

**STANDING COMMITTEE ON
ESTIMATES AND FINANCIAL OPERATIONS**

2012–13 BUDGET ESTIMATES HEARINGS

**TRANSCRIPT OF EVIDENCE
TAKEN AT PERTH
WEDNESDAY, 6 JUNE 2012**

**SESSION THREE
DEPARTMENT OF WATER**

Members

**Hon Giz Watson (Chair)
Hon Philip Gardiner (Deputy Chair)
Hon Liz Behjat
Hon Ken Travers
Hon Ljiljanna Ravlich**

Hearing commenced at 7.03 pm

HON HELEN MORTON

Minister for Mental Health representing the Minister for Water, examined:

MS MAREE DE LACEY

Acting Director General, sworn and examined:

MR GREG DAVIS

Executive Director, Science and Planning, sworn and examined:

MS LIZ WESTERN

Director, Regions, sworn and examined:

MS HAZEL KURAL

Director, Water Industry Policy, sworn and examined:

MR GLENN NORDSVAN

Acting Chief Financial Officer, sworn and examined:

MR JOHN CONNOLLY

Director, Regulation, sworn and examined:

The CHAIR: On behalf of the Legislative Council Estimates and Financial Operations Committee, I would like to welcome you to today's hearing. Before we begin, I must ask you—that is, the public servants—to take either the oath or affirmation. If you prefer to take the oath, please place your hand on the Bible in front of you.

[Witnesses took the oath or affirmation.]

The CHAIR: You will have signed a document entitled "Information for Witnesses". Have you read and understood that document?

The Witnesses: Yes.

The CHAIR: This hearing is being held in public although there is discretion available to the committee to hear evidence in private either of its own motion or at the witnesses' request. If for some reason you wish to make a confidential statement during this evening's proceedings, you should request that the evidence be taken in closed session before answering the question. Government agencies and departments have an important role and duty in assisting Parliament to scrutinise the budget papers on behalf of the people of Western Australia. The committee values that assistance. These proceedings are being recorded by Hansard. A transcript of your evidence will be provided to you. It will greatly assist Hansard if when referring to the *Budget Statements* volumes or the consolidated account estimates, members give the page number, item, program, amount, and so on in preface to their questions. If supplementary information is to be provided, I ask your cooperation in ensuring that it is delivered to the committee clerk within 10 working days of receipt of the questions. Should you be unable to meet this deadline, please advise the committee clerk immediately. The committee reminds agency representatives to respond to questions in a succinct manner and to limit the extent of personal observations. For the benefit of members and Hansard, I ask the minister to introduce her advisers to the committee, and for each adviser to please state their full name, contact address and the capacity in which they appear before the committee.

[Witnesses introduced.]

Hon HELEN MORTON: Madam Chair, may I make a statement to start with?

The CHAIR: Of course.

Hon HELEN MORTON: The point I wanted to make is that the people here are representing the Department of Water. Consequently, questions relating to the Water Corporation will not be answered by this group of people; similarly, with the other water service providers that make up the water system.

The CHAIR: I give the call to Hon Ken Travers.

Hon KEN TRAVERS: My question relates to the Gngangara sustainability strategy. How much is allocated in the budget and which service item is it included under? Finally, when would we expect the Gngangara sustainability strategy to be released?

Hon HELEN MORTON: Could you give me the page number please?

Hon KEN TRAVERS: That is what I am asking you, minister. Is there any money allocated in this budget?

Hon HELEN MORTON: Is there a page number and a line item that you are referring to?

Hon KEN TRAVERS: No. I can start with page 848, which shows the total appropriations. How much is being allocated for the purposes of the Gngangara sustainability strategy? Which service summary area does it fall within and when can we expect the sustainability strategy to be released?

Hon HELEN MORTON: I will ask Ms de Lacey to answer that.

