



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 PRIOR TO HEARING – 2014/15 AGENCY ANNUAL REPORT HEARINGS

Thank you for your letter dated 20 October 2015 regarding Questions Prior to Hearing submitted by Members of the Legislative Council for the Water Corporation.

Please find attached the responses from the Water Corporation.

Yours sincerely

A handwritten signature in blue ink, appearing to read 'M Davies'.

Hon Mia Davies MLA
MINISTER FOR WATER

Att

10 NOV 2015

ESTIMATES AND FINANCIAL OPERATIONS COMMITTEE

2014/15 ANNUAL REPORT HEARINGS ANSWERS TO QUESTIONS PRIOR TO HEARING

Water Corporation

Hon Robin Chapple MLC asked:

(1) I refer to page 9, 'Financial Highlights' which states that the Department received an operating subsidy payment from the Government of \$573 million for the provision of regional and remote area services, and concessions to customers' and ask:

- (a) What areas were the funds allocated to?
- (b) How much did each area receive?
- (c) What were the services funded?

Answer:

(a) – (c) Water Corporation's annual Operating Subsidy provides funding for all water, wastewater, irrigation and drainage schemes across the Corporation's Regional WA Operations that cannot recover costs of service from customer revenues. This includes funding for the regional Infill Sewerage Program, concessional rates for pensioners, seniors and exempt properties in the Metropolitan and Regional WA as follows;

Region	Water	Wastewater	Irrigation	Drainage	Infill	Concession	
South West	40,457,967	19,962,701	12,735,427	11,277,422	7,264,772	14,847,850	
North West	32,268,468	30,519,835	3,845,744	-	1,012,386	5,223,957	
Mid West	36,048,604	5,881,812	-	-	550,426	5,839,929	
Great Southern	56,232,011	11,884,264	-	860,594	1,248,769	5,949,007	
Agricultural	76,084,949	3,165,475	-	-	1,173,429	3,546,312	
Goldfields	75,811,858	1,313,203	-	-	378,282	2,316,131	
Metro	721,591	4,496,959	-	2,195,387	-2,487,093 *	100,603,924	
TOTAL	317,625,448	77,224,249	16,581,172	14,333,402	9,140,971	138,327,111	573,232,353

*A payment to Government where the forecasted amount was not spent.

- (d) What concessions were offered to customers?

Answer:

Concessions for eligible customers are available under the categories of pensioners, seniors, commonwealth seniors, non-rated properties, Aboriginal Reserves, retirement units and fund the provision of water, wastewater and drainage services.

Due to the design of Water Corporation's tariffs, funding for loss making schemes is also considered concessional in State Budget Paper 3. These concessions include differential

charging for customers such as Nursing Homes, Caravan Parks and Government Departments. It also includes tariff caps on Water and Wastewater charges as well as some uniform pricing for water consumption in regional WA.

(2) I refer to page 11, 'Operational Report,' the delivery of safe drinking water and the progress towards full implementation of the Australian Drinking Water Guidelines (2011) and ask:

(a) What funds have been allocated to remote areas?

Answer:

Capital investment of \$13.2 million was spent on Drinking Water Quality in regional areas of the State in 2014/15.

(b) Which areas have funds been allocated to?

Answer:

- Goldfields & Agricultural Region - \$4.4 million
- Great Southern Region - \$7.5 million
- Mid-West Region - \$0.3 million
- North West Region - \$0.6 million
- South West Region - \$0.4 million

(c) What percentage of the annual budget does this equate to?

Answer:

This equates to 2% of the Corporation's capital budget in 2014/15.

(d) What are the requirements needed to fulfil full implementation of the guidelines, including funding needed?

Answer:

The Framework for the Management of Drinking Water Quality contained within the 2011 Australian Drinking Water Guidelines advocates a risk based approach to the management of drinking water quality. This includes assessment of the hazards (eg pathogens in a catchment) in a scheme, implementation of appropriate barriers (eg water treatment) to manage those hazards and monitoring of the performance of those barriers.

