in the Wheatbelt to the conservation estate,
- Improving visitor data collection systems,
- Promoting and expanding the department's *Healthy Parks, Healthy People* program, and
- Maintaining an emphasis on revenue collection from park entry and camping fees.

The PVS Division conducted a structural review in January 2007, with a Report being finalised in May 2007. As a result, a re-structure is currently being implemented, such that the previous three branches have been aggregated into two major functional groups (Policy and Planning; and Visitor Services).

The new structure of the Division has been developed with the following issues in mind:

- The need to build policy and administrative support for the PVS Directorate;
- The need for ongoing liaison and coordination between the Division and the Regions/Districts;
- The efficiency and organisation of work, including the flows of information and the processes and approvals for work;

- The provision of career and staff development opportunities including mechanisms that provide equitable opportunities for undertaking higher duties;
- The need to ensure DEC staff within the PVS Service are appropriately trained, coached and regularly communicated with through both formal and informal communication and information sharing activities;
- Increasing recognition of the need to focus on indigenous programs, including policy development, liaison with indigenous communities, building support and capacity to staff to develop partnerships and programs with indigenous people and better manage indigenous heritage values; and
- The effectiveness of communication with internal and external clients.

A number of emerging issues were also identified:

- Dealings with native title claims, joint management and indigenous relations;
- Broader external land use planning and its intersection with estate management and planning;
- The establishment of a more holistic and structured approach to managing recreation activities and events, organised recreation groups, associations and clubs and non commercial educational and recreational activities;
- The need for research and information to support policy, planning and decision making, and
- The establishment of robust relationships and partnerships with the community and neighbours, which include initiatives such as the Volunteer program and the Healthy Parks Healthy People initiative.

Several trends over the next 5-10 years were also identified:

1. Capital depreciation and the need to expend increasingly on the maintenance of new and aging infrastructure,
2. Road maintenance and safety upgrades,
3. Road safety,
4. Native Title compliance and negotiations are increasingly time and resource hungry,
5. Joint management of parks and reserves under the Demonstration Park Council Program is under funded and cannot be rolled out without additional resources being made available to the governance arrangements and the associated MATES program,
6. Social research,
7. Nature based tourism,
8. Heritage assessment and management of indigenous and non indigenous heritage values, and
9. A substantial increase of DEC on-ground management capacity in national parks and reserves, i.e. 100 FTE's (currently DEC has an average of one ranger for each of the State's approximate 100 national parks).

In 2005–2006 more than 11.8 million visits were made to areas in the conservation and forest estate managed by DEC. DEC manages some of the most outstanding natural areas in Western Australia, an area of more than 25.5 million hectares, protecting unique landscapes, geological formations, plants, animals and cultural sites.

Conserving these lands and waters for future generations, and managing them for use by the present one, is a process further complicated by the rising cost of providing services and facilities, and of managing and protecting these areas.

The PVS Division has therefore recently developed a strategic framework for the department's staff to approach the recreation and tourism challenges of the future (*Parks and Visitor Services Strategy 2007–2011*).

Two areas requiring specific attention into the future by Government are the needs of the Kimberley and Pilbara Region's of the State as the impacts of population and the consequences

of the expanding economic activity in the region's impact on key natural assets for conservation and recreation. The needs for investment in services to meet expected changing community expectations for management and supporting science to current decision making will be considerable. DEC and Government need to progress consideration of resourcing requirements as a priority. Indigenous and tourism interests in this planning will be critical to its acceptance.

The Strategy has a series of key focus areas to manage nature based recreation and tourism, and include:

1. Ecological Sustainability,
2. Sense of place,
3. Customer satisfaction,
4. Enriching visitors' experiences,
5. Spectrum of experiences,
6. Quality,
7. Planning,
8. Protecting heritage values,
9. Innovation,
10. Equity,
11. Partnerships,
12. Staff skills and expertise,
13. Visitor safety, and
14. Accountability.

The Strategy will be used to determine priorities for allocating staff and financial resources.

FINDING 69

DEC is a member of the IUCN (World Conservation Union) and plays a significant role in the World Commission on Protected Areas, enabling it to keep abreast of trends and developments in global nature based tourism.

FINDING 70

Shark Bay and Purnululu National Parks have already been designated as World Heritage Areas, with Cape Range National Park and the Ningaloo Marine Park being in the process of being nominated for World Heritage Area status. In addition, the Fitzgerald River National Park already forms part of the UNESCO International Biosphere Reserve System.

FINDING 71

DEC has received State, national and international awards for its nature based recreation and tourism facilities and services, with its staff being recognised at local, State and national levels.

FINDING 72

DEC is also the single largest manager of WA's nature based recreation and tourism areas and facilities, and a key contributor to the leisure industry.

The leadership role that the PVS Division plays in nature based recreation and tourism should therefore be highly commended.

This role is significantly enhanced by the crucial and highly successful community (volunteer) program that has over 9,700 registered volunteers. It has also had up to 4,000 active volunteers who have collectively contributed an average of over 400,000 hours per annum over the last three years. This is further complimented by the Bush Ranger program, which has over 1,300 registered members who contributed over 294,000 hours in the 2005-2006 year.

The total number of visits to land and waters managed by DEC over the past 5 years shows a steady increase to 12,063,000 in 2006-2007.

Visitor use was also monitored at an increased number of data collection sites using traffic classifiers and counters, pedestrian counters, observation surveys and ticket sales in national parks.

Year	Number of data collection sites	Total number of visits (millions)
2002 – 2003	190	10.2
2003 – 2004	200	10.92
2004 – 2005	246	10.99
2005 – 2006	255	11.84
2006 - 2007	317	12.06

A benchmark Visitor Satisfaction Index has been adopted in order to compare visitor satisfaction levels each year. The benchmark has been set at 6.1, with the 2006–2007 index averaging 6.25 for the 2006–2007 year. A comparison of the index from previous years shows a gradual improvement over the past 4 years.

The 'cost per visit' and the 'ratio of total cost of services to operating income' for the past five years have been reasonably well contained to inflationary increases, and noting that the cost increases associated with the creation of 30 new national parks under the Government's 'Protecting our old growth forests' policy account for a significant portion for the rise in costs over the past 3 years:

	2002/03	2003/04	2004/05	2005/06	2006/07
Cost per visit	\$5.23	\$5.01	\$6.00	\$5.72	\$6.15
Ratio of total cost of services to operating revenue	3.42:1	3.53:1	4.70:1	4.66:1	4.91:1

There is nothing from the Review that indicated this area needed immediate attention or there is an exceptional risk within the Division to the overall performance of DEC or for Government. However, DEC has a substantial area of land under its management for the purposes of parks. At 30 June 2007 DEC managed 27.01million hectares of land including 97 national parks totalling 5.6million hectares. Staff resources available to manage parks in Western Australia are reported to be significantly less than reported on average for Australia.

Staff resources per 100,000 hectares:

	Developed countries	Australia	Western Australia
Uniformed PA staff	N/A	2.25-4.5	1.0-2.0
Uniformed field staff	6.0-9.0	2.0-3.0	0.4
Protected Area staff	29.9	6.0	3.2

Source; C Haynes 'Tackling the Hard Issues', School of Social and policy Research, Charles Darwin University NT.

Without further analysis, the conclusion could be drawn that there is potentially a significant under investment in park staff management capacity and assets. This area of the department's services needs further evaluation across the reserves regions of the State linked to an understanding of demands for services and consequential risks for DEC and the State. The rapidly developing regions of the Kimberley and Pilbara require a specific focus.

Issues around effective management of new and ageing infrastructure can be properly dealt with in the overall agency budget process and does not require extraordinary action within the context of this Review. It is a matter for consideration by the Division and the new General Manager, Business Performance and Corporate Executive in meeting planning and resourcing needs as growth in facilities and tourism use of the facilities and venues continue to expand. The volunteer

program undertaken by CALM and the new DEC through regional services and the Division is commended and is an important resource in providing a service to park visitors.

FINDING 73

The Parks and Visitor Services Division is strategic in its operations and is commended on its performance.

RECOMMENDATION 50

The development of a business case to meet the resourcing needs in the context of a resource and funding gap analysis for the planning, reservation and management of key natural assets in the Pilbara and Kimberley regions of the State for the delivery of park services and conservation be undertaken and presented to government.

6.1.11 **REGIONAL SERVICES DIVISION**

The Regional Services Division functions to:

- Implement DEC policies and the Department's Corporate Plan;
- Manage Service Plans for Parks and Conservation and Environmental Services; and
- Manage regional budgets, resources and works programs associated with these activities.

The Division's work is spread throughout Western Australia with regional headquarters located at Albany, Bunbury, Geraldton, Kalgoorlie, Karratha, Kensington, Kununurra, Manjimup and Narrogin. It also carries out its work through 15 district offices. In addition there are another 13 substantial work centres and 20 ranger stations where rangers and other park staff are located.

The Division's work is carried out by over 900 FTE's located in more than 50 locations, some of which are in the remotest parts of Western Australia.

The Division is the 'operational arm and face of DEC', and plays an extremely important role in most facets of the Department's broad strategies and objectives.

The Division has identified the following issues and challenges:

- The delivery of regional services is constrained by some lack of clarity of corporate structure, functional integration and strategy. This is leading to inadequate delivery of outcomes (eg. nature conservation, land use planning, and industry regulation) with corporate-level impact and consequences. Improved regional delivery requires better integrated management systems and more skilled regional resources,
- Increased emergencies from climate change such as wildfires and cyclones, and increased impacts on human life, property, and biodiversity and other natural assets and values; and increased emergencies from people such as pollution events (eg. Esperance lead). These require additional regional staff resources, skills, training and equipment, and in the case of pollution, improved departmental and regional processes for incident prevention, preparedness, response, recovery, communication and liaison,
- The inability of information technology and communication systems to support the business needs of regions. This relates to inadequate bandwidth to deliver corporate data and information throughout Western Australia, funds for software and hardware maintenance and upgrades, user interface and training, GIS viewer tools, migration, testing and enhancement of systems and technical documentation and user manuals,
- The lack of financial resources. This is resulting in an over-reliance on external funding to address projected deficits in budgets and is taking some DEC regional staff away from core regional activities. The current budget management model of the department leads to inconsistencies in the quality of financial management processes and systems across regions,
- The increased public scrutiny of DEC activities, the need for improved compliance models, the lack of audit and monitoring and an ad-hoc approach to risk identification and treatment. This is increasing the potential for regional staff and the department to be exposed to legal actions which distract staff away from core regional business,
- The lack of public awareness of the department's functions, roles and responsibilities. This is resulting in lack of support for services and activities. An action plan and associated resources are required to realise the benefits of DEC's Good Neighbour Policy to rural neighbours,
- Regional staff having inadequate facilities in some centres to properly and effectively conduct the business of the department. There is an urgent need to address infrastructure planning and resourcing at corporate level and to implement actions that provide key regional centres with improved accommodation as soon as possible,
- Many senior staff, including most regional managers retiring, from their present position in the next decade. There is an important need to undertake succession planning for Regional

Services Division that includes strategies for attraction and retention of new and existing staff,

- Regional involvement in natural resource management being ad-hoc across Western Australia. This is due to complex funding, planning and reporting requirements of the Federal Government,
- Legal opinions advising that DEC is responsible for neighbour and visitor safety when using all Departmental access roads. This relates to road surfaces, bridges, culverts, drains and signs. Regional programs for assessing, relegating, funding and upgrading road networks based on standard risk management processes is an important and immediate action,
- Fire regimes in remote lands of frequent, large, intense wildfires are having deleterious impacts on biodiversity, soil and air quality. Currently there are insufficient State Government and private resources to undertake effective fire management in these remote regions,
- Increasing expectations concerning the degree and extent of engagement with community and stakeholder groups require significant investment in time and resources to accommodate. Professional development and coordination of public engagement at a state level is required, as well as additional personnel located in regions dedicated to this role,
- Large areas of native forest regrowth in the south-west regions are carrying heavy fuel accumulations. The funding needed to adequately protect these regrowth forests, including the maintenance of burn buffers, strategic roads and bridges, has not been provided in the past eight years,
- The department faces a major challenge in developing and maintaining sufficient numbers of trained fire managers and fire crews. Factors that are aggravating the current shortage include the ageing demographics of fire staff and crews; loss of experienced staff to the mining industry; the reduced availability of FPC staff and local government volunteers to assist in fire control operations; the long time taken to train senior level incident managers; and the long-term fatigue resulting from the increasingly heavy commitments to wildfire control and prescribed burning,
- Increasingly large numbers of constraints placed on DEC to undertake the prescribed burning in south-western WA, including the need to prevent smoke from impacting on Perth and rural towns, and grape growers. Other factors include climate change impacts, special requirements for fauna and flora communities, and availability of sufficient number of trained staff,
- DEC is having difficulty in recruiting and retaining qualified personnel in the regions outside the south-west to undertake regional duties including fire planning and management work. Competition with well paid positions in the resources industry, lack of housing and the expense involved in housing staff, staff stationed in remote and isolated locations, limited spousal employment opportunities, limited educational opportunities for children, social isolation of the family unit are all issues that detract from working for DEC in these regions, and
- Accommodation in some regional centres is inadequate, particularly where DEC's increased responsibilities have outgrown the available space, even in relatively new accommodation. The quest to achieve co-location of the amalgamating agencies has meant that staff have been "squeezed" into existing office space in some instances. Funding availability and approval processes have restricted DEC's capacity to achieve planned upgrades or extensions to accommodate extra staff.

Whilst this Review was unable to assess the significance of these risks, a number warrant early attention.

The key ones being: the need for better supporting information and technology and communications systems; inadequate facilities including accommodation; personnel retention and adequacy in training and maintaining sufficient numbers of trained fire managers and crews.

These are clearly issues that the new General Manager, Business Performance position needs to address as part of understanding and improving the on going effectiveness of DEC. Some of these issues are also covered elsewhere in this Report.

FINDING 74

The Regional Services Division is faced with a number of significant challenges that need addressing. This role needs to be undertaken by the Director Regional Services in conjunction with the proposed new General Manager, Business Performance position.

One area worthy of particular additional comment is that of regional accommodation. The Division has advised that accommodation arrangements are satisfactory at Karratha, Kalgoorlie, Bunbury, Narrogin and Manjimup. Whereas, extensions are needed at Kununurra (in progress); DEC is waiting for the Department of Water to vacate space at Geraldton to allow co-location of all DEC regional staff; negotiations have been made at Albany for the withdrawal of the shared occupancy with the Forest Products Commission which will free up space for DEC staff; and at Kensington (Swan Region) DEC is continuing to seek suitable leased accommodation for around 10 ex-DOE staff who still share an office with DOW. (Finding suitable leased accommodation for Swan Region staff [together with other metro-based DEC staff] has been particularly difficult.)

The continuing co-location of some DEC staff with DOW in Geraldton is frustrating and DOW is attempting to accelerate their move to another building.

The Division also indicated that DEC has an inadequate number of Government Regional Officer Housing (GROH) houses in Karratha, and that there is a backlog of housing requests with priority going to teachers, nurses and police staff. The ultimate effect of this is that the filling of some positions is extremely difficult, with significant reliance on recruitment from Karratha locals (of which there not many), or people with private housing (spouses of industry employees). As a result DEC has had to recruit several staff recently on a fly in: fly out basis. The cost of housing has also impacted on the regional budget and consequently on service delivery (with rents increasing to \$1,500 per week for a 3x1 basic house, to \$2,200 per week for a 4x2 better quality home). It is further noted that the quality of housing in the Pilbara varies considerably, with some properties being of particularly poor standard.

On the other hand, access to affordable office accommodation is not a major issue at Karratha due to the foresight of the previous CALM Regional Manager (a decade ago). DEC has the lease of a very large building that had about three times the required space in 1997. All of this space is now occupied and conditions are satisfactory.