Ms De Lacey: There is no specific allocation for the Gngangara sustainability strategy. That is still being considered by government. But there are a range of activities that are consistent with the Gngangara sustainability strategy and certainly consistent with the recommendations in that that are already being delivered or have been delivered. For example, the Gngangara groundwater allocation plan and its rules are consistent with the direction of the Gngangara sustainability strategy and we are delivering that. We have also committed to review the Gngangara allocation plan. That is being done. Almost all of the water-related actions within the Gngangara sustainability strategy are being acted on by the Department of Water.

Hon KEN TRAVERS: If you are acting upon them, why has the final strategy not been released?

Ms De Lacey: The release of the final strategy would be a matter for government but many of the actions within it are consistent with the Gngangara allocation plan, which is part of our core business.

Hon KEN TRAVERS: Could you provide us with supplementary information, because I am sure you will not have it here tonight? What actions are you taking that are consistent with the Gngangara sustainability strategy? I would like a full list of all the actions that you are taking that are implementing the recommendations of the strategy.

Hon HELEN MORTON: We can take that question now. Ms de Lacey has answered most of that question but she can provide some additional information now that will make it a full list of actions.

Ms De Lacey: Since 2009 we have been working with the Water Corporation to implement a strategy to move abstraction away from the shallow superficial aquifers. A total of \$7 million has been allocated to the Perth region confined aquifers project, which is about getting additional understanding and knowledge of the confined aquifers. We are also implementing bringing other licensed water use; that is, other licensed use other than the IWSS, back to allocation limits and we are already halfway towards the target set.

Hon KEN TRAVERS: What is the target set and when you say you are halfway, what does that mean?

Ms De Lacey: Allocation limits have been reduced by 13 per cent across the regions since 2009.

Hon KEN TRAVERS: Is there a list of the allocation limits and where they have been reduced?

Ms De Lacey: We would have to take that on notice.

[Supplementary Information No C1.]

[7.10 pm]

The CHAIR: Further questions?

Hon KEN TRAVERS: I assume there is more to go.

Ms De Lacey: We have also had \$4 million in funding through the National Water Commission and actions by our department for the Perth shallow groundwater system investigations. That was around improving monitoring infrastructure at 16 wetland sites. We are progressing an ecological response model to refine the current environmental sensitivity approach and better predict impacts and inform management for groundwater-dependent ecosystems. We are working on ministerial criteria. Again, that is consistent with the Gngangara allocation plan. We are also supplementing two of the lakes, Lake Nowergup and Lake Jandabup, which are being supplemented by the Department of Water and the Water Corporation.

Hon KEN TRAVERS: If have you now gone to underground extraction, is there a requirement to protect the priority 1 and priority 2 areas on the mound in the southern part of the Gngangara?

Ms De Lacey: We still have the same responsibilities for water source protection.

Hon KEN TRAVERS: You may have the same responsibilities, but do those areas still require protection if you are no longer extracting water from the superficial aquifer?

The CHAIR: Mr Davis, I might point out that when the light comes on that is when you are ready to go.

Mr Davis: There is a statement of planning policy on public drinking water source areas for Gngangara that covers how we manage land uses and water within that area. It is still in force; there have not been any changes to it, so in terms of any potential land uses in those areas, if they are non-compatible, they do not get approved through the normal planning process. The Western Australian Planning Commission will have a review of those statements of planning policies in the next few years, so that is probably the time to have a look at whether there is any potential changes in land use.

Hon KEN TRAVERS: Are you spending any money on that at the moment? Are you undertaking any reviews of the priority allocation areas on the mound?

Mr Davis: We are not undertaking any review of the boundary at the moment.

Hon KEN TRAVERS: Is the proposed new Perth–Darwin highway, or the Great Northern enhancement highway route, which has been identified as running across the mound, compatible with the uses of a P1 area?

Mr Davis: I cannot answer that question; we would have to take that on notice.

