

Water Corporation —

Mr S.J. Price, Chair.

Mr D.J. Kelly, Minister for Water.

Mr P. Donovan, Chief Executive Officer.

Mr D. Page, Chief Financial Officer.

Mr E. Hambleton, General Manager, Assets Planning and Delivery Group.

Mrs K. Willis, General Manager, Customer and Community Group.

Mr L. Clarke, Chief of Staff, Minister for Water.

Ms A. Gismondi, Senior Policy Adviser.

[Witnesses introduced.]

The CHAIR: This estimates committee will be reported by Hansard. The daily proof *Hansard* will be available the following day. Members may raise questions about matters relating to the operations and budget of the off-budget authority. Off-budget authority officers are recognised as ministerial advisers. It is the intention of the chair to ensure that as many questions as possible are asked and answered and that both questions and answers are short and to the point.

The minister may agree to provide supplementary information to the committee, rather than asking that the question be put on notice for the next sitting week. I ask the minister to clearly indicate what supplementary information he agrees to provide and I will then allocate a reference number. If supplementary information is to be provided, I seek the minister's cooperation in ensuring that it is delivered to the principal clerk by close of business Friday, 1 October 2021. I caution members that if a minister asks that a matter be put on notice, it is up to the member to lodge the question on notice through the online questions system.

I give the call to the member for Roe.

Mr P.J. RUNDLE: I refer to the top line item on page 825, "Dividend Retention". There is \$1.354 billion in the 2021–22 budget estimate. Paragraph 6 under "2021-22 Dividend Retention" states that this has been allocated towards a new desalination plant. Can the minister tell me whether a business case has been developed for the desalination plant?

Mr D.J. KELLY: This is a decision by government to allocate money to the next major water source, which we anticipate will be a third desalination plant. The fact that we need a third desalination plant is, again, because of the impacts of climate change. People think we have had a wet winter in Perth this year, but I checked the figures today and the long-term average for Perth's winter is 473 millimetres of rain. We have had only 421 millimetres, so this winter in Perth, we have had 50 millimetres below the long-term average. The impacts of climate change are real. The government has made a decision that the dividend can be retained for the purposes of capital projects approved by government. It applies to a number of government trading enterprises. In the case of the Water Corporation, it will be for the third source. There has been some planning to date, some sites have been identified and Environmental Protection Authority approvals have been sought. My understanding is that the process the Water Corporation goes through is that it builds the business case until such point is reached that it identifies the preferred site. At the moment, there are two potential sites. We are a long way off making the final investment decision to spend that money. It will probably cost in excess of \$1.4 billion, I have to say. The final business case will be worked through within the corporation some way down the track.

Mr P.J. RUNDLE: Given that environmental approval is being sought, can the minister give us any idea of the two proposed locations?

Mr D.J. KELLY: The Perth Seawater Desalination Plant on Cockburn Sound could be expanded to accommodate some more capacity, so that is one option. The other potential option is in Alkimos. They are the two sites for which we have sought EPA approval. As yet, no final decision has been made on either of them but that is where we are at.

Mr P.J. RUNDLE: It sounds to me like building the desal plant could be several years down the track. Does the minister propose to carry forward the dividend retention year after year, or will it come back onto the books at some stage?

Mr D.J. KELLY: Building a desal plant is a complicated project. It will probably be a \$2 billion project. There is no intention from the government that this \$1.4 billion will be spent in the next 12 months. Of course, a future government could decide to spend it on something else but the decision that this government has made, and I think we will stick with it, is that it is there for that next source. If we have a couple of really wet winters, it might push out when the next source is needed, but also, if we have some very dry winters, that will bring it forward. It is

dependent on the weather, on demand and those sorts of things. We think it will be this side of the horizon but the exact timing is yet to be determined. It is prudent planning.

Mr P.J. RUNDLE: Can the minister give me a rough estimate of how much of the current integrated water system is now supplied by desalination, in volume?

Mr D.J. KELLY: It is about 43 per cent, and we have about 150 gigalitres, give or take, depending on how hard the assets are squeezed.

Ms M.J. DAVIES: Are the desal plants operating at full capacity now, at nameplate?

Mr D.J. KELLY: At times, they operate above the nameplate but we have had a reasonable winter, so the Southern Seawater Desalination Plant is at about 80 per cent.

Mr P.J. RUNDLE: Once again, I refer to paragraph 4 on page 825. It is about reduced rainfall, particularly in the south west area of the state. Could the minister explain the figures for the current amount of stored water in the main Water Corporation dams? How much is deemed to be sufficient for a year's worth of water consumption?

Mr D.J. KELLY: Really?

Mr P.J. RUNDLE: Yes.

Mr D.J. KELLY: The Water Corporation has a lot of dams. Is the member talking about for metropolitan Perth? There are also a whole bunch of schemes throughout the south west.

Mr P.J. RUNDLE: Let us start with metropolitan Perth.

Mr D.J. KELLY: The difficulty even with the metropolitan dams is that they contain a mixture of streamflow run-off and desalination water. I do not know whether we have figures for the dams as they are today; we do not. I could not give the member that figure, but it would not be particularly useful because we could say Mundaring Weir is at 35 per cent but if 20 per cent of it is desal water, it really gives a false picture. I do not have those figures available to me.

[8.10 pm]

Mr P.J. RUNDLE: A further question, minister. Could the minister tell me how much —

The CHAIR: Member for Roe! We are here to talk about financial figures contained in the budget and you need to ensure that you stick to something that is relevant to what we are here to discuss. The minister is being quite indulgent in responding to some of your questions; whether that is a great use of our time, I am not sure. Questions need to relate to something in the budget as opposed to general stuff that is going on.

Mr P.J. RUNDLE: This relates to paragraph 4 under the heading "Impact of Climate Change". The minister has spoken copiously about climate change tonight. Could the minister tell me the amount of water that has flowed into the metropolitan dam system this year?

Mr D.J. KELLY: Approximately 105 gigalitres of water has flowed into the dams.

Ms C.M. TONKIN: Again on the issue of climate change, this question relates to the frequency and severity of storms et cetera in the face of climate change. Can the minister please advise what measures the government has put in place to assist regional Water Corporation customers who may be impacted by these events?

Mr D.J. KELLY: I thank the member for the question. Cyclone Seroja was a really good example of the type of storm that we would not otherwise have expected to see but we are seeing, and have seen, impact our coast. Cyclone Seroja had a significant impact on the water supply in the midwest. One member of the Water Corporation staff in Kalbarri, whose name I will provide by way of supplementary information, did a sterling job. The Water Corporation did an incredible amount of work up there. All residential and business customers in Kalbarri and Northampton who were affected by that event automatically had all existing charges, outstanding debts and new service charges waived until April 2022. Outside Kalbarri and Northampton, a number of relief options were available to customers, including a 50 000 litre water allowance to help with cleaning up and a major fixture waiver for two billing cycles for impacted businesses. I understand that 2 500 customers across the midwest directly benefited from this financial package. In total, \$2.2 million in service charges was waived and 121 million litres of water was provided via that water allowance. I want to congratulate the Water Corporation for the way that it has responded.

The Water Corporation will have to relook at some of its infrastructure in those areas. Obviously, infrastructure in the north of the state is rated for cyclones, but it would be prudent for that sort of review to take place in parts of the state where they are not expected. The member is right that climate change is not just about reduced rainfall; it is also about the increased number and severity of storm impacts that we will see, and that will impact on Water Corporation infrastructure.

The CHAIR: That completes the examination of the Water Corporation off-budget authority. Thank you very much.