This Review is aware that the issue of infrastructure and the provision of Government services in the Pilbara is high on the agenda of the State Government, including that of the Pilbara Development Commission. The Government has also established a high level committee (Pilbara Industries Community Council - PICC) to look at the issues and challenges facing the Pilbara, including early land releases to increase the provision of accommodation for residents, contractors and sub contractors. This will however take time for outcomes to be achieved, although it is further noted that the Treasurer, Hon Eric Ripper MLA is the Chair of that Committee.

As highlighted above, the quality of DEC office accommodation in some regional and district locations are inadequate. In some locations DEC's increased responsibilities have outgrown the available space, even in relatively new accommodation. The quest to achieve co-location of the amalgamating agencies has meant that staff have been "squeezed" into existing office space in some instances. Funding availability and approval processes have restricted DEC's capacity to achieve planned upgrades or extensions to accommodate extra staff.

The DEC Pilbara Regional Services Manager has reviewed the current staff housing needs for the region, based on the forecast unprecedented increase in workload over the next decade associated with the expected growth in the resource sector (potentially a threefold increase), and compliance work emanating from 7 marine protected areas (including Ningaloo, Sunday, Muiron, Montebello Barrow Islands, Dampier and Regnard). The Pilbara district office is responsible for the management of 59 million hectares of land (24% of the State of Western Australia), and manages 6 National Parks (Cape Range, Millstream/Chichester, Karijini, Rudall River, Collier Range and Murujuga).

FINDING 75

The Pilbara Regional Manager has indicated that DEC needs \$8 million to purchase new houses in Karijini, Millstream/Chichester and Rudall River National Parks and increased annual recurrent funding of \$2.4 million to pay for existing housing commitments, in order to attract and retain staff.

RECOMMENDATION 51

A business case be urgently developed for special funding (\$8 million for capital, and \$2.4 million for annual recurrent funding) to meet the staff housing needs of the Pilbara region in order to deal with the current, and future workload associated with the forecast expansion in the Western Australian resource sector.

Such a business case should also be considered for the Kimberley, Goldfields and Mid West Regions to reflect the significant economic growth that has already occurred, and expected in those areas.

In order to manage the region the Pilbara Regional Office has 99.25 FTE's, of which 23.8 FTE's were recently either vacant or new positions undergoing the recruitment process. DEC management advise that 96.3% of the regions budget is now consumed in funding staff and associated fixed costs, which includes capital items. In fact, fixed costs in the region, per employee have escalated from \$24,000 in 2006-07 to \$41,000 in 2007-08. This has therefore significantly affected operational funding across the region. To further compound an already untenable situation it is extremely difficult to access a contractor or sub contractor to undertake any work as they are invariably already working for the major mining companies, with the result that metropolitan based services are sought, which doubles the project cost in the Pilbara.

There are clearly many challenges facing the various regions, as well as the workload associated with the increasing:

- Number of development proposals requiring environmental assessment;
- Number of State development projects requiring assessment (implications for timelines);
- Number of mining exploration Programs of Works requiring evaluation;
- Requirement for compliance monitoring and audit of prescribed premises and Ministerial Conditions associated with development approvals;
- Requirement for compliance monitoring of native vegetation protection approvals.
- Pressures regarding fire in the Kimberley; and
- Number of land use planning referrals and assessments.

A further significant challenge has been the high staff turnover experienced within the Division over the past 12 months, which was 153 people, representing 14.5% of the head count of the Division. This loss has mainly been attributed to the market influence of the growth in the resource sector.

The Division has also highlighted that work not being undertaken satisfactorily is that relating to compliance monitoring and audit of Part IV conditions for prescribed premises / licences / registrations.

Another significant challenge being faced by DEC is the continuing threat of wildfires associated with the millions of hectares of land under management. This is further compounded by the threat of fire on adjoining private properties.

FINDING 76

In order to deal with the threat of wildfires, DEC has a number of world class preparedness, prevention, detection, detention, patrol and fire suppression strategies in place.

To reinforce this view the *DEC 2006–2007 Annual Report* states that the total area of the 605 wildfires attended and monitored by DEC staff throughout the State was about 1.95 million hectares. Of this total area, about 1.17 million hectares occurred in the Pilbara Region, 370,000 ha in Goldfields Regions, 232,000 ha in Kimberley Region and 31,700 ha in the three south west forest regions. About 690,000 ha of the Pilbara fires were located on pastoral leases adjoining DEC managed lands.

Lightning caused fires represented about 36% of all wildfires attended by DEC staff. This is well above the long term average of about 15 per cent. Deliberately lit or arson caused fires also started 36 per cent of all fires. This is a significant reduction on the long term average of about 50 per cent.

There were 408 wildfires attended by DEC forces within the three south-west forest regions. These fires burned about 31,700 ha of which 19,000 ha were on DEC managed lands. Three of the largest fires accounted for a total of 23,000 (71%). Ninety six percent of all fires were contained to less than 20 ha due to the rapid detection and fire repression response and the presence of low fuels within previously prescribed burned lands.

FINDING 77

Ninety six percent of all fires were contained to less than 20 ha due to the rapid detection and fire repression response and the presence of low fuels within previously prescribed burned lands. This Review considers this to be an outstanding achievement.

The following table provides an indication of the cost of wildfire activity by CALM/DEC, which is met from supplementary from DEC's budget and from Treasury and Finance, the Forest Products Commission or the Fire and Emergency Services:

Wildfire Activities CALM /DEC - Paid by internal budget/supplementary funding from Treasury

	2002/03	2003/04	2004/05	2005/06	2006/07
Salaries/Wages Normal Time	1,601,907	806,190	1,823,988	1,183,543	2,133,043
Salaries/Wages Overtime/Detention Time	3,230,578	1,501,009	3,619,510	2,214,413	4,402,787
Heavy/Light Vehicle Fleet	1,957,356	1,635,472	2,691,010	2,355,651	3,284,128
Aircraft hire/standby	1,303,397	537,971	2,907,292	2,395,936	4,260,526
Services and Contracts, Consumables, Other Staff Costs etc	4,663,646	2,614,769	7,300,717	3,885,604	8,185,982
Total	12,756,884	7,095,411	18,342,518	12,035,149	22,266,465

Wildfire Activities CALM /DEC - Recoupable from Forests Products Commission, FESA, etc.

	2002/03	2003/04	2004/05	2005/06	2006/07
Salaries/Wages Normal Time	197,495	203,320	86,559	128,704	163,552
Salaries/Wages Overtime/Detention Time	425,223	393,851	272,546	336,106	466,264
Heavy/Light Vehicle Fleet	253,712	271,939	338,221	439,123	445,022
Aircraft hire/standby	150,239	125,525	611,946	472,458	730,280
Services and Contracts, Consumables, Other Staff Costs etc	1,000,591	699,150	285,319	304,611	395,485
Total	2,027,260	1,693,785	1,594,591	1,681,003	2,200,603

Note: FESA component of recoup included as specific to shared aerial fire fighting arrangements.

FINDING 78

It is noted that the total annual costs of fire suppression by DEC is very low when compared with Victoria and NSW. The total fire suppression expenditure for the 2006-07 Great Divide fires in Victoria apparently exceeded \$250 million. In addition, costs of restoration/recovery are estimated to be at least \$300 million. Victoria has a very low fuel reduction burn program which only covers about 1 percent of the managed estate (total 8 million ha) per year. This contrasts with DEC's prescribed burning program in the forested regions which achieves about 8% (200,000 ha) of the 2.4 million ha under management. This program has proven to be very successful in allowing wild fires to be contained to small/moderate sizes despite the severe fire season experienced in most summers.

FINDING 79

Last year was the first major house losses that occurred as a result of DEC managed bushfire, with a total of 16 houses and 34 outbuildings being burnt in the Dwellingup-Pinjarra fire on 3-5th February 2007. One house was burnt at the Porongurup fire in the same period. Prior to that there have been only about 2 houses lost in each of the past 4 decades since the Dwellingup and Karridale fires of 1961.

FINDING 80

In the past 45 years there have been no lives lost from DEC /CALM or Forest Department managed bushfires. This Review acknowledges that outstanding achievement, particularly noting the significant droughts that have been experienced in Western Australia over the past 20 years which increase the risk of larger bushfires.

However, the very recent tragic loss of 3 truck drivers on Great Eastern Highway west of Coolgardie on the evening of Sunday 30 December 2007 from a bushfire in the Boorabbin National Park underpins once again the enormous responsibility placed on DEC staff in their respective roles managing and combating wild fires. Careful investigation of this incident will need to determine whether the correct procedures are in place to minimise the likelihood that such a tragedy cannot occur again. DEC must assume a proactive role in that task.

This Review is unable to make further comment on this issue.

A major developing risk for the State appears however to be the observation that large areas of native forest re-growth in the south west regions are carrying heavy fuel accumulations. It is reported that the funding needs to adequately protect the re-growth forests, including maintenance of burn buffers, strategic roads and bridges have not been sufficient.

This observation leads to the question as to the reasons and *'does the situation as it exists today create an unacceptable fire risk to communities in the South West?'* As native forest harvesting continues to decline in Western Australia forests along with areas of agro-forestry coming under production, along with an ongoing emerging 'drying' climate shift, these trends must substantially increase the fire risk profile for Western Australia, particularly the south west forest region.

This issue goes beyond DEC and its responsibilities and extends to Government itself, and the preparedness of various government agencies, organisations and the community to mitigate and meet the challenge of wildfires as they occur.

Notwithstanding the recommendations contained in the October 2004 Report of the Auditor General on *'Responding to Major Bushfires'*, it is not known to this Review whether Government has established a standing council, committee or agency that is able to review and advise on the preparedness overall, including resourcing. If not, such a body, needs to be independent of FESA, DEC and Local Government and be in a position to provide accountable, fearless advice to Government supported by the evidence of relevant science and experience of relevant agencies.

No person in Western Australia wants to experience the events of 'Ash Wednesday' from wild fires as occurred in other Australian States or those of California more recently.

Ongoing review, planning, mitigation of risk and adequacy of manpower / equipment, resourcing and mobilisation are essential pre-conditions.

RECOMMENDATION 52

The Director General (himself) consider the merits of establishing a detailed independent performance review of wildfire preparedness and management by DEC, and if applicable, seek a wider Government review of the issue.

This Review considers that the Regional Services Division (incorporating the Fire Management Services Branch) should be highly commended for its performance since the creation of DEC. This commendation particularly recognises the broad functions, unique circumstances and many significant challenges that are being faced by the regions on a daily basis under intense scrutiny from community stakeholders.

This Review also considers that the Regional Services Division should be placed with an overall Operations Division within the Department.

RECOMMENDATION 53

The Regional Services Division is placed within an overall Operations Division under the responsibility of a new Deputy Director General Operations in order to provide increased focus on service delivery and increased recognition of its functions within the department.

6.1.12 **SCIENCE DIVISION**

The Science Division reports directly to the Director General, and has the following work areas:

1. Biogeography,
2. Fauna Conservation,
3. Flora Conservation and Herbarium,
4. Landscape Conservation,
5. Marine Science,
6. Science Applications,
7. Observatory, and
8. Science Support.

The Science Division is the Department's prime source of new knowledge and information based on scientific research.

The work of the division reflects a significant investment by DEC in multi-disciplinary biodiversity conservation research, monitoring and biogeography.

In partnership with others, the division strives to understand composition, patterns and processes of the Western Australian marine and terrestrial biota as a basis for its conservation and sustainable utilisation.

Having a significant centralised and coordinated science capability is one of DEC's strengths, which recognises the vital role of science and information in underpinning its policies and practices to conserve and protect the State's biodiversity.

The Division has published a comprehensive activity report for 2006–2007, which indicates that staff produced 269 publications, were active on 166 science project plans and a range of core functions including 69 assisted or supervised student projects with academia (mostly PhD students) and developed some 94 significant research partnerships with external agencies. In addition, they provided advice, gave presentations and assisted with numerous enquiries from other departmental staff, colleagues and the broader community.

Overall workload on staff of the Science Division has increased over the last 5 years as a result of:

- increased resource development;
- increased political and community consultation;
- increased community awareness and interest in biodiversity conservation and the environment; population growth pressure on the environment and on biodiversity;
- increased engagement with partners/collaborators and other external stakeholders including Federal Government agencies, universities, CSIRO, other State Government Departments, NRM groups and other community-based groups; and
- increased demand from other DEC Divisions, including Regional Services and Nature Conservation, for science and information.

There are many instances in the Division where staff are required to take on extra roles and responsibilities, and evidenced by:

- increasing over-time costs and accumulated time-in-lieu due to the inability to pay all extra hours worked as over time,
- some field staff have complained about excessive time away in the field, especially those working in remote areas and away from their homes,
- data analysis and publication backlog experienced by a number of staff, especially those involved with biological surveys. There is inadequate time between the completion of the field component of one survey and the commencement of another to allow for complete and comprehensive publication of findings and dissemination/communication of information (eg. the Kingston Project – a local and nationally significant research project

- investigating the impacts of timber harvesting on forest biodiversity. The soil damage, silvicultural, reptile and small mammal components of this study are yet to be written up and further analysis on the floristic data is required. The findings of research projects such as this are important for informing sustainable forest management),
- Backlog of unprocessed herbarium voucher specimens and of undescribed plant species – some 1500 taxa remain undescribed (although this is being addressed through the Saving Our Species initiative and additional new resources),
 - Ongoing (and compounding) delay in sorting of other biological collections (such as invertebrates) and of statistical and data analysis because of insufficient staff,
 - Senior managers, including the Director, being increasingly called upon to provide high level technical advice, leadership and strategic guidance in their fields of scientific expertise,
 - Increased level of 'office' work, administration, meetings and involvement with committees/working groups etc. associated with increasing level of bureaucracy and reporting as more systems and processes are put in place that aim to improve accountability, efficiency and effectiveness of the public service, and to deal with external clients and stakeholders,
 - The advent of email has increased 'office-based' workload substantially,
 - Important deadlines are often not met due to work load pressures and competing priorities, and
 - The accident rate, especially vehicle crashes, appears to have increased over the last 3-4 years.

The Division has prepared "*A Strategic Plan for Biodiversity Conservation Research 2008–2017*", in order to identify high priority strategic goals and supporting strategies for biodiversity conservation research for the next 10 years. The plan is also consistent with the objectives and strategies elucidated in the DEC Corporate Plan 2007–2009. Appendices to the Plan indicate what can be achieved with existing resources and what actions require new resources.

Management has indicated that current resources of the Division are inadequate to address all of the identified priorities. Key functions/activities/research areas that should be addressed, but are not, or are inadequately addressed include:

- Climate change – identifying species and communities at risk (marine and terrestrial), modeling impacts and identifying refugia as a basis for risk analysis and for developing appropriate management response scenarios,
- Marine research – better understanding of patterns and processes in the marine environment as a basis for informing reserve design and managing threatening processes,
- Taxonomy – greater resourcing of taxonomic research to resolve undescribed species – species conservation is a cornerstone of biodiversity conservation and recognising species entities is fundamental to species conservation,
- Threatened species and communities and priority taxa. The list of threatened and priority taxa (species about which more information is needed) grows each year,
- Conservation importance of niche habitats including many poorly known wetlands, riparian systems, unusual geological formations,
- Conservation status of cryptic and less obvious/iconic but ecologically important taxa including invertebrates (terrestrial and aquatic), cryptogams and fungi,
- Restoration ecology – science to underpin restoration programs in highly fragmented landscapes, including the Wheatbelt and the Swan Coastal Plain, to return function and productivity,
- Rangelands restoration: Much of the rangelands outside the reserve system are degrading or highly degraded due to a long history of over grazing,
- Biosecurity – inadequate understanding of the threat, and cost effective measures to ameliorate threats posed by some exotic invasive species including dieback disease

- (caused by *Phytophthora cinnamomi*), many weed species, introduced herbivores (e.g. camels, feral goats), feral pigs and the cane toad,
- Fire ecology in most ecosystems, including carbon cycles and non-CO₂ greenhouse gas emissions as a basis for developing and implementing ecologically sustainable fire management that provides an acceptable level of protection to human life, property and industry,
- A 1:100,000 scale vegetation/ecosystems map of Western Australia, or at least of the protected areas, as a basis for guiding land acquisition for the reserve system and for management planning and actions such as appropriate fire regimes,
- Framework and protocols for quantifiable assessment of trends in resource condition and development of performance indicators as meaningful measures of conservation management effectiveness,
- Statistical modelling such as Population Viability Analysis of various threatened taxa, and modeling of key landscape scale processes such as altered hydrology as a basis for better utilising existing knowledge, for identifying critical knowledge gaps and for guiding management responses and priorities,
- Social science – interactions between people and the natural environment, aspirations of Traditional Owners, attitudes and perceptions of people towards the environment and towards DEC,
- Building partnerships and seeking business investment opportunities, and
- Technology transfer, publications and communication.