Hon KEN TRAVERS: Has the department been involved in any consultations with respect to —

Mr Davis: We certainly would have been involved in the consultation. Whatever the outcome, that consultation would be consistent with the protection, but I do not know the specific details of the proposal.

The CHAIR: Would you like —

Hon KEN TRAVERS: Yes, if we can have that taken on notice.

[Supplementary Information No C2.]

Mr Davis: I might add that in the way we manage public drinking water source areas, if there is a land use that has overwhelming government support for an area, the water source protection plans

normally change if it does not create an unacceptable threat to the resource, so things like strategic highways would be accommodated within the planning process.

Hon KEN TRAVERS: What about industrial areas?

Mr Davis: The Western Australian Planning Commission produced a strategic report on industrial areas in Gngangara, but it has not been implemented yet, so we have not provided any formal advice on any particular proposal there.

Hon KEN TRAVERS: The department has not been consulted at all about the proposal for the industrial areas on the Gngangara mound?

Mr Davis: We were consulted on the strategy but we have not had any firm proposal on any relocation or any new industrial areas there.

Hon KEN TRAVERS: What was your position in regards to the consultation on that land use on the mound?

Mr Davis: My understanding is that it is more where the Water Corporation bores are located. Again, it is my understanding that the Water Corporation's advice is that those bores can be relocated. But, as I say, we have not had a formal proposal.

Hon KEN TRAVERS: I understand that, but I am asking: what advice did you provide in the consultation?

Mr Davis: I do not have a copy of the formal advice.

Hon KEN TRAVERS: Can we have it as supplementary?

[Supplementary Information No C3.]

The CHAIR: I will indicate the order I have for speakers so people know where they fall. I am required to give priority to committee members so Hon Liz Behjat, Hon Philip Gardiner, followed by Hon Alison Xamon, followed by Hon Sally Talbot, Hon Adele Farina and Hon Max Trenorden, then Hon Ken Baston.

Hon LIZ BEHJAT: I am referring to "Urban Water Management and Industry Services" under "Services and Key Efficiency Indicators" on page 851. Looking across the line at the number of FTEs, 2010–11, 185; 2011–12 budget, 238; 2011–12 estimated actual, 181; and 2012–13 budget target, 177. Between the 2011–12 budget and the 2012–13 budget target that is a difference of 61 FTEs going down. But the net cost of services across those two years rises by \$2.05 million. I notice that there is a movement down to the fact that it reflects the department's implementation of structural reform and business improvements. Can you talk me through why there was going to be such a spike from 185 to 238 but then the estimated actual becomes 181 and the target down to 177, yet there is no real cost savings in the net cost line?

Hon HELEN MORTON: I will ask Mr Nordsvan to talk about the overheads area first.

Mr Nordsvan: There are a couple of components to this. I will deal with the first part of it. When we prepared the budget for 2011–12, it was the first budget we prepared based on an organisational restructure. As part of that organisational restructure component, we had to look at the costs that directly relate to that service itself as well as what I will call overheads, which are the costs that the department incurred that are not directly related to that overhead. With all our services we allocate those overheads to the different services based on a pre-prescribed method. When we were doing the budget for 2011–12 we went through this process and we realigned so that there were realignments of costs and there were some realignments of overheads. That sort of sets the background for why there are some movements in terms of the cost component.

Hon LIZ BEHJAT: That does not explain the difference in the FTE.

[7.20 pm]

