



**E-MAILED**  
17/2/16 12:32 pm

**Minister for Water; Sport and Recreation; Forestry**

Our ref: 52-05445

Hon Ken Travers MLC  
Chair  
Estimates and Financial Operations Committee  
Parliament House  
PERTH WA 6000

Dear Chair

**QUESTIONS TAKEN ON NOTICE – 2014/15 AGENCY ANNUAL REPORT  
HEARINGS – WATER CORPORATION**

Thank you for your letter dated 1 February 2016 regarding Questions Taken on Notice submitted by Members of the Legislative Council for the Water Corporation.

Please find attached the responses to the questions raised regarding the Water Corporation. I have provided an electronic copy and a hard copy of the answers to the questions.

Yours sincerely

Hon Mia Davies MLA  
**MINISTER FOR WATER; FORESTRY**

Att

17 FEB 2016

**ESTIMATES AND FINANCIAL OPERATIONS COMMITTEE**

**2014-15 ANNUAL REPORT HEARINGS  
ANSWERS TO QUESTIONS TAKEN ON NOTICE**

**Water Corporation**

**Hon Alanna Clohesy asked:**

**1) *Question B1 - Actual profit made from the sale***

Answer:

\$3m before tax.

**ESTIMATES AND FINANCIAL OPERATIONS COMMITTEE**

**2014-15 ANNUAL REPORT HEARINGS  
ANSWERS TO QUESTIONS TAKEN ON NOTICE**

**Water Corporation**

**Hon Alanna Clohesy asked:**

**2) *Question B2 – Total cost of redundancies***

Answer:

\$3.6m.

**ESTIMATES AND FINANCIAL OPERATIONS COMMITTEE**

**2014-15 ANNUAL REPORT HEARINGS  
ANSWERS TO QUESTIONS TAKEN ON NOTICE**

**Water Corporation**

**Hon Alanna Clohesy asked:**

**3) *Question B3 - Total cost of the sale and breakdown and consultants engaged***

Answer:

The total cost and expenses of the sale was \$7.4m – of which consultancy expenses of \$1.6m were incurred to USB Investment Bank, Corrs Chambers Westgarth, Stanton's International and Deloitte.

## ESTIMATES AND FINANCIAL OPERATIONS COMMITTEE

### 2014-15 ANNUAL REPORT HEARINGS ANSWERS TO QUESTIONS TAKEN ON NOTICE

#### Water Corporation

#### Hon Ken Travers asked:

#### 4) *Question B4 - Options and Summary of the business case for the sale of Construction*

Answer:

The recommended option for the sale of ECS was made by Management to the Board, upon the basis that the activities and the services provided by the branch could be more efficiently delivered by the private sector.

Options	Description
Maintain	Continue to allocate work to ECS and invest in improving branch performance.
Sell	Sell all or part of ECS to a company experienced in the delivery of infrastructure assets with an allocation of guaranteed work.
Transition	Progressively reduce work allocation and negotiate with external contractors to take on ECS staff in return for guaranteed work.
Shutdown	Close operations, layoff workforce and release accommodation and site facilities for alternate uses.

The successful sale of ECS has maintained employment for a significant proportion of the workforce and enables a consistent market driven approach for the Water Corporation's procurement and management of contracted construction, mechanical and electrical services.

**ESTIMATES AND FINANCIAL OPERATIONS COMMITTEE**

**2014/15 ANNUAL REPORT HEARINGS  
ANSWERS TO ADDITIONAL QUESTIONS**

**Water Corporation**

**Hon Ken Travers asked:**

- 5. *Questions B5 - Is the work you have done on that public? Is your application a public document?***

Answer:

The application is a public document and the notice of application was published in the press. That is the process for anyone who has a licence and wants to change their licence allocation.

- a) So there would not be a problem with getting that supplied.***

Answer:

No. See attachment one. [See tabled paper no.].

## ESTIMATES AND FINANCIAL OPERATIONS COMMITTEE

### 2014-15 ANNUAL REPORT HEARINGS ANSWERS TO QUESTIONS TAKEN ON NOTICE

#### Water Corporation

Hon Ken Travers asked:

#### *6. Question B6 – Provide an update on Minnivale*

Answer:

On 29 January 2016 investigation outcomes were publically released. Water Corporation employees and contractors, involved in the refurbishment of the reservoir, have been briefed. Individual letters were issued from the Chief Executive Officer to Water Corporation affected employees, and an OSH Alert to all Water Corporation employees has been distributed detailing the key learning from the investigation.

Regulatory authorities, local Shires and Union representatives have been notified of the public release of investigation outcomes.

The following documents can be downloaded from the Water Corporation website at [www.watercorporation.com.au/minnivale](http://www.watercorporation.com.au/minnivale):

- Media release
- Employee fact sheet
- Incident Investigation - summary
- Incident Investigation - full report
- Re-enactment results
- Asbestos Management Report

**Estimates and Financial Operations Committee**

**2014/15 ANNUAL REPORT HEARINGS  
ANSWERS TO ADDITIONAL QUESTIONS**

**Water Corporation**

**Hon Ken Travers (Chair) asked:**

- 1) *Question B7 - I just have one. The "Drop Two" campaign—do you have a total budget for that?*

Answer:

The forecast budget is estimated at \$3 million. This may change in response to community water use and weather patterns.

- i) *The total cost of the campaign and how that compares to last year.*

Answer:

The estimated total cost of \$3m is higher than last year.

- ii) *Compared to what you spent on similar campaigns in 2014–15 and what you currently spend. I am assuming it has jumped a bit.*

Answer:

Yes it is higher.

- iii) *What I am looking for is the cost of market research, the placement, the preparation.*

Answer:

Production costs of \$201,412.98; media costs of \$1,786,798.84 and research costs of \$15,000 have been incurred to 31 January 2016.

Production costs include: agency costs, strategic planning, design layout and art direction, studio time, copy writing, proofs, multimedia development, printing etc. Media costs include: the cost of advertising in print, digital, radio outdoor and television.

- iv) *What you currently estimate.*

Answer:

Refer to Q1.