The Science program is extensive and diversified. DEC is a knowledge based Department and is very active in using a variety of funding sources to continue to undertake and meet research requirements of the Department. Approximately thirty percent of work is undertaken using short term funding ('soft funding') aligned to the Department's 'core' business. The challenge is achieving the right balance between core longer term funding and optimising the opportunity from 'soft' funds in extending research and monitoring capacity particularly for processes such as fire ecology, introduced predator impacts, climate change etc, all of which represent long term management / research issues.

As identified from the range of work being performed, DEC and the predecessor department has had considerable success in attracting 'soft' funds. Whilst no benchmarking information was readily available, one measure commented upon was the level of biodiversity conservation research capacity (FTE's and budget) in Western Australia compared with other states. Although Western Australia is about 1/3 of the Australian continent (area), it does not have a 1/3 of the research capacity. CSIRO was reported to having a small presence in Western Australia compared with the south east of Australia.

Before amalgamation (CALM) had 8-9% of the agency resources committed to science. This was said to be a better ratio than similar conservation and land management agencies in other states. The value of the science 'in house' capability is recognised as one of DEC's strengths a position said to be strongly supported by the Director General and acknowledged.

The current funding gap to meet the existing Strategic Plan for Biodiversity Conservation Research was estimated at \$6 million. The intention being to prioritise and build capacity through collaboration and partnerships so that it would not be all resourced by DEC.

In a truly integrated Department one could expect the service and monitoring needs of environmental research to also be the purview of the Science Division with a relevant change in charter. The observation that this has not occurred whilst not a problem in itself needs to be further evaluated.

The Science Division's and DEC's role in climate change research is one area requiring elucidation noting the enormous scope of this work being undertaken across Australia by

Commonwealth, State and Territory institutions. It potentially cuts across every aspect of operations and research.

In addition the need for greater economic and social science research capacity to support evaluation of DEC programs was identified as an ongoing need.

Whilst this Review had little to do with the Observatory, as a sub organisation it appears to have little relevance to the mission of DEC. Whether it is best placed in DEC needs further consideration.

FINDING 81

The Science Division planning for research in biodiversity conservation is well scoped, and detailed, placing DEC in a reasonable position to deal with science projects needs into the future. There is a case to broaden the consideration of science research needs across the entire scope of the agency to include all aspects of DEC's business in research and related monitoring programs, to assess opportunities for better alignment of functions and opportunities for organisational efficiency in the agency.

RECOMMENDATION 54

The General Manager, Business Performance as part of the position's focus on improving DEC's organisational performance, embrace a separate strategic planning process to examine the priority for, resources needed and case for integration of all research delivery within the Science Division or as proposed within a broader Operations Division.

6.1.13 **STRATEGIC DEVELOPMENT AND CORPORATE AFFAIRS DIVISION**

The Strategic Development and Corporate Affairs Division reports directly to the Director General, and comprises the following Branches:

1. Corporate Communications,
2. Public Affairs,
3. EcoEducation, and
4. Customer Service.

The role of the Strategic Development and Corporate Affairs Division (SDCA) is to provide corporate leadership in communications and organisational development. It aims to provide the expertise, services and products required to create and maintain the community trust, understanding and support necessary for DEC to achieve its mission and earn a valued reputation.

SDCA is responsible for internal and external communication, EcoEducation, marketing, advertising and a variety of corporate programs.

The Division also coordinates corporate planning and organisational development.

The Division's business is to assist management in the effective use of communications as a business tool. It develops, administers and delivers organisational development and communication services and products that support the department's immediate business needs and long-term corporate objectives. It also assists stakeholders develop an understanding of, involvement in, and support for the activities, services and policies of the department.

The Division's service areas include:

- Ministerial communications,
- Internal communications,
- Communication planning and strategy,
- Community involvement,
- Writing and editorial services,
- Graphic design and productions services,
- Web and Intranet,
- Advertising,
- Issues management,
- Media relations,
- EcoEducation, including *Bush Rangers*,
- Corporate communications,
- Events and events management,
- LANDSCOPE Expeditions,
- Corporate planning,
- Saleable publications business, and
- Customer service and public enquiries, including Atrium Information Centre and Kensington Front Counter and Switchboard

Annual outputs from the Division include:

- 200 media statements and updates;
- 40 Ministerial speeches;
- 350 publications;
- 20,000 front counter (Kensington) and information centre (Atrium) inquiries;
- 25,000 students, parents and teachers participating in EcoEducation programs; and

- More than 1,500 Bush Ranger cadets in 51 high schools throughout the State contributing more than 300,000 hours annually for study and conservation projects.

The Division has stated that:

- Activities, such as developing a consolidated website for DEC, plus a new Intranet site, have progressed far more slowly than desirable since the merger. This will improve as vacant web-related staff positions are filled,
- Communications and issues management, for issues like Esperance lead, is often intense over a long period of time and can take a heavy personal toll on those involved,
- Not enough resources (staff and budget) are put to internal communications,
- While the majority of communication and public affairs functions are centralised within the Strategic Development and Corporate Affairs Division, some specialist communication and public affairs staff exist in the department as a legacy of the way the former Department of Environment operated. This is a recipe for disjointed and under-achieving communication activities and makes the challenge of creating and maintaining a consistent “voice” for DEC more difficult,
- The division’s budget does not cover salary and fixed costs, let alone provide operating costs. This is due largely to the fact that the division inherited \$700,000 worth of positions (filled) and responsibilities from DOE without the corresponding budget,
- There are also challenges in having division staff in five different work locations,
- There is a need for the right resources to grow a corporate culture focused on environmental protection and conservation; a culture that encourages working constructively with other organisations and Government agencies, industry, our neighbours, indigenous communities, our volunteers and sponsors, and
- There is increasing internal and external demand to deliver information and services via the web.

FINDING 82

There was a common view from the staff and stakeholder interview process that the internal communication system could be improved by the development of a Formal Internal Communication Program, incorporating a weekly personalised ‘one page’ message from the Director General advising staff of key issues, activities, events, decisions, announcements of interest.

FINDING 83

There was a view from the staff and stakeholder interview process that DEC needs to develop an image / brand, which all staff, stakeholders and members of the community would become familiar with. There was the view that development of a brand would increase community confidence in DEC, assist in the education and awareness process, bring the agency together and provide some clarity on DEC’s role, responsibilities and values. This Review supports that view and makes several recommendations in that regard.

RECOMMENDATION 55

A corporate brand is developed around the credibility of DEC as the lead agency protecting Western Australia’s biodiversity and fragile environment.

RECOMMENDATION 56

A structured marketing program is developed to increase the agency’s credibility with the community, based on education, awareness, communication, established values, respect and trust.

RECOMMENDATION 57

A planned series of structured positive weekly media releases be developed promoting the protection of the State's biodiversity and fragile environment. This needs to be developed from a State perspective and as a regional targeted media program.

RECOMMENDATION 58

Agency staff be fully briefed on the corporate brand, and encouraged to promote that brand on all occasions.

RECOMMENDATION 59

A media champion / personality is engaged to support and promote the corporate brand.

FINDING 84

Strategic Development and Corporate Affairs Division staff work in five different locations (Atrium, Crawley, Kensington, Mundaring and Bunbury), with potential organisational benefit being gained if the staff from the three main locations were co-located in one location. It is anticipated that this issue will be considered as part of the current Review of Accommodation in the Perth Metropolitan area.

At the time of the amalgamation with the Department of Environment (DOE) the SDCA Division inherited approximately \$700,000 worth of positions from the previous DOE Communications Branch without the corresponding budget (referred to in the Corporate Services section of this Report). It is understood that the previous budget for the ex DOE Communications Branch in 2005-06 was \$1,630,555, the proposed budget for 2006-07 was \$2,055,595, but the actual budget provided to the SDCA Division for these staff and functions in 2006-07 was only \$992,000. The SDCA has had to subsequently reduce expenditure by not filling two positions that became vacant (Manager, Marketing & Projects and Administrative Assistant), terminating two contract positions (Community Involvement Officer and Library Technician), and reducing operating costs where it would cause the least harm to the department. This reduced the shortfall to a bare bones \$301,678, which has subsequently been provided by the Environment Services budget. Not all of this funding is a permanent allocation and it will need to be reviewed at the end of the 2007-08 financial year.

FINDING 85

The SDCA Division inherited approximately \$700,000 worth of positions from the previous DOE Communications Branch without the corresponding budget.

There is another comment in the Corporate Services section of this Report on this important issue.

FINDING 86

The Strategic Development and Corporate Affairs Communications Plan has not been updated since 2005, although it is noted that a new draft is currently being prepared to reflect and support the strategic objectives of the DEC Corporate Plan 2007-2009.

RECOMMENDATION 60

The Strategic Development and Corporate Affairs Communications Plan is updated, including a structured Internal Communication Program, containing a weekly personalised 'one page' message from the Director General advising staff of key issues, activities, events, decisions, announcements of interest.

FINDING 87

The staff consultation process indicated that there are three Departmental Intranets currently operating (ex CALM Intranet, ex DOE Intranet and the new DEC Intranet), and a strong desire for the three to be merged into one, in order to provide significant internal communication benefits. There was also a view that the DEC website be consolidated. This Review concurs with those views and considers that those important matters should be afforded high priority.

RECOMMENDATION 61

All Intranets be merged, and the DEC website is consolidated as a matter of urgency in order to significantly improve internal and external communications.

Reference is made elsewhere in this Report to the creation of a new General Manager, Business Performance position which would have a number of agency wide high level strategic functions, including management of the Department's Strategic Planning and Policy function which will ensure full integration of the numerous strategies and objectives contained in the DEC Corporate Plan with those contained in the various Divisional and Branch Strategic / Business Plans.

Although there is no criticism of the role played by the SDCA Division in the past in the preparation and coordination of the DEC Corporate Plan, it is considered more appropriate that this crucial strategic planning function should be transferred to an agency wide and dedicated strategic planning and policy functional area.

RECOMMENDATION 62

Consideration should be given to transferring the DEC Corporate / Strategic Planning function to a more dedicated Strategic Planning and Policy branch responsible to the new General Manager, Business Performance which will also have a whole of government, departmental, divisional and branch strategic planning and policy focus.

FINDING 88

The staff consultation process indicated general dissatisfaction that DEC does not yet have one central electronic telephone book. This Review supports that opinion and considers that significant internal communication and efficiency benefits can be achieved with such an initiative. It is noted that consideration is already being given to this initiative, and that a trial is to be conducted in the DEC Geraldton office. This Review considers that the initiative is one of high priority and deserves immediate attention.

RECOMMENDATION 63

Although a trial is to be conducted at the DEC Geraldton office to assess the impact of extending the ex DOE online phone book to all DEC staff, it is considered that an agency wide on line Internal Telephone Directory should be implemented urgently, comprising name, title, role and responsibilities, contact details, photograph, specific location, personal profile and interests.

RECOMMENDATION 64

Although it is noted that a new Information Management Plan is being developed, this Review considers that the development of a single DEC Intranet should be afforded high priority in order to provide a central portal of information and improve internal communication.

FINDING 89

There were numerous comments made during the staff consultation process that several members of the Corporate Executive / Directors have been so busy since the amalgamation that they have been unable to get out of the office and visit other metropolitan and regional centres to gain a broader understanding of the numerous activities and functions undertaken through other parts of the department, and of the specific issues faced within those functional and regional areas.

RECOMMENDATION 65

All members of the Corporate Executive and Directors should implement a Planned Visitation Program to ensure that they have at least one structured visit to all DEC metropolitan offices over a 2 year period, and one structured visit to all DEC regional offices over a 3 year period.

As a component of strategic communications and networking, it is further considered that more frequent visits should be conducted by Directors responsible for the Regional Services, Parks and Visitor Services, Nature Conservation and Environmental Regulation Divisions.

No specific workload indicators were provided for the SDCA Division, and therefore any assessment of its performance is difficult to undertake. However, several observations were made through the staff consultation process that the Division appears to be over resourced as it has over 50 FTE's allocated in order for it to perform its functions. This Review is unable to comment on that issue without further analysis.

In the meantime, it is noted that the Division inherited additional staff, and their respective responsibilities from the previous Department of Environment, without a commensurate increase in funding support. It has been able to continue operating by not filling some positions, cancelling contracts and reducing costs wherever possible. It has apparently been able to make these cuts without complaint from its client stakeholders.

In the meantime it is proposed that the SDCA Division should be transferred to the Corporate Services Division as the Marketing and Public Affairs Branch with the primary aims of reducing the span of control within the Department; make a smaller Corporate Executive and combine corporate services related functions into one Division, under a senior Deputy Director General Corporate Services position.

RECOMMENDATION 66

The Strategic Development and Corporate Affairs Division should be transferred to the Corporate Services Division as the Marketing and Public Affairs Branch with the primary aims of reducing the span of control within the Department; make a smaller Corporate Executive and combine corporate services related functions into one Division, under a new senior Deputy Director General Corporate Services position.

6.1.14 **STRATEGIC POLICY DIVISION**

The Strategic Policy Division reports directly to the Director General, and comprises:

1. Environmental Analysis and Review Branch (previously Policy and Coordination);
2. Marine Ecosystems;
3. Terrestrial Ecosystems;
4. Office of Climate Change; and
5. Office of the EPA Chairman (Note: since the Annual Report was prepared administrative responsibility for this function has been transferred to the Deputy Director General Environment).

The Division provides services to:

- Whole of Government on climate change and special projects;
- The Minister for the Environment and Climate Change; and the Department of Environment and Conservation on policy development, analysis, coordination, audit; science based policy investigations; marine oil spill response; and
- Services to the Environmental Protection Authority on policy development, implementation and audit; State of the Environment reporting; Environmental Impact Assessment advice; and Special Projects.

Based on the content of its *Business Plan 2007–2008* the Division has expanded its scope from functions established under the Machinery of Government review of 2001 where it was identified with the EPA Service Unit (within DOE) and had little policy responsibilities at the Departmental level.

Since the formation of the Department of Environment and Conservation the Division has assumed a broader role and has moved towards providing policy services to DEC in areas such as:

- Climate change,
- National policy coordination and National Environment Protection and Heritage Council,
- Fertilisers on the Swan Coastal Plain, and
- Biobanking

Environmental Analysis and Review Branch

The Environmental Analysis and Review Branch supports the work program agreed by the Environmental Protection Authority (EPA) in areas related to:

- Environmental Protection Policies;
- State Environmental Policies;
- Position Statements and
- Guidance Statements.

The Branch supports the work of the EPA in; GIS analysis to Environmental Impact Assessment and policy development, professional advice on proposals and section 16e referrals and on specific topics as requested. Support is provided to specific programs of the EPA such as the State of Environment Reporting program, the Water Quality Improvement Plan for the Peel-Harvey, Swan BioPlan.

Marine Ecosystems Branch

The Marine Ecosystems Branch is the primary source of advice for the EPA in relation to assessing and managing activities that may affect the marine environment of Western Australia.

On behalf of the EPA, the Branch develops technically-defensible statutory and non-statutory policies and management frameworks to protect the environment and ensure that development is

ecologically sustainable. It is expected that policies and advice are underpinned by a sound understanding of the effects of human induced pressures on the structure of these local systems and on the key ecological processes that sustain them.