Ms De Lacey: I can explain the FTE variations probably across the agency to start with. That may be more helpful around the strategy in terms of the reduction of FTE that we have had in the agency. You will see that being reflected in each of the three service areas. Inevitably, when you reduce FTE across the agency of course that will actually impact on each of the services. I will talk this through in a little detail, because there are several components to it, in order to understand the full picture of why we have reduced FTE and how we use that to deliver services, if that is okay. We have been through, as you are aware, a review of our strategic direction and also a restructure. As part of the review of the strategic direction of the agency we looked at where we could make efficiencies. We were also informed by an efficiency and effectiveness audit of the agency that was done in 2010. It indicated there were efficiencies that could be made in the agency. We also restructured, which meant that we reduced from five divisions to four directorates, which enabled us to reduce overheads by reducing the number of directorates and removed a matrix structure which had levels of duplication within it and created a structure which has single lines of accountability. Through doing all of those things we were able to realise efficiencies in the agency. At the same time, and part of the reason for then reducing FTE, was we were very aware that there were two areas in particular within the agency that we needed to increase resourcing. Those were in groundwater investigation and allocation. We have had traditionally an allocation of around \$2 million a year that we have allocated for groundwater investigation. A single deep bore can cost \$1 million. We knew particularly given the increasing demand in the state that we needed to address that.

We also had a very old, inefficient legacy information technology system. When I spoke with all of our staff—I made a point of doing that through that first year in particular—at every meeting with staff that I had I would, towards the end of that meeting, ask them, “If there was one thing you could change to make your work better, what would it be?” Inevitably one of the top two answers was, “Our IT system is really inefficient, it is frustrating, it is difficult.” We had a situation where we knew that we could make efficiencies and at the same time we had an imperative to increase resourcing into those two areas.

We also wanted to move resources into other priority areas. We shifted internally, increased resourcing—eight FTE into the regulation area—we strengthened our policy area by particularly appointing more economists and created a supply planning area. For us, it was in some ways a mathematical equation. We can reduce our FTE and therefore save some salary. By doing that, we can push resources into those priority areas and allow our work to be delivered better. Through all of that, we had to become much more targeted about what it is that we are delivering. For the first time as an agency we have a very clear business plan that clearly articulates the connection of all of our business items back to the strategic plan. Ninety per cent of our staff—in fact over 90 per cent of our staff now—have a workforce development program, so they know exactly what it is that they need to do, how that links to the strategic plan and the business plan. We actually ensure we are being much more efficient.

Most of those reductions of staff were through the state’s voluntary redundancy program. That meant as part of that state program they had to leave by the end of last calendar year—the end of 2011. The majority we were very careful about how we managed that. Corporate executive looked at every single application for voluntary redundancy. We quarantined positions that were critical to our agency’s delivery like hydrogeologists and engineers, except where there was a business case in our interests for that individual person to take a voluntary redundancy. The majority of those reductions came from admin, regional support-type positions. In addition to that, we also held vacant positions in order to meet the target. We have met that target. We redirected 50 per cent of the resources from voluntary redundancies plus that additional lot. In addition to that, we had a further reduction for next financial year. We have redirected 100 per cent of that into the IT system.

Hon LIZ BEHJAT: The workforce development plans that you said 90 per cent of the people are working towards—who developed those? How did you arrive at those plans?

Ms De Lacey: They are developed by each of the line managers. It starts with me, with my executive directors—my executive team. We identify what their deliverables are according to what the strategic plan's priorities are, and any other commitments that we may have. It cascades down from there—from executive director to director to manager to staff.

Hon PHILIP GARDINER: I refer to “Outcomes and Key Effectiveness Indicators” on page 850. In your previous answer you referred to the management information system. I think you said that it was inferior or inefficient. Can you explain what inefficiencies existed in that management information system?

Ms De Lacey: Our information system comprises a number of components. The new system, which will start to be implemented from the beginning of next financial year, will replace a number of systems that actually are not integrated. It is a bit of a legacy structure where we have inherited various computer systems when the agency has been restructured previously. We have issues where our computer systems do not talk to each other. For example, a licensing officer might receive an application from BHP. They need to then manually check whether there are other licence applications on the system from BHP Pty Ltd. They have to make a search because the system will not tell them that in fact there is one company called BHP and it is an easy search to tell them. There is a range of areas where the systems do not talk to each other. This will replace the water resource licensing system, the customer relationship management system and the asset management system. For example, our asset management system is often done on spreadsheets because our staff find it much more reliable than using the computer system, the meter management system, and it will be much more integrated. Our systems currently do not have proper capacity to collect the necessary water information. If we are asked a complicated question about where we are allocating water, how much water is allocated, how much is licensed, it is kind of a matrix question where there is a number of components on it. We have to actually go through and manually search our systems to find that information. That can create inaccuracies in our data. It is a very time consuming and frustrating system. This new system will actually resolve all of those issues. It will make it much easier as well for licensees, for example, to be able to put their applications in online and for people to be able to access information. Rather than going through our staff, they will be able to access information themselves.

