

WATER CORPORATION — ASSET INVESTMENT PROGRAM

2117. Mr D.J. Kelly to the Minister for Water:

I refer to the \$259.1 million that was removed from the Water Corporation's Asset Investment Programme in the 2013-2014 mid-year review, and I ask:

- (a) what were the original and revised cost escalation inflation assumptions used by the Water Corporation that resulted in the funding change;
- (b) what projects have had their budgets reduced to make up the \$259.1 million in projected savings, and how much has been saved for each project;
- (c) have any projects been delayed, cancelled or reduced in scope to achieve any of the \$259.1 million in projected savings and, if yes, which ones; and
- (d) how much of the \$112.6 million in projected savings was due to better management of consultants and how is that saving expected to be achieved, and on which projects?

Ms M.J. Davies replied:

- (a) Inflation forecasts used by the Water Corporation to revise its Asset Investment Program for the 2013/14 Mid-year Review were:

	2013/14	2014/15	2015/16	2016/17
2013/14 Budget	2.8%	3.2%	3.7%	3.7%
2013/14 MYR	0.5%	0.7%	1.1%	1.5%

- (b) The \$259.1m in projected savings are due to revisions to escalation assumptions and capital efficiency initiatives. Each of these components reduces the cost of projects, without affecting the scope of what is being delivered and are expected to apply equally across projects in the Water Corporation's Asset Investment Program.
- (c) No
- (d) The Water Corporation is targeting a 10 per cent saving on engineering consultancy costs through application of streamlined scoping processes and expedited design. The savings will be realised across the Corporation's Capital Investment Program from 2014/2015 to 2016/2017 and is forecast to deliver a saving in the order of \$10m.