The Branch seeks to obtain the necessary scientific knowledge to support policy and identify environmental issues in advance of development, provide early identification of environmental constraints on development and provide timely and well considered advice on marine environmental issues for the EPA, the Department and Government.

Terrestrial Ecosystems Branch

The primary function of the Terrestrial Ecosystems Branch is to provide competent, professional advice to the EPA / DEC / Government on terrestrial biodiversity policy and biodiversity conservation issues.

It does this through a variety of mechanisms, including;

1. EPA policy/guidelines development including:
 - EPA Position Statement No 3, Terrestrial Biological Surveys as an element of biodiversity protection (2002);
 - EPA Guidance Statement No 10, Level of assessment for proposals affecting natural areas within the System 6 Region and Swan Coastal Plain portion of the System 1 Region (2003);
 - EPA Guidance Statements No 51, Terrestrial flora and vegetation surveys for environmental impact assessment in Western Australia; and 56, Terrestrial fauna surveys for environmental impact assessment in Western Australia, and the technical appendices to these two Guidance Statements which are currently in preparation;
 - EPA Guidance Statement No 6 Rehabilitation of Terrestrial Ecosystems; and
 - EPA Guidance Statement No 20 Short Range Endemic Fauna, which is in preparation.
2. Biodiversity advice to the EPA on site-specific EIA and planning proposals (including region plans), and review of EIA scoping documents, consultant reports and EIA reports;
3. Biodiversity conservation / management / natural environment protection advice and policy (various forums, including Dieback Consultative Council, Dieback Response Group, South-West Biodiversity Project, Perth Region Plant Biodiversity Project);
4. "Bush Forever" biodiversity conservation advice and implementation through EPA and interagency committee processes; and
5. Bio-regional scale biodiversity conservation planning (Bush Forever / Swan Bioplan /EPA System recommendations).
6. Input into whole of government strategic development and conservation planning initiatives such as the Northern Development Taskforce (Kimberley).

Office of the EPA Chairman

The Office of the EPA Chairman has a staff of four who provide direct support to the EPA Chairman and the EPA Board. These functions include arranging appointments, briefings, preparation of EPA agendas and minutes, statutory functions required by the *Environmental Protection Act 1986*, media, report releases, financial management, records management, contract management, EPA website, annual reporting and issue management.

Section 17A of the Environmental Protection Act 1986 establishes that the Minister, having responsibility for the Act, will ensure that the Environmental Protection Authority (EPA) is provided with such services and facilities that are reasonably necessary for the Authority to perform its functions.

Section 17A also sets out that the Minister may allow the Authority to have either full time or part time, the services of any officer in the Department (i.e. the Department through which the Act is administered) or any services or facilities of the Department.

The matter of services to the EPA was considered as part of the Machinery of Government review in 2001 which proposed that the EPA be supported by, and directly responsible for, a dedicated service group housed within the Department.

The then Minister stated that the EPA would have a dedicated staffing unit for environmental impact assessment and policy development, and that the EPA would be directly responsible for this unit.

The Unit known as the 'EPA Service Unit', is currently housed within DEC and is comprised of the Office of the EPA Chairman; the Environmental Impact Assessment Division and relevant responsibilities of the Strategic Policy Division (including terrestrial ecosystems, marine ecosystems, State of the Environment reporting, Environmental Protection Policies, State Environmental Policies, Position Statement, Guidance Statement, s.16(e) advice, Annual reports, Environmental Impact Assessment advice).

A Service Level Agreement dated 26 March 2002 currently exists between the EPA Chairman and the Director General, Department of Environment, Water and Catchment Protection.

It is understood that the Agreement is currently under comprehensive review by the new EPA Chairman and the Director General, with a view to signing a new Agreement in the near future.

FINDING 90

The EPA Service Unit (by name) does not appear on the current DEC Organisation Chart.

Advice from respective staff members working in the DEC based EPA Service Unit indicate that their percentage of work between EPA and DEC (Director General and Minister) matters is as follows:

- Environmental Impact Assessment Division – EPA 80-85%: DEC 15-20%,
- Strategic Policy Division:
 - Environmental Analysis and Review Branch – was 90-100% EPA related, but now reduced to EPA 50%: DEC 50%
 - Marine Ecosystems – was 90% EPA related, but now changed to EPA 75-80%: DEC 20-25%
 - Terrestrial Ecosystems – EPA 80%: DEC 20%

FINDING 91

Staff in the EPA Service Unit, are on occasion required to provide specialist advice to both the EPA and DEC (Director General and Minister) on the same topic, and such advice may vary in substance due to the respective roles, responsibilities and policies of the entities. There is therefore a staff perception that they are reporting to 'two masters', sometimes with conflicting views, thereby creating some confusion for staff.

Based on this advice, this Review considers that there is clear justification to separate the functional roles provided by the Environmental Impact Assessment Division; and those provided by the Strategic Policy Division, to remove this confusion. In doing so, it is proposed that all staff

remain employees of DEC, and that the administrative responsibilities (funding, staffing, accommodation, infrastructure and support services) for those positions remains with DEC.

In considering this clear 'separation', analysis will need to be undertaken on the current and forecast workloads for EPA and DEC related tasks, and resources and expertise allocated accordingly, and after negotiation between the DEC Director General and the EPA Chairman.

Although a functional separation is considered an appropriate solution, it is expected that both groups will continue to work together and remain in existing accommodation locations. This would also include staff being able to move between positions in the respective functional areas (eg higher duties allowance etc) to meet operational and normal workload requirements.

RECOMMENDATION 67

The EPA Service Unit is formally created, comprising relevant staff from the Office of the EPA Chairman; the Environmental Impact Assessment (EIA) Division and the Strategic Policy (SP) Division. Following a negotiation process, identified other DEC staff from the EIA and SP Divisions will remain in their existing functional areas.

RECOMMENDATION 68

The EPA Service Unit is included on the DEC Organisation Chart, with continuing administrative responsibility to the Deputy Director General – Environment, and functional responsibility to the Chairman of the EPA.

During the consultation process this Review was advised that the Division has experienced a significant increase in workload and the resources (both capacity and capability) have reduced in real terms. Further advice indicates that the salary budget is being used for operational purposes in order to seek external expert advice on matters that the Division no longer has internal expertise in. This Review considers that to be a stop gap measure and not sustainable in the long term.

The suggested 'separation' of functional responsibility provides an opportunity for the resource and funding issues to be considered and negotiated in conjunction with the development of an MOU / Service Level Agreement.

RECOMMENDATION 69

The current Service Level Agreement between the EPA Chairman and the Director General of the Department of Environment and Conservation should be reviewed and updated to accurately reflect the responsibilities of both parties, and the agreed resourcing requirements. Recognition will need to be given to the recent Review by Cressida Consulting on EPA resourcing requirements.

In view of the recommendation to 'separate' functional responsibilities of staff servicing the EPA and those servicing DEC, it is proposed that the staff identified to service DEC will be located within a new broad Strategic Planning and Policy function under the responsibility of a new General Manager, Business Performance position.

In the meantime it is noted that the current Strategic Policy Division is undertaking a preliminary review of the broader role of strategic policy development.

FINDING 92

The Strategic Policy Division is currently undertaking a preliminary review of the role of policy divisions within other State Government environment agencies. It has also investigated existing policy functions within other DEC Divisions and Branches.

Initial research by the Division indicates that most other States have an environmental policy division – but the extent of strategic policy coordination varies considerably. Queensland's Department of Natural Resources and Water has an overarching Legal and Strategic Policy Division, with a commitment to addressing cross-cutting issues; developing policy in a strategic way; connecting policy with implementation. Victoria's Department of Sustainability and Environment has a Strategic Policy and Projects Division focusing on sustainability and developing broad based strategies.

It is understood that States such as Queensland, Victoria and South Australia have developed Strategic Plans to align corporate and environmental priorities.

The Division has noted that neither DEC nor the WA EPA appears to have a strategic plan addressing environmental priorities and future direction. Arguably, the *State of the Environment Report: Western Australia 2007* is the only document providing direction on important strategic issues, highlighting policy gaps and prioritising environmental issues. However, it is not considered to be a policy or a plan.

Unlike WA, most other States have a legislative requirement to regularly produce State of the Environment Reports (SOE) and some States (such as Queensland and South Australia) use the report to focus agency-wide work programs and priorities. Some State Governments are also required by law to respond to the SOE Report (e.g. ACT, etc.).

Within the Department of Environment and Conservation it is generally recognised that policy development and coordination needs to be improved. Some policy problems have been caused by ineffective integration of the old Department of Environment and CALM agencies and created other problems with de merging from Department of Water.

Most DEC divisions have a clear role in developing operational policy through their responsibility for specific regulatory roles (low level policy such as action plans, management plans, recovery plans, guidelines, code of practice, etc). After discussions with directors and managers, the following Divisions/Branches were identified by the Strategic Policy Division as having a role in strategic policy

- Strategic Policy Division
 - Environmental Analysis and Review
 - Terrestrial Ecosystems
 - Marine Ecosystems
 - Office of Climate Change
- Environmental Regulation
 - Waste Management
 - Contaminated Sites
- Sustainable Forest Management
 - Forest Policy and Practices
 - Forest Management
- Parks and Visitor Services
 - Park Policy and Research
- Nature Conservation
 - Biodiversity Conservation
 - Native Vegetation Conservation
 - Marine Policy and Planning
- Science Division

- Air Quality Branch

The majority of DEC Directors apparently agree on the need for improved policy coordination across the Department, and many realise the potential benefits from improved policy coordination that would lead to better policies and better environmental outcomes.

In addition, concern has been raised during the conduct of this Review about how the Government might respond to the *State of the Environment Report* (released in June 2007), and what are the implications of the Report for DEC, in its role as the primary environmental agency of the State. This Review notes that the *State of the Environment Report* has raised a number of areas requiring attention, including the development of an Environmental Action Plan to clearly influence policy decisions and priorities for budget expenditure on the environment. It is understood that no specific response has been prepared by DEC in relation to the issues raised.

Clearly the demarcation of roles in environmental policy and debate between DEC and the EPA needs to be understood by all parties and agreed by Government.

FINDING 93

The *State of the Environment Report 2007* does not stipulate the agency responsible for the implementation of those areas requiring attention, although it is assumed to be DEC. There also does not appear to be any monitoring or accountability process in place other than noting that the EPA will look at the progress of the recommendations in 2010. This appears to be a weakness in the current system.

RECOMMENDATION 70

DEC consider the various 'areas requiring attention', as identified in the *State of the Environment Report 2007*, and where relevant implement appropriate strategies, including the development of an Environmental Action Plan. DEC should then provide the EPA with a progress report on its response to the SOE Report.

Office of Climate Change

The Office of Climate Change reports to the Director Strategic Policy.

Based on the draft of its 2007-2008 Business Plan, the primary objective of the Office of Climate Change is to provide leadership in the development and implementation of strategies to reduce greenhouse gas emissions and adaptation initiatives to reduce the impact of climate change on Western Australia.

A Greenhouse Unit (GU) in the Department of the Premier and Cabinet was created to coordinate and implement the Western Australian Greenhouse Strategy in February 2005 (The Strategy was released in September 2004 but funding was not provided until later).

The GU was transferred from the Department of the Premier and Cabinet to the Department of the Environment in February 2006 and renamed the Greenhouse Policy Branch of the Policy and Coordination Division. When the Department of the Environment was merged with the Department of Conservation and Land Management in 2006, the new Department of Environment and Conservation (DEC) was created, the Greenhouse Policy Branch was placed in the Strategic Policy Division of the DEC.

In May 2007, following the 'Leadership in Climate Change Action Statement' by the Premier, the Greenhouse Policy Branch was constituted as a separate 'Office of Climate Change' (OCC) within the Strategic Policy Directorate of the DEC.

The Office of Climate Change has developed a positioning strategy that describes what Climate Change services will be delivered, who they will be delivered to and the linkage to the expressed Climate Change response goals of the Western Australian Government. The Climate Change service proposition is sub-divided into two distinct areas: greenhouse gas mitigation and adaptation.

The Office of Climate Change services are delivered, via the Director General, Department of Environment and Conservation, to a wide range of stakeholders:

- Western Australian Government ministers and their offices;
- National and International Non-Government Organisations;
- Business and Industry organisations;
- Other Western Australian Government Agencies;
- Government Agencies of other Australian jurisdictions, including the Commonwealth Government;
- The Department of Environment and Conservation; and
- Interest groups and individuals within the community of Western Australia and nationally.

The linkages between the OCC service propositions and the Western Australian Government's climate change response goals are illustrated through comparison with the existing climate change policy framework:

- The Western Australian Greenhouse Gas Strategy (2004);
- The *Reducing the Impacts of Climate Change on Western Australia* Adaptation Package announcement by the Premier on 29 March 2007;
- The *Making Decisions for the Future: Climate Change* Premiers Climate Change Action Statement of the 6 May 2007;
- Carbon Rights legislation; and
- Carbon Capture and Storage Policy.

The Office of Climate Change has a projected complement of some 11 full time equivalents (FTEs) with additional program personnel when necessary and as funding becomes available.

In addition, the Office of Climate Change has identified an additional 4 fixed-term (contract) positions necessary to implement programs in the first year.

The Office of Climate Change (OCC) acts in a whole government role for climate change matters. To assist the OCC in undertaking this role a Climate Change Policy Ministerial Steering Group (CCPMSG) has been formed, chaired by the Minister for Climate Change and composed of Ministerial Officers. The OCC performs the role of Secretariat to the CCPMSG. The CCPMSG meets every 8 weeks and has a formal agenda and meeting protocol.

To coordinate across agencies, a Senior Officials Group has been formed, chaired and serviced by the OCC. Sub-committees of the Seniors Officers Group will be established to coordinate specific policy issues.

In order to meet its objectives; the Office has identified the following major internal challenges:

- Efficient and effective document management,
- A user friendly finance system, and up to date financial reports,
- A timely and wide ranging communications network, and
- Effective human resource management systems and processes.

This Review acknowledges that climate change has become an issue of international significance and is recognised by the Western Australian Government as the biggest environmental threat facing the world today, and will have an increasingly significant impact on our environment, lifestyle, health and economy.

The Government has expressed concern about the effects of climate change that will leave the State particularly vulnerable to the impacts. Appropriate strategies therefore continue to evolve, and policies developed.

Issues surrounding the identification of the potential impacts (social, economic and environmental) that climate change will have on this State and its economy; consolidation of the considerable amount of research that has been undertaken throughout the world on climate change into one central reference library; and identification of any relevant research gaps, are raised by this Review as matters requiring attention.

The ongoing and future role of DEC, through the Office of Climate Change is crucial in ensuring the protection of the State's biodiversity and fragile environment.

To recognise the increased importance and growth of the climate change debate consideration should be given to transferring the Office of Climate Change to the direct functional responsibility of the Deputy Director General – Environment.

RECOMMENDATION 71

The Office of Climate Change is transferred to the direct functional responsibility of the Deputy Director General – Environment to reflect the increased importance, and growth of the climate change debate within DEC and the environment and conservation; and climate change portfolio.

It was difficult to make an overall assessment of this Division in view of its mixed workload between the EPA and DEC, nevertheless, it is noted that it has been experiencing problems in funding its operational budget, and the apparent need for additional resources. This Review was unable to quantify the extent of any shortfall, but considers that it is worthy of attention when the proposed 'separation' of functional responsibilities between the EPA and DEC occurs.

It is further noted that the Office of Climate Change is still in an embryonic stage, and currently filling new positions in order that it may address the numerous strategies and priorities contained in its Business Plan.

It is therefore too early to make an assessment on performance, but this Review notes the significant and crucial role the Office will need to be contributing towards Western Australia being better informed on the impact that climate change will have on this State and its economy, and more importantly today's planning decisions and consequential risks for the future.

DEC will also need to be fully engaged with stakeholders and the science community, including Government, on this vital issue.

6.1.15 **SUSTAINABILITY DIVISION**

The Sustainability Division reports through the Deputy Director General - Environment, and has the following Branches:

1. Waste Management Branch,
2. Sustainability Programs Unit, and
3. Community Education Branch.

The broad role of the Division is to encourage and support practical behaviour change so that all Western Australians live and work more sustainably.