Hon PHILIP GARDINER: I picked up some of those inefficiency items you mentioned, but do those inefficiencies cause difficulty in measuring what is in the aquifers throughout the state? If so, where are those efficiencies in relation to that particular area?

Mr Davis: The simple answer is no. The system is about how we administer licences and store certain information but it does not include how we store our information from groundwater investigations, for example. That system does not affect that part of our business.

Hon PHILIP GARDINER: I am sure my colleague Hon Max Trenorden will cover that part, so I will move on. I just wanted to clarify that. The first item under “Outcomes and Key Effectiveness Indicators” is “Proportion of water resource management areas that are planned appropriate to their water resource category”. In 2010–11, it seems that 60 per cent of the resource management areas were planned appropriate to the resource category. The 2011–12 estimated actual is 85 per cent and there is a similar target in 2012–13. Back to the question about Gngangara, is that an aquifer, or however you want to call it, a water mound, which you consider that the proportion of water resource management area is appropriate to the water resource category? If so, does that help explain anything to do with that move?

[7.30 pm]

Hon HELEN MORTON: Mr Greg Davis.

Mr Davis: Gngangara is one of those plans that falls within that. So we consider that Gngangara is planned appropriate to its water resource category, yes.

Hon PHILIP GARDINER: And that time that it has become appropriate was after 2010–11? Is that what has contributed to the uptake of 26 per cent, which is a big percentage?

Mr Davis: The existing allocation Gngangara plan is 2009, so that is the one that would have been counted in those numbers. With regard to the increase in the percentage at the moment, there is a whole lot of fractured rock areas in the wheatbelt that have been added, and in the north, so where the miners work as well, we have done a Cockburn groundwater allocation plan that increases that number as well, and we have some others that are out for public comment, so they are not quite there yet, but next year they will add to that, so like for Collie, Warren–Donnelly and the Pilbara.

Hon PHILIP GARDINER: Just looking at these numbers, I have heard that in the eastern states—I may be wrong on this; you may be able to correct me—the artesian aquifers, the levels of which were feared to have been falling seriously, are now back full. I do not know quite how they are measuring it over there, but that is what I have heard. Do you have an indication with the Gngangara mound, given that last year was quite a high rainfall year, that it has lifted its level of water quantity?

Mr Davis: I actually have a graph here, but it will take me a little while to find it, but, simplistically, it did not recover to the extent that we thought it might recover.

Hon PHILIP GARDINER: Can you just repeat that first sentence, please?

Mr Davis: Because of the high rainfall we got, we were sort of expecting historically a certain level of recovery of the aquifers. The aquifers did not recover to the extent that we thought, because the ground was so dry that they had to soak up a whole lot of water before there was anything that went both to groundwater or our surface water aquifers. Gngangara got above its lowest groundwater levels that it had, but not a great deal. But it did recover.

Hon PHILIP GARDINER: So then I guess it comes back to the earlier question of Hon Ken Travers about the Gngangara plan, to which you referred. I think I have read some time ago that part of the plan was whether grey water could be put back into the mound. I do not know for how long that idea has been around. What is the hesitation in introducing that strategy to replenish the Gngangara mound?

Mr Davis: Sorry; I did not catch the first bit.

Hon HELEN MORTON: There was just a bit of conversation going on and we missed the comment that you made.