Hence, implementation of the guidelines will be a continuous improvement process rather than an absolute end point. This aligns with the Water Corporation's Memorandum of Understanding (MoU) with the Department of Health which does not set a time period for the full implementation of the Framework as it is considered that this work is ongoing. Nevertheless, the MoU expects tangible progress towards full implementation to be demonstrable every year.

Projects with significant capital expenditure are planned for 2015/16 onwards. Such as the construction of storage tanks to replace open reservoirs, fluoridation plants, projects to remove nitrates, etc which will address some of these needs. It is anticipated that in addition to ongoing operational costs, an annual capital expenditure of approximately \$40 million is expected.

(e) For the answer to d), what percentage of the budget is needed to achieve this?

Answer:

This equates to approximately 6% of the Corporation's capital budget each year for 2015/16; 2016/17 and 2017/18.

(3) I refer to page 45, 'Financial Report' for site restoration for contaminated land and ask:

(a) How much funding was allocated for this?

Answer:

\$358,000

As stated in the Annual Report (refer Note 1.21.3) "*A provision for site restoration costs is recognised when: there is either a legal or constructive obligation to restore a site; the land is contaminated; it is probable a restoration expense will be incurred; and the costs can be estimated reasonably.*"

As at 30 June 2015, the balance in the provision was \$9.85 million (refer Note 11 in the Annual Report).

(b) What percentage of the annual budget does this equate to?

Answer:

This equates to approximately 0.03% of the Corporation's capital budget in 2014/15.

(c) What areas was this service provided to?

Answer:

The provision is for any of the Sites that the Corporation has reported to DER as either known or suspected contaminated sites. Refer to table attached for more information.

(d) What types of contamination occurred?

Answer:

Contamination from operational activities generally comprising:

- Nutrients, metals and pathogens.
- Asbestos.
- Hydrocarbons.

Contamination from third party polluters including:

- Assets affected by contamination on neighbouring properties.
- Discharges to the Corporation's drainage network.
- Third party land use of Corporation properties.
- Fly tipping.

(4) I refer to the Sustainability Branch function and ask:

(a) Was it made redundant by the Water Corporation?

Answer:

Four positions making up the Sustainability Team were made redundant.

(b) If yes to a), why and when?

Answer:

The Sustainability Team's role was to advise on the application of sustainability business principles across project delivery and business as usual activities. Over time the team has developed this capability, which is now embedded into the Water Corporation's everyday business.

June 2015.

(c) What role did the State Government have in this decision?

Answer:

The Minister for Water, on behalf of the State Government, noted in April 2015 the Water Corporation's overall transformation program. Government did not have a role in these organisational decisions.

(d) What were the terms of the redundancy package?

Answer:

For employees covered by the Water Corporation's 2014 Enterprise Agreement, redundancy packages are calculated as follows:

An employee whose employment terminates due to redundancy shall receive a severance payment of two weeks' salary for every year of continuous service up to a maximum of 48 weeks. In addition to the severance payment, redeployees will be paid accrued and pro rata annual and long service leave and any other entitlements specific to the individual. The calculation is based on an individual's circumstance at the time of redundancy and is confidential between the Water Corporation and the employee.

(e) How many staff were made redundant or accepted a voluntary redundancy package?

Answer:

Two employees accepted involuntary severance. There were no voluntary redundancies. One employee was a contractor and one employee was on a fixed term contract.