The Sustainability Division was created in name and was included in the new DEC structure from 1 July 2006.

At commencement two groups occupied it; the former Sustainability Policy Unit of the Department of the Premier and Cabinet and the former Department of Environment's Community Education Branch.

The DOE's ex Waste Management Branch was part of the Environment Management Division (now Environmental Regulation Division) and therefore was mooted to join at a later date. The Sustainability Division had an acting Director (shared function / responsibility of an existing Director) from that 1 July 2006 date.

A recent change in status to a fully formed Division follows the establishment of the Director position for the Division. From that point (October 2007), the Waste Management Branch also joined the new Division.

FINDING 94

The Sustainability Division has only recently been created, and the recruitment process to fill the Director position has commenced. The interview and selection process is still to be completed.

An early challenge for the Division will be to determine the extent to which the direction of projects being undertaken by its constituent Branches continue on as at present (business as usual); or whether there is some refinement to that approach, e.g. building on the possible synergies available; or whether the mould is recast following an assessment of the opportunities and risks DEC has in taking up the sustainability cause, i.e. DEC carving out its own 'sustainability niche' in government.

Waste Management Branch

The Branch provides administrative and executive support to the Waste Management Board. In addition, Branch staff provide briefings to the Board and implements projects included in the Board's annual business plan. The Branch also manages expenditure of funds held in the Waste Management and Recycling Account that receives all revenue from the State's landfill levy.

The primary role of the Waste Management Board, as described on its establishment, is to develop a sustainable framework for dealing with waste in Western Australia.

The Board is currently established under Section 25 of the Environmental Protection Act 1986, relating to the establishment by the Minister of 'Advisory groups, committees, councils and panels'.

The establishment of a statutory Waste Authority is provided for under Section 8 of the Waste Avoidance and Resource Recovery Bill 2007 (currently before Parliament – Second Reading

speech 17 October 2007). The Bill is consistent with the Government's vision of "Towards Zero Waste".

FINDING 95

Upon the enactment of the Waste Avoidance and Resource Recovery Act a 'Waste Authority' will be established, and the Waste Management Board will cease to exist.

FINDING 96

The administrative, executive and technical support provided by DEC to the new Waste Authority will essentially remain the same as that provided to the Waste Management Board.

FINDING 97

No Memorandum of Understanding or Service Level Agreement currently exists between DEC and the Waste Management Board on the administrative, executive and technical support provided by DEC.

FINDING 98

That a formal comprehensive Service Level Agreement / Memorandum of Understanding will be sought by the Waste Authority prior to commencement of the new business model and subsequent support provided by DEC.

RECOMMENDATION 72

Negotiations commence immediately on the development of a Memorandum of Understanding / Service Level Agreement between DEC and the proposed Waste Authority.

Sustainability Programs Unit

The Sustainability Programs Unit (a previous Unit within the Department of the Premier and Cabinet) advises state agencies on, and supports development and implementation of sustainability policy, practices and reporting arrangements, responding to significant sustainability issues raised with the Government and the Department.

The major challenge is to effectively advance the State sustainability agenda in a practical way across State agencies, local government, the private sector and the community.

It provides advice to and supports the State/Local Government Council (chaired by the Premier) and its related Partnership Steering Group, and is a member of the State/Local Government Climate Change and Sustainability Council (chaired by the Minister for the Environment) that provides direction on major issues of mutual interest to the two spheres of government.

The Unit works closely with local government to progress major community and urban sustainability frameworks and developments, currently involving service and infrastructure initiatives, potentially of around \$500m over 5-8 years.

It is developing a web-based directory of major WA sustainability developments and outcomes, to complement the "Act Now for the Future" campaign and encourage greater involvement with sustainability on all fronts.

It is currently working with State agencies and the private sector to bring the acclaimed "Earth from Above" sustainability exhibition to Perth.

The Sustainability Program Unit has been engaged in a number of other sustainability initiatives, including:

- Review of Sustainability 'Code of Practice' and agency reporting,
- Sustainability website,
- Wanneroo Town Centre Sustainability Partnership – Steering Committee,
- Swab Sustainable Urban Growth Partnership,
- Maddington/Kenwick Revitalisation Sustainability Partnership – Steering Committee,
- BROCC 25 year Sustainability Framework – Steering Committee,
- Capital City Sustainability Partnership,
- South West Regional Sustainability initiatives – Steering Committee,
- Local Government Sustainability 'Plans for the Future',
- Department of Agriculture and Food: Sustainability Directions,
- Main Roads Department: Sustainability Directions,
- WACOSS Social Sustainability Framework, and
- Fertiliser Action Plan.

These services are provided by a Manager and a Policy Support Officer.

FINDING 99

Although the State Sustainability Strategy exists and is fully supported, there was some doubt during the staff consultation process whether the Strategy has been understood and embraced by the community.

FINDING 100

There were some views during the staff consultation process that the 'Sustainability' principle may have been overtaken by 'Climate Change', and that there could be justification to combine the two DEC programs, particularly noting the functional synergies and the small staffing compliment in the Sustainability Program Unit. It is acknowledged for many aspects of sustainability the interdependence with climate change issues are significant.

RECOMMENDATION 73

Consideration is given to the appropriateness of transferring the Sustainability Program Unit to be a branch of the Office of Climate Change.

Community Education Branch

The Community Education Branch, which was once part of the Communications Branch in DOE, provides educational advice and support to program managers in key areas throughout DEC. The branch is currently developing a Climate Change Education Strategy for the Office of Climate Change.

The Branch actively participates in and supports the Australian Sustainable Schools Initiative in partnership with the Department of Education and Training, with over 130 schools joining the initiative in 2006-2007.

Programs including TravelSmart, Tidy Towns, *CleanRun*, and Keep Australia Beautiful grants help adults in the community to put their environmental knowledge into action at home, at work and during recreational pursuits.

Airwatch, Ribbons of Blue/Waterwatch WA, Waste Wise Schools and Keep Australia Beautiful are other programs run by the Branch. These programs support the Kindergarten to Year 12 curriculum.

EcoEducation schools programs are also undertaken by the Strategic Development and Corporate Affairs Division (including the Bush Ranger program). These were created by the

former CALM to directly deliver outcomes for the department's Nature Conservation, Parks and Visitor Services and Sustainable Forest Management service areas. One of the strategies of the program is to increase opportunities for youth to learn about and gain hands-on experience with biodiversity conservation and management issues and this has been a focus of EcoEducation. The EcoEducation program (including Bush Rangers) operates as an integral part of the department's communication and relationship building program with the wider community.

Although there are no apparent overlaps between the education and awareness activities of the Community Education Branch of the Sustainability Division, and the Strategic Development and Corporate Affairs Division, consideration should be given to combining the two in order to provide an agency wide 'communication function' and be better integrated with the ongoing communication and public affairs of the Department.

In considering this matter, it is noted that the two groups currently operate on different business models but work together effectively when necessary, such as the Sustainable Schools program with the Department of Education and Training.

However from an overall DEC perspective, it is logical for education programs for the department to be combined into a single functional group. This will ensure resources and priorities are better managed according to the strategic needs of the communication function with changing demands and the appropriate business models for delivery. The stronger the education programs are linked to the needs of the strategic directions of the agency, the likely outcomes will more effectively meet corporate objectives.

RECOMMENDATION 74

Consideration should be given to the Community Education Branch being merged within an overarching Marketing and Public Affairs Branch in order to achieve internal efficiencies and economies of scale on education and awareness programs provided by DEC.

The Branch also provides administrative support to the Keep Australia Beautiful Council (KABC). The KABC's operations are defined by the *Litter Prevention Strategy for WA 2006–2009*.

The following challenges have been identified by the KABC:

- Identification of continued and reliable funding to achieve objectives; this is a priority that needs to be addressed within the 18 months left of the Litter Prevention Strategy. Currently, KABC is reliant on a large amount of its funding from the Waste Management Board which has committed to funding to the end of the Strategy but not to any on-going allocations from there on. This gives a high level of uncertainty from mid 2009 for continued operation. KABC also has an appropriation from government and this needs to be examined as to whether this continues and /or is increased with the change in status of the KABC;
- Change in legislation. Currently, litter legislation is being developed in the Environmental Protection Act with the Litter Act to be repealed. This reduces the KABC from a statutory authority to an advisory body to the Minister.
- This has several implications:
 - Loss of statutory authority reduces the level of authority of this body and ability to ratify decisions (advisory only)
 - It affects the functions currently undertaken by KABC – specifically those related to enforcement where infringement and court action is undertaken by KABC – these functions will transfer to DEC as a result of legislation change (however conditions are being placed in the new legislation for income from infringements to be allocated to the KABC as currently occurs for litter education activities.) This will affect the staffing and operations of the KABC as it currently exists and limit the influence of the KABC on various functions relating to litter.
 - Policy development with regard to litter and illegal dumping will be across a number of work areas within DEC.

- Identity of KABC: the iconic and national branding of the KAB may be affected as a result of becoming a program within the DEC organisation.

FINDING 101

Litter legislation is being developed in the Environmental Protection Act, with the Litter Act to be repealed. This will result in the Keep Australia Beautiful Council reducing from a Statutory Body to an advisory body to the Minister.

FINDING 102

There is some concern relating to continued and reliable funding arrangements of the Keep Australia Beautiful Council as it is reliant on a significant proportion of its funding from the Waste Management Board through the Litter Prevention Strategy that is due to expire in mid 2009.

RECOMMENDATION 75

The future funding arrangements of the Keep Australia Beautiful Council, beyond mid 2009, should be clarified in order to provide some certainty and allow for appropriate planning to occur.

In the absence of any specific performance data since the amalgamation of CALM and DOE, particularly noting that the Division has only recently been created, there are no specific findings on its performance. There are however a number of general findings and related recommendations.

6.1.16 **SUSTAINABLE FOREST MANAGEMENT DIVISION**

The Sustainable Forest Management (SFM) Division reports through the Deputy Director General - Parks and Conservation, and currently comprises the:

1. Forest Management Branch, and the
2. Forest Policy and Practices Branch

The main roles of the SFM Division are to:

- develop and maintain the standards for operations on State forest and timber reserves;
- review, authorise and monitor operations on State forest and timber reserves for the uniformity with the Forest Management Plan and guidelines;
- collect and maintain data on forest resources; and
- undertake and integrate timber harvest planning with other DEC land management activities.

The functions of the Forest Management Branch (FMB) are to:

- perform and maintain resource inventories and mapping of the forest estate;
- perform and maintain records of disease mapping;
- gather data for, and maintain, the silvicultural treatment database;
- perform strategic yield scheduling (harvest planning) of timber from State native forests; and
- provide corporate information services and policy advice on forest management, particularly for the planning and management of timber harvesting, and to contribute to related public involvement processes.

The FMB also undertakes a considerable amount of recoup work in inventory, dieback mapping and growth modelling for external parties such as the Forest Products Commission and private plantation companies.

The functions of the Forest Policy and Practices Branch (FPPB) are to:

- establish the standards for ecological sustainable forest management (ESFM) through development and maintenance of policies and guidelines, manuals and advisory notes;
- establish, maintain and support the systems to approve, monitor, achieve compliance and enforce the standards for disturbance activities on State forest, timber reserves and freehold land held in the name of the CALM Act Executive Body; and
- provide policy advice and contribute to partnerships and public support of ESFM.

In the management of State forest and timber reserves the Division works through the Regional Services Division, where it has State Forest Management Coordinators in each Region and District.

Based on the *DEC 2006-07 Annual Report* the Division has been directly involved in a number of initiatives including:

- Continued implementation of the Forest Management Plan 2004–2013 (FMP),
- Further review and revision of the FMP requirements for the management of soil disturbance in native forest timber harvesting following the third year of operation,
- Development and implementation of guidance documents on aspects of the management of informal reserves and the use of compliance instruments,
- Further development of biodiversity assessment and ecological modelling tools to predict the spread of the plant pathogen *Phytophthora cinnamomi* and conduct analysis of the risk to biodiversity associated with the spread,
- Designed and established in the field the final locations of 10 indicative fauna habitat zones associated with planned disturbance,

- Worked with the Forest Products Commission to progress the three year rolling Timber Harvest Plan 2008–2010,
- Provided data for Australia’s continental State of the Forests Report,
- Maintained the spatial and measurement datasets required to sustainably manage State forest and timber reserves, and
- Facilitated implementation of the Wungong Catchment Environment and Water Management Project for the Water Corporation.

The Division has identified a number of trends and challenges:

- Retention of qualified and experienced personnel;
- Ageing demographic of the SFM workforce;
- Difficulties in succession planning for specialist skill sets;
- Increased turnover of staff at junior and mid-level makes it difficult to consolidate experience in those areas that need a mix of field and technical expertise;
- Risk managing the conduct of some core activities due to staff retention issues;
- Increasing complexity of management;
- Increasing detail of monitoring and reporting;
- Viability of the native forest timber industry and consequent perceptions of job security;
- Increasing work to support the functions of other DEC Divisions;
- Integrated planning for all activities on State forest and timber reserves;
- Recommendations and outcomes from Environmental Protection Authority review of FMP mid-term audit; and
- Influences on the pre-planning and development of future Forest Management Plan 2014 and beyond.

The Division has also identified the following activities that are not being done, but should be being done:

- ✚ Information capture and accessibility of information to internal and external stakeholders;
- ✚ Significant delays and failures to achieve FMP timelines for documents, reporting detail and data;
- ✚ Significant dislocation and deferral of longer-term data acquisition programs which will impact in the second half of the FMP period as we attempt to develop the next plan; and
- ✚ Delays in provision of information to support the work of other Divisions e.g. Science Division.

In the meantime, high priority areas are stated as:

1. Complete the guidance documents required by the Forest Management Plan 2004-2013 (FMP);
2. Improve the liaison and working arrangements between DEC and the Forest Products Commission (FPC) with appropriate legislative support;
3. FMP reporting to the Environmental Protection Authority under Ministerial condition 2-2 (FMP mid-term audit);
4. Increased complexity of management and consequent increased complexity of planning, information to support planning and management, and reporting e.g. procedures for verifying old-growth forest and fauna habitat zones prior to disturbance operations;
5. High priority new requirements on top of existing commitments, e.g. contribution to the Native Timber Industry Working Group;
6. Inefficient work processes resulting from the DEC/FPC split;
7. System redevelopment required but difficult to achieve because of other commitments of suitable staff; and
8. Exponential growth in dieback awareness on and off DEC estate has generated unprecedented demand for mapping, plan preparation and advisory services, at a time when retention of staff is very difficult due to alternate opportunities in the private sector.

In order to set some direction for the future, the Division has prepared a draft Strategic Plan for 2007–2009 and has developed eight objectives that have been aligned to the DEC Corporate Plan 2007–2009:

- Improve the efficiency and effectiveness of the systems for ecologically sustainable forest management;
- Manage forests in a manner that maintains or enhances biological diversity;
- Manage forests in a manner that maintains their productive capacity;
- Manage forests in a manner that maintains ecosystem health and vitality;
- Manage forests in a way that conserves soil and water values;
- Manage forests in a way that maintains forests contribution to the global carbon cycle;
- Manage forests in a way that maintains natural and cultural heritage and enhances the long term socio economic benefits from forests; and
- Create a work environment that provides job satisfaction and development for staff.

FINDING 103

Many of the strategies undertaken by the SFM Division relate to the actions listed in the Forest Management Plan 2004–2013 (FMP). However, it is recognised that the Conservation Commission of WA is the custodian of the FMP and its implementation is the joint responsibility of the Conservation Commission, the Department of Environment and Conservation and the Forest Products Commission.