Hon PHILIP GARDINER: I understand there has been talk about grey water, at least, and maybe cleansed sewage was going to be put back into the Gngangara mound. I may have part of that wrong, so correct me if I have. What is holding that implementation back?

Mr Davis: The Beenyup wastewater treatment plant trial is being conducted by the Water Corporation. Currently it still is a trial. They have reinjected up to 1.5 gigalitres. It seems to be quite successful. Government has made a budget allocation to try and bring forward the Beenyup trial. I do have a timetable for it here, but I think fundamentally it is progressing as quickly as it possibly can. We are looking forward in the out years—to the next three or four years—to getting up to full scale of between 28 and 35 gigalitres being reinjected.

Hon PHILIP GARDINER: Is that a line item somewhere in this budget?

Mr Davis: Not in our budget, no.

Hon PHILIP GARDINER: It is the Water Corporation's budget. I understand. Thank you. In the other part, none of your outcomes, as far as I can interpret them, refer to where we have a deterioration as far as our water tables are concerned, such as increased salt. That comes under your prerogative, I presume?

Mr Davis: Yes.

Hon PHILIP GARDINER: Why is there not some outcome in there about salt land and how it is either decreasing or increasing?

Mr Davis: Dryland salt?

Hon PHILIP GARDINER: Yes.

Mr Davis: The department still conducts a lot of work in the dryland areas. There was a whole lot of work done on engineering evaluation initiatives over the last seven or eight years—done with state and commonwealth money—that looked at physical interventions like drainage and saline pumping. There was also a fair amount of work done in some of the recovery catchments, like Denmark and Collie and Helena, and a couple of others, looking at how you could recover those catchments as potable water. Denmark is a good story in particular, in that that was non-potable water. There are some plantations that went in there and it has returned that catchment to potable levels, so it is available for drinking water now. There is still a fair bit of work around salinity in Collie that is ongoing work. The government commissioned a project looking at the potential of saline water reserves in the dryland areas, which was completed this year as well. That investigation really said that the current technologies that we have for desalination are not quite at economical levels yet, but they are not too far off it. So there is still a fair bit of departmental and government focus in the dryland areas.

Hon PHILIP GARDINER: Fair enough, I appreciate that, and I will add something to it in just a minute.

Hon HELEN MORTON: Hon Philip Gardiner, can I just direct your attention also to a couple of performance indicators that relate to that item and that Ms De Lacey will point out to you.

Ms De Lacey: If you go to “Urban Water Management and Industry Services” at page 851, there is an efficiency indicator that relates to average cost per square kilometre of designated proclaimed water supply catchments where salinity and water resource recovery measures were implemented, and also at page 852, under “Catchment and Waterways Health”, there is an efficiency indicator that relates to average cost per kilometre squared of designated inland rural catchments where dryland salinity management measures are implemented. Those relate to the answer that Mr Davis gave previously.

Hon PHILIP GARDINER: I just need to think those through so that I can understand them a bit. What I can say is that the Department of Water’s assistance, through Nick Cox and Hazel Kural, in a problem at Gillingarra, going northwards, where a drain was put in, albeit with the authority of the PTA, although that was not understood at the time, is actually changing extremely salty, saline water through this one-kilometre drain, and it is now flowing into the Moore River, which is still brackish, and that is working extremely well, so that is a success—a small success story. I just need to understand what this means and I will come back to that.

The CHAIR: Just before I move to Hon Alison Xamon, I believe that Hon Ken Travers has one follow-up question in this area.

Hon KEN TRAVERS: When you were answering the question from Hon Philip Gardiner, you said that the Gngangara mound had “slightly recovered”, I think were your words. What does “slightly recovered” actually mean? Are you able to put some more scientific data on what that means? Based on the current extraction licences issued for the mound, when will we see it back to the state it was in prior to its recovery?