CONTAMINATED SITES MASTER SHEET

Details of Water Corporation Known or Suspected Contaminated Sites - As reported to DER

Facility	Region
AA WTP Dam: Sugg Rock	Great Southern
AA WTP Dam: Kondinin - Yerrikine Dam	Great Southern
AA WTP Dam: Nieves Road Dam	Great Southern
Albany Sewage Pump Station #19	Great Southern
Albert St Water Pump Station Balcatta	Perth
Augusta Wastewater Treatment Plant (Former)	South West
Australind Wastewater Treatment Plant (Former)	South West
Ballantyne Rd Transport Depot (Captures Paterson Branch Drain)	Perth
Beenyup Wastewater Treatment Plant	Perth
Bremer Bay Water Treatment Plant & Depot	Great Southern
Broome (South) WWTP	North West
Bullsbrook WWTP Area (Lot 9000 and 9001)	Perth
Bunbury No.2 Wastewater Treatment Plant	South West
Burekup Wastewater Treatment Plant	South West
Busselton Depot	South West
Caddadup Wastewater Treatment Plant	South West
Canning Vale Depot (Lot 1)	Perth
Capel Wastewater Treatment Plant	South West
Collie Depot	South West
Collie Wastewater Treatment Plant	South West
Dardanup Wastewater Treatment Plant	South West
Drain: Clune Street Compensating Basin	Perth
Drain: Cresco Compensating Basin	Perth
Drain: Hemingway Drive South CB	Perth
Drain: Kalgan Road Compensating Basin	Perth
Drain: Kewdale Road Compensating Basin	Perth
Drain: Newburn Road Compensating Basin	Perth
Drain: Wonga Road Main Drain	Perth
Drain: Wilson Main Drain	Perth
Dunsborough Wastewater Treatment Plant #1	South West
Eaton Wastewater Treatment Plant (Former)	South West
Esperance #1 Wastewater Treatment Plant	Goldfields
Esperance #2 Wastewater Treatment Plant	Goldfields
Fitzroy Crossing Water Treatment Plant	North West
Forrestdale / Westfield WWTP Infiltration Area	Perth
Forrestdale WWTP (Former Westfield Septage TP)	Perth
Fremantle / Hamilton Hill Sewage Pumping Station	Perth
Ghooli WPS	Goldfields
Harvey Wastewater Treatment Plant	South West
Higginsville Water Pump Station	Goldfields
Jurien Wastewater Treatment Plant	Mid West
Karratha 1 WWTP (and extension)	North West
Kemerton WWTP	South West
Kokardine Tank Site	Goldfields
Kwinana Wastewater Treatment Plant	Perth
Lancelin Wastewater Treatment Plant	Mid West
Laverton Wastewater Treatment Plant	Goldfields
Leonora Station Creek Pump Station (Added Feb 2009)	Goldfields
Leonora Wastewater Treatment Plant	Goldfields
Mandurah #1 Wastewater Treatment Plant	South West
Mandurah #2 Wastewater Treatment Plant (Halls Head)	South West
Margaret River Wastewater Treatment Plant (Former)	South West
Merredin Depot	Agricultural
Merredin Reservoir	Agricultural
Mundaring Water Treatment Works	Perth
Munster Wastewater Pump Station No.3	Perth
Northam Depot (Water Supply) & workshop	Agricultural
Northam Wastewater Treatment Plant (Lagoons)	Agricultural
Northampton (Gwalia Shaft) Depot / Water Treatment	Mid West
Pemberton Wastewater Treatment Plant	South West
Point Peron Wastewater Treatment Plant	Perth
Port Hedland Wastewater Treatment Plant	North West
Shenton Park Depot	Perth
South Hedland - Schillaman St Depot	North West
South Hedland - Trig St Depot	North West
South Hedland WWTP - Shoata St, South Hedland	North West
Subiaco Wastewater Treatment Plant	Perth
Swanbourne SPS (Former WWTP)	Perth
Turner River / Yule Water Main Corridor	North West
Wicherina Dam	Mid West
Wittenoom Water Treatment Works	North West
Woodman Point Wastewater Treatment Plant	Perth
Yanchep Wastewater Treatment Plant	Perth
Yerbillon WPS No.5	Goldfields
Yerecoin Water Treatment Plant	Mid West
Miscellaneous Sites	
Dardanup Landfill Site (Site not aquired yet)	South West
Forrestfield Wastewater Treatment Plant (Former)	Perth