The following table shows the 10 year trend in the area of native forest harvested:

Date	Jarrah forest (ha)	Jarrah / wandoo forest (ha)	Karri forest – clear felled or cut to seed trees (ha)	Karri forest – thinned (ha)
1997	18,240	60	1,870	60
1998	19,250	60	1,970	320
1999	14,200	50	1,890	360
2000	20,570	10	1,310	70
2001	15,760	*	1,380	120
2002	13,260	30	700	350
2003	8,520	-	720	485
2004	8,860	-	330	920
2005	6,220	30	460	1,070
2006	8,440	300	400	1,130

* Jarrah/wandoo harvested included in jarrah total

It is noted that in 2000, the harvesting and sale of forest produce was transferred from CALM to the Forest Products Commission that has since managed the harvesting operations and collected the royalties from sales.

It is further noted that with the gazettal of the Forest Management Plan 2004-2013 in December 2003, the Government agreed to provide additional funding to partially support the increased management requirements associated with implementation of the plan.

After an initial increase in staff numbers immediately following the release of the FMP to lay the foundation for much of the work required, there was a decrease by June 2006 due in part to shedding of some recoupable projects by Forest Management Branch (FMB) and a number of resignations. There was a concerted effort in 2006-2007 to employ more staff to meet the requirements of the Plan, especially in the Forest Policy and Practices Branch that formulated and established the monitoring processes required under the FMP. The Forest Policy and Practices Branch has increased from two staff when the Branch was established in 2004, to eight

current filled positions and two vacant positions. Funded biodiversity work (SCRIPT) in the FMB also contributed to the significant increase in FTEs in 2006-07. FTEs in the Division fluctuate due to the turnover of staff that joins FMB, gain experience and then move on to other career choices, as well as on the amount of recoupable work undertaken. Over the last 5 years the trend in FTEs in SFM is a significant increase overall due to increased work demands which has been accompanied by increased funding.

Total expenditure (refer table below) for the SFM service has shown an increase due to (i) increased funding associated with implementation of the FMP, (ii) additional funding to undertake the SRIPT biodiversity project, (iii) increased funding for wildfire response, (iv) increased funding for other fire management, and (v) salaries increments and rising costs.

In considering trends in expenditure, the wildfire expenditure should be excluded because of the huge variation in this emergency service from one year to the next including assistance overseas and interstate which is recouped. There has been a considerable increase in other fire expenditure as a result of additional funding from Government. The increase in normal (ex fire) costs has been relatively small.

This increase in SFM Service costs has occurred despite a decrease in funding coming either directly or indirectly from the Forest Products Commission for work that CALM/DEC undertook to support areas of FPC responsibility.

	2002/03	2003/04	2004/05	2005/06	2006/07
SFM Division FTE's	43.3	47.9	57.5	48.8	68.1
	\$ 000	\$ 000	\$ 000	\$ 000	\$ 000
Normal (ex fire) costs	21,695	21,507	21,392	20,537	23,979
Wildfire costs	5,520	5,827	11,882	9,096	15,958
Other fire costs	5,393	7,102	7,631	8,777	9,044
TOTAL	32,608	34,436	40,905	38,410	48,981

This Review has found nothing significant on which to report on in relation to the Sustainable Forest Management Division, other than the identified concern relating to the apparent significant delays and failures to achieve FMP timelines for guideline documents, reporting detail and data; and information capture and accessibility of information to internal and external stakeholders.

It is further noted that a requirement of Ministerial Condition 2.2 of the Forest Management Plan 2004-2013 (FMP) is that the proponent (Conservation Commission of WA) shall submit a mid-term audit of performance report to the EPA by 31 December 2008. It covers the period January 2004 to December 2008.

Whilst the Conservation Commission will submit the performance report to the EPA, compiling the information will be DEC's and the Forest Products Commission's (FPC) responsibility. DEC, as the land managers, and FPC, responsible for commercial and marketing aspects of timber harvesting, implement/manage, monitor the Actions and requirements of the FMP, as such these agencies 'hold' most of the data and information needed for the report.

It is proposed that the report will include the following detail:

- Reporting on the Key Performance Indicators,
- Summary progress on Actions detailed in the FMP,
- Recommendations / comments with respect to amendments of the FMP (if required) or changes undertaken during the first 5 years of the FMP to implementation of Actions.

It is proposed that the report will be written through the 2008 year to ensure that it is completed and submitted to the EPA by 31 December 2008, taking into account a level of public consultation

and currency of the data and information used in the report. The Conservation Commission has indicated that the 31 December 2008 date is not negotiable and that the report must be finalised for submitting to the EPA by this date.

The immediate challenge is for the 5 year review report to be available by the due date.

Overall, the Division appears to be performing well. It is a management responsibility to provide effect to meeting work priorities. The more generic issues of need in systems re-development, improving efficiency in work processes, improving communications, changing complexities of management, ageing demographics etc is in common with other Divisions and branches of DEC.

6.2 Overall Performance Assessment

The amalgamation of DOE and CALM at very short notice by Government, set into place substantial organisational and change pressures towards integration whilst maintaining core business of DEC in the delivery of services and its functions to Government, its various stakeholders and the community.

In reviewing the performance of the various organisational Divisions and Branches, cognisance must be taken at the limited scope of this Review and the short time frame available for it to fully drill down into the various parts of the organisation to assess in a precise quantitative manner measures of effectiveness and efficiency in performance. A high level 'snapshot' view has therefore been provided.

Despite this limitation, a range of findings can be reached which are holistic in nature and impact on the interpretation around overall performance of DEC since its initiation on 1 July 2006.

Major findings

1. The Director General and the Corporate Executive of DEC, through essentially a top down management process, have successfully progressed the amalgamation of CALM and DOE,
2. There continue to be significant issues of efficiency and effectiveness of delivery in a range of activities, but more particularly in the ongoing progression of software and hardware investment to support business processes and effect better integration. These are reported earlier in Section 6 and need to be progressed with increased urgency to achieve earlier delivery of implementation and anticipated gains,
3. The issues of adequacy of resources and attention to risks around compliance, including monitoring enforcement and prosecution across operations of DEC have been actively addressed by the leadership of DEC and Government. These include recent and various responses by DEC management and the Minister to:
 - i) Auditor General's Report – Management of Native Vegetation Clearing,
 - ii) The Government's response to the Western Australian Government Legislative Assembly Education and Health Standing Committee in relation to the Cause and Extent of Lead Pollution in the Esperance Area, 2007,
 - iii) Budget submission to the Expenditure Review Committee,
 - iv) A separate independent Review of Audit and Inspection Processes as well as an internal examination of organisational delivery of improvements in industry regulation management.This area of performance in DEC's activity across all compliance requires ongoing scrutiny and re-evaluation,
4. Adequacy of funding continues to be a major issue for future DEC performance. These include:
 - i) An apparent appropriation shortfall of \$3.188 million pa following the de merger of the Water and Rivers Commission and the Department of Environment,
 - ii) A reported real budget reduction understood to be 15% over the last decade,
 - iii) Funding requests for additional resources of \$3.75m recurrent expenditure for major development approvals in the 2008-09 budget,
 - iv) Identified gaps in service delivery in science research, regional compliance for some areas of the state and particularly for the fire protection of re-growth forests,
 - v) Capital requirements of the agency particularly those required to facilitate accommodation, both housing and rationalisation of office accommodation particularly for the mining regions of the state; and urgent computer systems and technology development,
5. Overall the core performance of DEC as a department over the last 17/18 months has been substantive and acceptable in adverse circumstances and the relatively short timeframe. It is meeting its objectives and there are areas of good performance throughout the agency including, Nature Conservation, Parks and Visitor Services,

- Corporate Services and Fire Management. There are no major findings which are not already the subject of review or action. Areas for improvement are identified throughout the Report together with a range of issues requiring a further management focus. A number of areas within the Department could not be evaluated in this performance due to the insufficient time or information, lack of scope to drill down into the organisation or parts of the organisation being in their inception or subject to recent significant resourcing shifts or separate reviews,
6. Many of the issues identified by senior staff and Directors such as improving communications, systems, staffing matters such as retention, attraction, recruitment, recognition, training, ageing workforce, diversity management whilst generic across the public sector, require particular management attention and focus. The critical 'view' of these needs, particularly by ex DOE staff, has its origins from too much major organisational change, loss of identity with management at the lower echelons and cumulative history of events over the past 4 to 5 years,
 7. The appointment of a senior General Manager, Business Performance to champion a focus on staffing needs, but more importantly addressing business performance, the strategic needs of the department and ongoing change management was seen as essential to improving overall efficiency and effectiveness into the future.
This action taken together with a smaller accountable and more responsive Corporate Executive would assist the Director General in achieving delivery for the Portfolio, the external policy outcomes required. Organisational design options are detailed further in the Report,
 8. The most significant risk issues for DEC in the view of this Review continue to be wildfire management and the potential for significant loss in biodiversity with ongoing climate change trends and other threatening processes, and
 9. Increasing public accountability and scrutiny of DEC's performance across the portfolio of Environment and Conservation requires a management lead effective response driven by transparent evaluative accountabilities and dedicated resourcing.

7. AGENCY LEAD DIRECTION TO IMPROVE PERFORMANCE AS A 'MODEL AGENCY'

7.1 Future operational, administrative and resource challenges

There is no question that DEC is faced with a number of significant operational, administrative and resource challenges, such as dealing with:

Operational challenges

- Issues associated with climate change, and its effect on the State's biodiversity and fragile environment,
- Increasing public scrutiny, accountability and transparency associated with environmental regulation,
- Increased compliance and inspection activities,
- The significant and unprecedented workload increases associated with the forecast growth (threefold) of the State's resource sector,
- Overall increase in workload, and its complexity, which adversely affects the capability of the agency to satisfactorily deal with some issues (some of which are highlighted in the Divisional / Branch reports),
- The high risk of wildfires throughout the State, particularly with significant drought conditions in a number of areas,
- Maintenance of the State's world class Parks and Visitor services, which will also be affected as result of the growth in the resource sector, tourism and indigenous experience related tourism (eg development of the Warlu Way in the Pilbara),
- Meeting the timelines associated with the requirements of the Forest Management Plan 2004–2013,
- The introduction of the Waste Avoidance and Resource Recovery Act,
- Drafting of the Biodiversity Conservation Bill, and the subsequent consultation process,
- Continued protection of the State's fragile biodiversity,
- Increasing incidences of illegal native vegetation clearing,
- The planned development of Marine Reserves, including close liaison with the Commonwealth Government Bio-regional Marine Reserve planning process, and
- Inefficient planning and land use issues, mainly through local authorities, that subsequently create conflict and increased workload in responding to that conflict (eg high levels of ministerial correspondence),

Administrative and resource challenges

- Integrating, migrating and developing information technology and essential business tools and systems that support the agency in order that it can meet its core strategic aims and objectives,
- Outstanding financial issues associated with the de merger of the Department of Environment and the Department of Water, where there are still several unresolved issues surrounding an apparent inequitable distribution of assets, staff resources and funding support (estimated to be \$3.188 million per annum),
- Addressing office and staff housing accommodation requirements,
- Improving and streamlining systems, processes and procedures, incorporating internal quality assurance mechanisms,
- Developing high level strategic policies associated with providing environmental and conservation protection in Western Australia,
- Developing well articulated, equitable and accessible policies on environment, conservation and climate change issues,
- Developing stronger and more effective internal and external communication strategies,
- Developing a DEC brand and improved image, in order to respond to significantly increased public scrutiny,

- Improving the interface with the media and community,
- Continuing to manage the transition process following the amalgamation, including the development of a culture known to all staff and stakeholders,
- Dealing with continuing cost increases and inflationary pressure (including a real budget reduction understood to be 15% over the last decade),
- High staff turnover, and attraction and retention of staff issues which are significantly impacting on the Department's ability to continue providing a level of service delivery expected by the community and stakeholders,
- Increasing the existing level of empowerment and delegation throughout the agency,
- Timing and issues associated with the transition to the Government's Shared Services Model,
- Increasing stakeholder interaction and engagement, including their stated desire for greater involvement and input in policy determination, and
- A stated management desire to improve the overall efficiency and effectiveness of the Department of Environment and Conservation.

There are many more challenges, priorities and issues that will directly affect DEC over the coming years, and these are referred to in numerous sections of this Report.

7.2 Future Strategies and Initiatives

There is an overall desire to meet operational, administrative and resource challenges that have been identified in order to improve Departmental efficiency and effectiveness.

This will require strong and effective corporate leadership from the Director General and a smaller more responsive and efficient Corporate Executive team who have high awareness levels of political and community expectations, and have greater levels of empowerment.

There is a strong desire for DEC to be a "Lead Agency" typified by:

- A visionary approach to strategic planning and well articulated, transparent, accountable, accessible, user friendly policies,
- A continued evolution, business improvement, best practice and benchmarking ethos throughout the agency, including streamlined systems, policies, procedures and decision making,
- Contemporary information technology and communication business tools,
- Effective engagement and communication with all stakeholders including strong education and awareness programs and high credibility with those stakeholders,
- Risk mitigation strategies and a multi layered control process of high risk areas,
- Being the employer of choice and provider of career opportunities, and
- A robust, balanced, responsive, responsible service delivery focus.

In order for this to occur numerous recommendations and findings have been made throughout this Report which are based around broad strategic areas including:

- 1. Structural design,**
- 2. Systems, planning and procedures,**
- 3. Staff issues,**
- 4. Management reform,**
- 5. Finance, and**
- 6. Communication**

Although it was not the original intention of this Review to suggest organisational change, a number of findings have resulted in this Review forming the opinion that some minor organisational re-alignment would be beneficial in meeting DEC's Corporate Aims and Objectives

and the many challenges that have already been identified, in order to align them with key business processes.

In considering this issue close consideration was given to the various recommendations in the 'Review of the Organisation of the Department of Environment, Pollett and Welker, 23 March 2006' Report, many of which are similar in nature and purpose to this Review.

The change process throughout DEC over the past 17/18 months has been considerable. However there is a clear need for this evolutionary process to continue at a much faster pace, but not at the expense of core business and service delivery.

This process will require strong and robust leadership for early outcomes to be achieved and efficiency gains realised.

The 'cornerstone' of this continuing change management program is the creation of a new General Manager, Business Performance position who will own, drive and champion the continuing change process, organisational re-alignment and agency wide performance.

The Review Team has closely analysed the existing DEC structure against the current Corporate Plan, Government policies and anticipated future challenges and alternatives however recommends Option 1 (**Appendix 2**) as being preferred in the next 12 months, as it:

- ✓ Reduces the overall span of control of the agency,
- ✓ Provides for a smaller more efficient Corporate Executive,
- ✓ Aligns corporate and Government aims, objectives with functional activities,
- ✓ Addresses areas of duplication and synergies,
- ✓ Emphasises the importance of operational service delivery in the State including regional locations within a single Division,
- ✓ Provides economies of scale,
- ✓ Provides the Director General with increased capacity and opportunity to deal with strategic and critical issues facing the Portfolio, and
- ✓ Provides an overarching strategic planning and policy framework.

The Option also proposes:

- The creation of a Deputy Director General Operations position responsible for Regional Services and Science,
- The creation of a new Deputy Director General Corporate Services position to provide an increased high level of corporate support across the agency; assume responsibility for the Marketing and Public Affairs (previously the Strategic Development and Corporate Affairs Division); and Property / Accommodation Management, and
- The transfer of the Legal Services Branch to the direct control of the Director General.

The rationale and recommendations for the specific organisational changes are included in the various Division / Branch Reports, with the exception of the critical General Manager Business Performance position.

Several critical recommendations follow:

RECOMMENDATION 76

The organisation structure proposed under Option 1 (Appendix 2) is adopted.

RECOMMENDATION 77

A smaller more responsive and effective Corporate Executive team of 6 be formed, comprising, the Director General; the Deputy Director General Parks and Conservation; the Deputy Director General Environment, the Deputy Director General Operations; the Deputy Director General Corporate Services and the General Manager, Business Performance.

RECOMMENDATION 78

A new position – General Manager, Business Performance be created as a matter of urgency in order to:

1. Deal with the many findings and recommendations contained in this and other Reports;
2. Drive and manage the continuing change management / transition process, including any organisational re-design;
3. Provide high level whole of government, agency and divisional strategic planning and policy support;
4. Provide high level strategic operational support to the Director General and other Deputy Director Generals;
5. Drive improved Agency Performance and transparency in reporting, and
6. Create an agency change champion addressing many of the staff concerns raised during this Review.