Mr Davis: I have a graph here that goes to April 2012, so it is not absolutely accurate, but it is not very far off. It shows a level of—this is relative levels, so the lowest that it reached, and I am reading off a graph—the lowest level it reached was approximately minus 4.1, and that was in 2011; and at the same stage in April 2012 it was at minus four, so it recovered 0.1 of a metre.

Hon KEN TRAVERS: Would we be able to get a copy of that graph?

The CHAIR: We might ask you to table that graph and we will get copies for members. Thank you very much.

Hon KEN TRAVERS: Based on the current extraction licence, what is your prediction as to the impact of that extraction licence in terms of the future of that graph going forward?

[7.40 pm]

Mr Davis: The current extraction licence this year is for 159 gegalitres. It gradually goes back to 110 for Gngangara and another 10 from Jandakot. The strategy is to take bores away from areas of high-ecological value, so they are looking into the deeper aquifers. We are doing an investigation into what we call the “confined aquifer study investigation”, which is looking at the capacity to get a better understanding of the deeper aquifers to see if we can take more water out of those. There is also the Beenyup trial, which we mentioned previously, and the expansion of the southern desal plant. There is a decreasing reliance from the shallower parts of the Gngangara aquifer. We are quite confident that it will get back to sustainable levels over time.

Hon KEN TRAVERS: Okay, but my question was: in terms of your departmental modelling, based on the current extraction licences that are issued, what is the impact on that graph going forward? Will we see it go down further? Will it have a J-curve effect and go down further before it comes back up to that sustainable level or is it more likely to stay at that four-metre mark for the next couple of years? What is the projection?

Mr Davis: Certainly the long-term aim is to get it back to a sustainable level. One of the difficult issues we are dealing with at the moment is climate, so we cannot point to a particular point of time when we think we will get it back to a sustainable level. Currently, because of the climate, it is unsustainable. We are embarking on a new allocation plan that we have just started preliminary work on. The new allocation plan, along with some other initiatives that I mentioned previously, will get the extraction on the mound back to sustainable levels, but until we do the work we cannot say exactly when that will happen.

Hon KEN TRAVERS: Do you do modelling of what the extraction licence is likely to be? At this point in the season you have a reasonable idea of what the rainfall will be like this winter. There are some reasonably good predictions. Do you do modelling on the impact on the Gngangara mound over the coming 12 months of the likely extraction for the current extraction licences?

Mr Davis: We do quite extensive modelling. Gngangara, in terms of our understanding of groundwater, is the most understood groundwater area in the state. We do extensive modelling and certainly our allocation planning and licensing is all based on that understanding. This year, I think in around May, the Bureau of Meteorology and the ag department sites said there was about a 50 per cent probability of 50 per cent rainfall this winter. That probability has gone down to about 25 per cent. The probability is that we will not get an average rainfall, so we track a number of scenarios to see what impact that might have on the Gngangara mound. However, the science of predicting rainfall is not certain at the moment.

Hon KEN TRAVERS: I understand that, but what is your prediction of the impact on the Gngangara mound in terms of your low probability of rainfall? What is your prediction of what the mound will be like going forward in terms of the current extraction licences? Is it going to remain above four or will it fall below four again?

Mr Davis: Again, without knowing what the rainfall will be I cannot answer that question. We can model it but we cannot say exactly what it will be.

Hon KEN TRAVERS: What does your modelling suggest it will be?

Mr Davis: It depends whether we get below average rainfall, average rainfall or above average rainfall.

Hon KEN TRAVERS: Maybe I can ask you to provide as a supplementary information what your modelling predicts will be the impact on the water level of Gngangara mound based on the current extraction plan taking into account the average, below average and above average rainfall. So, what the current licence is and in terms of your plan to bringing it back to 110.

[Supplementary Information No C4.]