It is proposed that at the end of 5 years (the standard Contract period) that the contract will not be renewed unless there is a case for ongoing change management and improving business performance.

The position will be directly responsible to the Director General and should be empowered with a high level of agency wide operational authority.

RECOMMENDATION 79

In view of the proposed Divisional and Branch re-alignment, and subsequent changes in responsibilities, it is considered appropriate that all affected positions will require a classification review.

RECOMMENDATION 80

A special business case is urgently developed in order to fund the General Manager Business Performance position, support services and positions that are affected by the proposed Divisional and Branch re-alignment.

It is proposed that Option 2 (**Appendix 3**) be considered in 5 years as the change management process should have been completed and the business performance strategies well in place. This Option involves the transfer of the reduced functions of the General Manager Business Performance role to those of the Deputy Director General Corporate Services, and for all compliance and enforcement function to be placed within an agency wide Unit responsible to the proposed Deputy Director General Operations position.

8. REVIEW FINDINGS

There are a number of Findings that have been identified during the conduct of this Review. They are summarised as follows:

FINDING 1

Roles and responsibilities for waterways and catchment management, which were undertaken by the WRC, are not clearly delineated between the DOE and the new DOW. The Water Resource Legislation Amendments Bill 2006, which is currently before the Legislative Council, will abolish the Water and Rivers Commission. There will then be a need to review a previous decision (September 2005) of the Water Resources Cabinet Sub Committee to determine the relevant roles and responsibilities for DEC and DOW. The DOW is also currently preparing new water legislation in the form of a Water Resources Management Bill which is intended to be introduced into Parliament in 2008, which should provide clearer specification of relevant roles and responsibilities.

FINDING 2

The recommendation to develop an Implementation Plan for the various reforms proposed in the *Review of the Organisation of the Department of Environment, March 2006* was not completed in view of the Cabinet decision to merge the Department of Environment with the Department of Conservation and Land Management, to form the new Department of Environment and Conservation. The various recommendations contained in that Report have not specifically been implemented, although many are mirrored in the recommendations emanating from this Review.

FINDING 3

The negotiations between DEC and the DOW relating to an apparent inequitable distribution of resources, assets and funding support are unresolved.

FINDING 4

The staff and stakeholder consultation process indicated that there had been apparent benefits to Government and stakeholders from the amalgamation and that staff have been provided with increased career opportunities from being employed in a larger and broader agency. There was nevertheless a general view that more benefits will be achievable over the coming years as agency wide systems, processes and policies continue to be refined and developed.

FINDING 5

The DEC Corporate Plan 2007–2009 is well considered and compiled, and contains a Vision, Mission, Responsibilities, Values, Principles and a number of relevant Strategic Directions, Objectives and Strategies towards achieving the Vision of '*A healthy, diverse and well managed Western Australian environment*'.

FINDING 6

The DEC Mission is '*Working with the community, we will ensure that Western Australia's environment is valued, protected and conserved, for its intrinsic value, and the appreciation and benefit of present and future generations*'.

FINDING 7

The DEC Corporate Plan 2007-2009 was developed through the Strategic Development and Corporate Affairs Division, and involved consultation with senior staff members and the Corporate Executive; and input provided at a Corporate Executive Strategic Planning workshop in February 2007.

FINDING 8

A copy of the DEC Corporate Plan 2007–2009 was made available to all staff; however, they were not briefed on its content; its values; and how individual staff members might play their part in achieving the desired corporate objectives.

FINDING 9

A number of Divisional and Branch Strategic / Business plans have been prepared which also generally appear to be consistent with the objectives and strategies contained in the DEC Corporate Plan 2007–2009.

It was also noted that some Strategic / Business plans were in the formulation and drafting stages; whereas others were not presented during this Review.

Those Strategic / Business Plans that were sighted varied considerably in format and presentation, some of which were very well considered and presented.

FINDING 10

The DEC Corporate Plan 2007–2009 did not appear to be consistent with the “*Better Planning: Better Futures – A Framework for Strategic Management of the WA Public Sector*” document referred to in the Premier’s Circular 2007/05, although it reflects the strategies and objectives of the agency.

FINDING 11

The current Corporate Executive comprises fourteen positions.

FINDING 12

During the staff consultation process there were concerns expressed that there was insufficient strategic corporate services support provided to other DEC Divisions. There was a view that they were left to their own devices, which often lead to Divisions doing their own thing. This was considered to be inefficient as it could result in inconsistencies, duplicated effort and overall lack of strategic direction. More importantly, business efficiency and effectiveness is dependent upon corporate objectives and business systems aligning with departmental objectives integrated with the needs of the department as a single entity. For this reason, this Review focused particularly on the Corporate Services Division and its branches.

FINDING 13

A constant view during the staff consultation process (especially ex DOE staff) was that the current finance/budget system does create some funding problems (particularly for service providers), and requires a varying degree of finance and budgeting expertise and knowledge to be provided directly in each Division and cost centre. In the timeframe provided for this Review no further assessment or comment is made on this issue, although the concern should receive attention in the lead up to adoption of the Shared Services Centre outcomes. In the interim, a higher level of support from Corporate Services to the ex DOE staff will assist.

FINDING 14

DEC appears to have been the subject of a \$3.188m p.a. recurrent appropriation shortfall following the de merger of the then Water and Rivers Commission and the Department of Environment. There were also other financial matters that were subject to clarification and resolution. Unfortunately, all of these matters remain unresolved, to the financial disadvantage of DEC.

FINDING 15

Recognition was recently provided to DEC in the *Innovation in Procurement – Treasurer's Awards 2007* where the Department was the winner in the *Implementation and Use of Purchasing Cards* category, and received a High Commendation (Large Agency) in the *Take-up of the Regional Buying Centre Initiative*.

In winning the former award, it was acknowledged that the Department successfully overcame the challenge of merging two agencies; each with their own financial and procurement systems; and of particular note was DEC's considerable progress with the Pcard program across the newly merged department, increasing the number of former DOE employees using the cards from 50 to 350 within a period of 6 months and as a result were well on track to achieve 2010 targets two years ahead of time.

The latter award noted that DEC is an enthusiastic supporter of regional buying, and has decentralised the procurement process with the majority of purchasing done by operational staff rather than head office.

FINDING 16

The financial systems of DEC adequately meet the macro reporting needs for Government and management control of the Department.

FINDING 17

The staff and stakeholder consultation process identified attraction and retention of suitable personnel as being critical to the long term efficiency and effectiveness of the Department.

FINDING 18

As at December 2006 the average age of DEC permanent employees and fixed term contract employees was 40.9 years, with 297 (15.55%) at the retirement age of 55 years and a further 491 employees (25.71%) reaching retirement age within the next 10 years.

FINDING 19

The number of terminations for the 12 months to 30 September 2007 totalled 311, with the highest percentages being experienced within the Environmental Regulation, Strategic Policy, Corporate Services Divisions and the Swan River Trust.

FINDING 20

An analysis of these terminations has been undertaken by the People Services Branch with a number of reasons being provided, including; transfer, promotion, family, study, health, dismissal, death, retirement, other work or other reasons. The highest proportion of reasons was attributed to 'Other Reasons' and 'Other Work'.

FINDING 21

DEC management is extremely concerned about this high level of staff turnover, and has identified and developed a number of strategies and measures to ensure that the Department is better placed to attract and retain suitably skilled staff.

FINDING 22

In order to address the issues and risks associated with staff turnover, DEC has established a Section within the People Services Branch concentrating on workforce planning and performance reporting. One of the key deliverables of this section is to develop a corporate position on attraction and retention opportunities.

FINDING 23

Other than two specialist employees DEC has not fully introduced a wider Attraction and Retention program throughout the agency, although efforts are continuing for it to be completed.

FINDING 24

An overseas recruitment team recently travelled to South Africa as a means of addressing the current attraction and retention problems in DEC, especially in some areas of Environmental Services and Regional Services Division. The Review acknowledges this proactive initiative.

FINDING 25

The DEC People Reference Group has been established to advise the executive on strategic people management objectives and issues. The existence of the DEC People Reference Group is fully supported by this Review as the group contributes towards an effective communication network used by decision makers dealing with people management in a dynamic work environment.

FINDING 26

It was noted during the staff consultation process that not all senior DEC staff had either understood or embraced the concept of the DEC People Reference Group, and therefore provided minimal input or voluntary staff time in order to achieve the outcomes of the Group.

FINDING 27

DEC has a number of internal Reward and Recognition awards (including safety awards, annual park passes, scholarships) emanating from a decision made by the CALM Corporate Executive in 2002.

FINDING 28

During the staff consultation process it became evident that morale in various Divisions in the agency is low due to the continuing excessive workload, constant public scrutiny, sub standard accommodation and low self esteem, and that the development of the existing Reward and Recognition program would be highly beneficial in contributing to a reduction in the current high staff turnover rate.

FINDING 29

Several observations were made during the staff and stakeholder consultation process that a limited number of women held senior DEC positions.

FINDING 30

The 'How Does Your Agency Compare in 2006' publication issued by the Office of Equal Employment Opportunity noted that of the 2,100 DEC employees, 917 (43.7%) were women, of which none were represented in the Senior Executive Service or Tier 1 and Tier 2 Management levels.

FINDING 31

Several comments were received during the staff consultation process that senior staff should be provided greater empowerment to deal with human resource management issues in order to avoid any unnecessary processing delays.

FINDING 32

DEC managed two payrolls systems (ex DOE and ex CALM), until they were merged into one in February 2007.

FINDING 33

The staff stakeholder consultation process indicated that increased emphasis should be given in the Graduate Recruitment Program and training to meet environmental regulation and DEC compliance staffing needs.

FINDING 34

The overriding objective during the short term merger process was to maintain the stability and uninterrupted availability of all business information systems and other services (including email and file services), and the integrity of the information these systems provide.

FINDING 35

Although a recovery planning document exists, the CALM Disaster Recovery Plan for Information Technology systems dated July 2005 has not been updated to reflect the merger with the DOE, and the creation of DEC.

FINDING 36

Regular comment was provided during the staff consultation process that the communication bandwidth requirements of the department were not being met, particularly in the regions. A consultant has recently been appointed to determine the bandwidth requirement of the department, and that a Network Communication Working Group (Chaired by a representative from the Regional Services Division) to expand the regional network has been formed.

FINDING 37

Due to workload pressures and the need to maintain the integrity of the merged information technology systems throughout DEC, a DEC Information and Telecommunications Strategic Plan has not yet been developed, with the agency operating from the CALM Information Technology and Telecommunication Strategic Plan dated 18 July 2002; and short term and longer term priorities as identified at the time of the amalgamation with DOE. The Review considers that the development and finalisation of the Information and Telecommunications Strategic Plan is crucial to the immediate future of DEC. The Review acknowledges that a revision of the Plan has just commenced, however it is of the view that the development of a new Plan should have been provided a high priority upon the announcement of the amalgamation with DOE.

FINDING 38

The revised Information and Telecommunications Strategic Plan will identify the information and information management requirements for the Department to be able to do its business; issues and gaps; and recommended actions to address those issues and gaps, and how they should be funded. This Review considers that this planning process should be completed with the utmost urgency in order to improve the efficiency and effectiveness of the department by providing increased access to technology based business tools.

FINDING 39

In order to cope with the many office accommodation issues being faced by the Department, including the development of a Business Case for Metropolitan accommodation; monitor the construction of the new Herbarium to keep the timelines on target, and on budget; deal with other accommodations issues (such as immediate accommodation pressures, car parking and staff amenities) and Plan for the future needs of the Department, DEC has reallocated a staffing resource to manage the Accommodation function. Based on other comments within this Report, there appears to be a need to have a more coordinated and centralised strategic approach to Regional office accommodation.

FINDING 40

The Local Environmental Enforcement Group (LEEG) structure is considered beneficial in ensuring effective management, coordination and ongoing assessment of the complex and protracted regional investigations.

FINDING 41

A Paper dated October 2006 entitled '*Integration of the Enforcement Functions*', containing several recommendations and structural options has been prepared for the consideration of the Director General. The thrust of the recommendations concerning merging of systems and procedures (including investigations manuals, MOU's with other agencies, databases and training) is supported by this Review.

FINDING 42

A paper "Industry Regulation Business Restructure; 2007" was presented and endorsed by the Corporate Executive on 12 November 2007. It contained a variety of recommendations in relation to: a revised organisation structure for the Environmental Regulation Division; a variation to regional industry regulation teams; and a revision of the business delivery model for industry regulation.

FINDING 43

An Industry Regulation Steering Committee will be established to develop the Industry Regulation Business Improvement Program, and oversee the implementation of tasks and task groups to meet milestones and objectives.

FINDING 44

A Review of Industry Licensing Inspection Policies and Procedures (RFQ 622-01-2007) has recently commenced, with completion anticipated in early 2008. This initiative is fully supported, with the outcome being of critical importance to the future role, functions and activities of the Industry Regulation Branch and Regional Services Division.

FINDING 45

The Industry Regulation Branch is in the process of documenting and flowcharting all industry licensing, environmental approval and regulation processes and systems. This initiative is commended by this Review.

FINDING 46

DEC is currently undertaking a Statewide Assessment of Ports Bulk Handling review, with completion expected in March 2008.

FINDING 47

The response of the '*Western Australian Government to the Western Australian Legislative Assembly Education and Health Standing Committee in relation to the Cause and Extent of Lead Pollution in the Esperance Area, November 2007*' has been tabled in Parliament, and incorporates a number of ongoing commitments, strategies and activities to be taken, and being undertaken by DEC.

FINDING 48

In recognition of the considerable pressure and workload on the Environmental Regulation Division, the Cabinet Expenditure Review Committee has recently approved an increase in industry licence fees that will provide an extra \$2.7 million in the 2007–2008 budget and \$4 million per annum thereafter. These additional funds are intended to cover the full cost of industry regulation.

FINDING 49

In approving the Industry Regulation fee increases for 2007-08 and 2008-09, as part of a phased move to full cost recovery, the Cabinet Expenditure Review Committee also approved a reduction of DEC appropriations from 2007/08 onwards of \$0.6 million per annum. No reason was provided for this reduction, however, this Review expresses concern with the principle of such a 'claw back', particularly noting that industry may, at some point in time, request full and transparent reporting on the application of funds being raised by way of 'cost recovery', and the actual costs incurred by DEC.

FINDING 50

Increasingly legal advice is being sought from across the Department.

FINDING 51

A review of the two Strategic Audit Plans (ex CALM and ex DOE) indicated that there was insufficient attention afforded to performance review issues such as efficiency, effectiveness, workload, productivity and 'value for money' indicators.

FINDING 52

A consolidated DEC Strategic Audit Plan has not yet been prepared as the Audit Manager position had been vacant since the merger until a recent appointment was made.

FINDING 53

During the conduct of this Review it became apparent that there was a need for an expansion in the role of the Management Audit Branch (also referred to as the Internal Audit Branch) to add quality assurance and a further multi layered control process to industry regulation systems, processes, flowcharts and checklists, and all other identified 'high risk' areas. Such an approach recognises that branch and divisional control, monitoring and accountability systems are already in place, thereby providing a multi layered internal control framework.

The new Manager of the Management Audit Branch (commenced in September 2007) is conducting a review of the structure, functions and focus of the Branch towards performance issues (such as efficiency, effectiveness and economy), and has already identified the need for greater focus on systems audits.

Such an extension of focus may result in the need to obtain funding for an additional position (plus overheads) to provide assurance in relation to operations in the environmental regulation, environmental impact assessment, sustainability, EPA service unit and overall compliance and enforcement functions.

This Review supports the increased focus on performance review and quality control issues, and notes the probable need for an additional resource to deal with those important functions.

FINDING 54

Although the various components appear to exist there was no consolidated Corporate Governance system.

FINDING 55

The Management Audit Branch was not listed on the DEC Organisation Chart published in the 2006-2007 Annual Report.

FINDING 56

The Management Audit Branch appropriately reports directly to the Director General.

FINDING 57

The Office of the Auditor General had 'no findings' following a comprehensive audit of DEC accounts for the year ended 30 June 2007.

FINDING 58

The Management Audit letter from the Auditor General for the year ended 30 June 2007 indicates that relatively minor issues concerning payroll, reconciliations and acquittals, authorisations, back up arrangements and banking processes require attention.

FINDING 59

The Director of the Nature Conservation Division must as a priority in the lead up to the 2009–2010 Budget review the performance of the risk areas and issues in the context of the overall Division's objectives and budget. Should further resources be necessary, the case needs to be made based on workload analysis and overall agency and government priorities within at least a five year time horizon.

FINDING 60

Work output of the Nature Conservation Division is acknowledged to be effective, innovative and adds substantially to DEC's reputation.

FINDING 61

There was a strong view during the staff consultation process that the complexity of issues had resulted in an overall increase in workload, as well as taking longer in the time required to compile a satisfactory response to ministerial correspondence and other relevant documents (Parliamentary Questions, Briefing Notes, Cabinet and Executive Council Submissions and Cabinet documents).

FINDING 62

A recent review of the support needs of the Office of the Director General has resulted in a revised organisation structure, which is in the process of being implemented. The action is supported by this Review.

FINDING 63

The new organisation structure is expected to provide the Director General with a higher level of direct support than was previously available, in order that the Department has a coordinated and proactive approach to strategic issues; and provide an increased capacity to rapidly respond to critical issues.

FINDING 64

A strong and common theme through the staff and stakeholder consultation process was that the Director General is totally committed to the agency, extremely conscientious, hard working, and highly intelligent and has excellent corporate knowledge and expertise.
Strong central leadership by the Director General was fundamental to implementing the merger of CALM and DOE at short notice.
Now that this merger process has proceeded, senior departmental staff, stakeholders and ministerial staff are seeking greater powers of delegated responsibility; more direct engagement between senior staff, the Director General and the Minister's office; and improvement in efficiency of communication towards achieving greater operational effectiveness by the Department.
Freeing up the time of the Director General to meet the demanding and expanding needs of the State in the Environment and Conservation portfolio was seen as appropriate, timely and essential.

FINDING 65

As part of managing government relations there appropriately exists an 'Agreement for Communications' between the Minister's Office and that of the Director General. The spirit of this agreement reflects a desire for quality advice and communication being achieved. This is being met and recognised by all parties but at the expense of the diligent commitment and time of the Director General himself. The responsibility for accuracy and quality of written advice to the Minister's Office needs to be more broadly shared across the Corporate Executive and the Office of the Director General's staff. Senior officers of the Department must meet that accountability and through performance continue to build effectiveness and trust in the management of DEC communication in its relationships with the Minister and his office.

FINDING 66

An 'Agreement for Communications' dated 20 March 2007 appropriately exists between the Minister for the Environment; Climate Change and the Director General, Department of Environment and Conservation, which provides the framework for communications between the respective offices.

FINDING 67

A strong perception from DEC staff and the Minister's Office that current delegation levels to senior DEC staff were inadequate to allow efficient and timely communication between the respective offices, and that such levels should be reviewed.

FINDING 68

A regular view from the staff and stakeholder consultation process was that the Director General and members of the Corporate Executive should regularly be seen by staff throughout the agency (including Regional locations) in order to improve upward and downward lines of communication. As the Department's senior officer, staff and stakeholders also wanted greater access to the Director General, particularly on matters of strategic importance to the performance of the department and responsibilities of the portfolio. As the department's senior adviser to Government, this Review in its support for further agency re-structure, the further empowerment of the members of the Corporate Executive and the creation of a General Manager – Business Performance position (refer to other areas of this Report) to focus on DEC's ongoing business performance will facilitate the Director General's highly regarded leadership capacity and availability to deliver the strategic requirements of the Minister and the portfolio.

FINDING 69

DEC is a member of the IUCN (World Conservation Union) and plays a significant role in the World Commission on Protected Areas, enabling it to keep abreast of trends and developments in global nature based tourism.

FINDING 70

Shark Bay and Purnululu National Parks have already been designated as World Heritage Areas, with Cape Range National Park and the Ningaloo Marine Park being in the process of being nominated for World Heritage Area status. In addition, the Fitzgerald River National Park already forms part of the UNESCO International Biosphere Reserve System.

FINDING 71

DEC has received State, national and international awards for its nature based recreation and tourism facilities and services, with its staff being recognised at local, State and national levels.

FINDING 72

DEC is also the single largest manager of WA's nature based recreation and tourism areas and facilities, and a key contributor to the leisure industry.

FINDING 73

The Parks and Visitor Services Division is strategic in its operations and is commended on its performance.

FINDING 74

The Regional Services Division is faced with a number of significant challenges that need addressing. This role needs to be undertaken by the Director Regional Services in conjunction with the proposed new General Manager, Business Performance position.

FINDING 75

The Pilbara Regional Manager has indicated that DEC needs \$8 million to purchase new houses in Karijini, Millstream/Chichester and Rudall River National Parks and increased annual recurrent funding of \$2.4 million to pay for existing housing commitments, in order to attract and retain staff.

FINDING 76

In order to deal with the threat of wildfires, DEC has a number of world class preparedness, prevention, detection, detention, patrol and fire suppression strategies in place.

FINDING 77

Ninety six percent of all fires were contained to less than 20 ha due to the rapid detection and fire repression response and the presence of low fuels within previously prescribed burned lands. This Review considers this to be an outstanding achievement.

FINDING 78

It is noted that the total annual costs of fire suppression by DEC is very low when compared with Victoria and NSW. The total fire suppression expenditure for the 2006-07 Great Divide fires in Victoria apparently exceeded \$250 million. In addition, costs of restoration/recovery are estimated to be at least \$300 million. Victoria has a very low fuel reduction burn program which only covers about 1 percent of the managed estate (total 8 million ha) per year. This contrasts with DEC's prescribed burning program in the forested regions which achieves about 8% (200,000 ha) of the 2.4 million ha under management. This program has proven to be very successful in allowing wild fires to be contained to small/moderate sizes despite the severe fire season experienced in most summers.

FINDING 79

Last year was the first major house losses that occurred as a result of DEC managed bushfire, with a total of 16 houses and 34 outbuildings being burnt in the Dwellingup-Pinjarra fire on 3-5th February 2007. One house was burnt at the Porongurup fire in the same period. Prior to that there have been only about 2 houses lost in each of the past 4 decades since the Dwellingup and Karridale fires of 1961.

FINDING 80

In the past 45 years there have been no lives lost from DEC /CALM or Forest Department managed bushfires. This Review acknowledges that outstanding achievement, particularly noting the significant droughts that have been experienced in Western Australia over the past 20 years which increase the risk of larger bushfires.

However, the very recent tragic loss of 3 truck drivers on Great Eastern Highway west of Coolgardie on the evening of Sunday 30 December 2007 from a bushfire in the Boorabbin National Park underpins once again the enormous responsibility placed on DEC staff in their respective roles managing and combating wild fires. Careful investigation of this incident will need to determine whether the correct procedures are in place to minimise the likelihood that such a tragedy cannot occur again. DEC must assume a proactive role in that task.

This Review is unable to make further comment on this issue.

FINDING 81

The Science Division planning for research in biodiversity conservation is well scoped, and detailed, placing DEC in a reasonable position to deal with science projects needs into the future. There is a case to broaden the consideration of science research needs across the entire scope of the agency to include all aspects of DEC's business in research and related monitoring programs, to assess opportunities for better alignment of functions and opportunities for organisational efficiency in the agency.

FINDING 82

There was a common view from the staff and stakeholder interview process that the internal communication system could be improved by the development of a Formal Internal Communication Program, incorporating a weekly personalised 'one page' message from the Director General advising staff of key issues, activities, events, decisions, announcements of interest.

FINDING 83

There was a view from the staff and stakeholder interview process that DEC needs to develop an image / brand, which all staff, stakeholders and members of the community would become familiar with. There was the view that development of a brand would increase community confidence in DEC, assist in the education and awareness process, bring the agency together and provide some clarity on DEC's role, responsibilities and values. This Review supports that view and makes several recommendations in that regard.

FINDING 84

Strategic Development and Corporate Affairs Division staff work in five different locations (Atrium, Crawley, Kensington, Mundaring and Bunbury), with potential organisational benefit being gained if the staff from the three main locations were co-located in one location. It is anticipated that this issue will be considered as part of the current Review of Accommodation in the Perth Metropolitan area.

FINDING 85

The SDCA Division inherited approximately \$700,000 worth of positions from the previous DOE Communications Branch without the corresponding budget.

FINDING 86

The Strategic Development and Corporate Affairs Communications Plan has not been updated since 2005, although it is noted that a new draft is currently being prepared to reflect and support the strategic objectives of the DEC Corporate Plan 2007-2009.

FINDING 87

The staff consultation process indicated that there are three Departmental Intranets currently operating (ex CALM Intranet, ex DOE Intranet and the new DEC Intranet), and a strong desire for the three to be merged into one, in order to provide significant internal communication benefits. There was also a view that the DEC website be consolidated. This Review concurs with those views and considers that those important matters should be afforded high priority.

FINDING 88

The staff consultation process indicated general dissatisfaction that DEC does not yet have one central electronic telephone book. This Review supports that opinion and considers that significant internal communication and efficiency benefits can be achieved with such an initiative. It is noted that consideration is already being given to this initiative, and that a trial is to be conducted in the DEC Geraldton office. This Review considers that the initiative is one of high priority and deserves immediate attention.

FINDING 89

There were numerous comments made during the staff consultation process that several members of the Corporate Executive / Directors have been so busy since the amalgamation that they have been unable to get out of the office and visit other metropolitan and regional centres to gain a broader understanding of the numerous activities and functions undertaken through other parts of the department, and of the specific issues faced within those functional and regional areas.

FINDING 90

The EPA Service Unit (by name) does not appear on the current DEC Organisation Chart.

FINDING 91

Staff in the EPA Service Unit, are on occasion required to provide specialist advice to both the EPA and DEC (Director General and Minister) on the same topic, and such advice may vary in substance due to the respective roles, responsibilities and policies of the entities. There is therefore a staff perception that they are reporting to 'two masters', sometimes with conflicting views, thereby creating some confusion for staff.

FINDING 92

The Strategic Policy Division is currently undertaking a preliminary review of the role of policy divisions within other State Government environment agencies. It has also investigated existing policy functions within other DEC Divisions and Branches.

FINDING 93

The *State of the Environment Report 2007* does not stipulate the agency responsible for the implementation of those areas requiring attention, although it is assumed to be DEC. There also does not appear to be any monitoring or accountability process in place other than noting that the EPA will look at the progress of the recommendations in 2010. This appears to be a weakness in the current system.

FINDING 94

The Sustainability Division has only recently been created, and the recruitment process to fill the Director position has commenced. The interview and selection process is still to be completed.

FINDING 95

Upon the enactment of the Waste Avoidance and Resource Recovery Act a 'Waste Authority' will be established, and the Waste Management Board will cease to exist.

FINDING 96

The administrative, executive and technical support provided by DEC to the new Waste Authority will essentially remain the same as that provided to the Waste Management Board.

FINDING 97

No Memorandum of Understanding or Service Level Agreement currently exists between DEC and the Waste Management Board on the administrative, executive and technical support provided by DEC.

FINDING 98

That a formal comprehensive Service Level Agreement / Memorandum of Understanding will be sought by the Waste Authority prior to commencement of the new business model and subsequent support provided by DEC.

FINDING 99

Although the State Sustainability Strategy exists and is fully supported, there was some doubt during the staff consultation process whether the Strategy has been understood and embraced by the community.

FINDING 100

There were some views during the staff consultation process that the 'Sustainability' principle may have been overtaken by 'Climate Change', and that there could be justification to combine the two DEC programs, particularly noting the functional synergies and the small staffing compliment in the Sustainability Program Unit. It is acknowledged for many aspects of sustainability the interdependence with climate change issues are significant.

FINDING 101

Litter legislation is being developed in the Environmental Protection Act, with the Litter Act to be repealed. This will result in the Keep Australia Beautiful Council reducing from a Statutory Body to an advisory body to the Minister.

FINDING 102

There is some concern relating to continued and reliable funding arrangements of the Keep Australia Beautiful Council as it is reliant on a significant proportion of its funding from the Waste Management Board through the Litter Prevention Strategy that is due to expire in mid 2009.

FINDING 103

Many of the strategies undertaken by the SFM Division relate to the actions listed in the Forest Management Plan 2004–2013 (FMP). However, it is recognised that the Conservation Commission of WA is the custodian of the FMP and its implementation is the joint responsibility of the Conservation Commission, the Department of Environment and Conservation and the Forest Products Commission.

Acknowledgements

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Constructive, valuable and willing input has also been provided by the many staff and stakeholders interviewed during the consultation process.

All members of the Corporate Executive and their respective teams are also thanked for their patience, and in providing additional comments and clarification on issues raised during the conduct of the Review.

Third Party Liability

Graham Short Consulting has prepared this Report in accordance with the usual care and diligence of the consulting profession for use by the Director General, Department of Environment and Conservation, and the Minister for the Environment and Climate Change.

The Report is based on generally accepted practices and standards applying at the time that the Report was prepared.

No other warranty expressed or implied is made as to the professional advice included in this Report.

It is prepared in accordance with the scope of work and for the purpose outlined in the Request For Quote (RFQ) 811-01-2007 and awarded on 28th September 2007.

The methodology adopted and sources of information used by Graham Short Consulting are outlined in this Report. Graham Short Consulting has made no independent verification of this information beyond the agreed scope of work and Graham Short Consulting assumes no responsibility for any inaccuracies or omissions. No indications were found during the Review that information contained in this Report as provided to Graham Short Consulting was false.

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This Report should be read in full. No responsibility is accepted for use of any part of this Report in any other context or for any other purpose or by third parties. This Report does not purport to provide legal advice.

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GLOSSARY

Abbreviation:

CALM
CAR
CSIRO
DEC
DEP
DEWCP
DOCEP
DOE
DOH
DOIR
DOW
DPC
DPI
DTF
EEU
EIA
EPA
EP Act 1986
ERC
ERD
FESA
FMB
FMP
FPC
FTE
GROH
ICMS
KABC
LEEG

Abbreviation refers to:

Department of Conservation and Land Management
Comprehensive, Adequate and Representative
Commonwealth Scientific and Industrial Research Organisation
Department of Environment and Conservation
Department of Environmental protection
Department of Environment, Water and Catchment Protection
Department of Consumer and Employment Protection
Department of Environment
Department of Health
Department of Industry and Resources
Department of Water
Department of Premier and Cabinet
Department for Planning and Infrastructure
Department of Treasury and Finance
Environmental Enforcement Unit
Environmental Impact Assessment
Environmental protection Authority
Environmental Protection Act 1986
Expenditure Review Committee
Environmental Regulation Division
Fire and Emergency Services Authority
Forest Management Branch
Forest Management Plan
Forest Products Commission
Full Time Equivalent
Government Regional Officers Housing
Incident and Complaints Management System
Keep Australia Beautiful Council
Local Environmental Enforcement Group

LGA	Local Government Authority
MOU	Memorandum of Understanding
ODG	Office of the Director General
OSS	Office of Shared Services
PICC	Pilbara Industries Community Council
PVS	Parks and Visitor Services
ROTC	Regulatory Officers Training Course
SDCA	Strategic Development and Corporate Affairs
SFM	Sustainable Forest Management
SOE	State of the Environment
WALGA	Western Australian Local Government Association
WMB	Waste Management Board
WRC	Waters and Rivers Commission

APPENDICES

Appendix 1 – Current DEC Organisation Chart at June 2007

Appendix 2 – Option 1 Recommended future DEC Organisation Chart

Appendix 3 – Option 2 DEC Organisation Chart (5 years time)