Hon ALISON XAMON: I draw your attention to the service summary on page 849 and the line item “Catchment and Waterways Health”. I note the reduction of \$5 million from the 2010–11 actual to the 2011–12 budget and that the estimated actual for 2011–12 is lower yet again, meaning that that area has lost one-third of its budget in one year. I would like to know what services that were carried out in 2010–11 were not carried out in 2011–12. Can you account for that dramatic loss?

Hon HELEN MORTON: Yes, we can answer that if you give us two seconds to get the right page. Can I confirm it was the line item “Catchment and Waterways Health”?

Hon ALISON XAMON: It is on page 849 under “Service Summary”, “Catchment and Waterways Health”. They are the figures I am referring to.

Mr Nordsvan: Is that the movement between the estimated actual for 2011–12 and the budget estimate for 2012–13?

Hon ALISON XAMON: Yes, and also there is an ongoing decline of the actual in 2010–11 that goes down quite significantly in the forward estimates.

Mr Nordsvan: That is correct. A lot of it relates to what I was talking about beforehand; the component of the cost is not the direct service but the overhead allocation. When we went through the restructure in 2011–12, we reassessed the overhead component. The overhead component is above 60 per cent of that total cost. There is a direct cost component and the overhead allocation component. The big movement between what we forecast for 2011–12 and what we anticipate will happen in 2011–12 relates to a movement in the overhead.

Hon ALISON XAMON: I will ask the question again. What services were provided in 2010–11 that were not carried out in 2011–12? Are you telling me it is simply an accounting mechanism and that there has been no change in the delivery of services all? Has there been any downgrading of the delivery of services?

Ms De Lacey: Part of the variation is around the overheads issue but this particular one relates to a lot of the activities around the development and implementation of water quality improvement plans. A lot of the funding for the water quality improvement plans comes from external sources, particularly commonwealth and state NRM funding. There has been a decline of that funding over time and also a shift in the model for funding it as well, which affects the number of water quality improvement plans that we do.

Hon ALISON XAMON: Can I please get a breakdown—I am happy to take it notice—of how much is federal money that has declined and how much is state money that has declined, from what departments and areas that has declined, and also what programs have been affected as a result of that?

Ms De Lacey: We can certainly take that as a question on notice. As an overarching statement in relation to all of what we are doing, even with the reduction of FTEs, we have been very clear with our new strategic plan that we do not reduce any functions of the agency. We are still delivering every function that was previously delivered under the legislation.

Hon ALISON XAMON: It is really maintaining, at best, the status quo, which is a shame because I am sure you would agree that we are looking at quite a lot of problems with the Swan River in particular at the moment, but I will move on.

[*Supplementary Information No C5.*]

[7.50 pm]

Hon ALISON XAMON: Again, I am going to page 849, “Significant Issues Impacting the Agency” and the fourth dot point regarding strengthened capacity in science, planning, policy et cetera. I note that the NWI report card on environmental water identified a gap in the department’s investigation of policies related to and general handling of non–water regime related threats to key water dependent ecosystems, other than, of course, the Gngangara mound. What I would like to know is: has the DOW done, or will DOW do, any of its own research into fracking? Will they also do, or have they also done, any of their own research into the effects of uranium mining, in particular tailings management?

Mr Davis: Sorry, I did not just quite catch the end of the question.

Hon ALISON XAMON: Will DOW do, or has DOW done, any of its own research into either fracking and/or uranium mining and, in particular, tailings management?

Mr Davis: The Department of Water has not done any of its own research in that. We are involved. The Department of Mines and Petroleum is the lead agency in the state on fracking. We provide advice both to the Department of Mines and Petroleum and the Environmental Protection Authority on the impacts of fracking on aquifers, when requested. Our hydrogeologists, although we do not conduct direct research, have extensive knowledge in those areas as well.

Hon ALISON XAMON: Okay, so if they have extensive knowledge, how is that? Because I am actually aware that this is something that has been identified as a gap—by NWI—of your department, so I am trying to get an idea of what you are doing to address that, and it sounds like nothing.

Mr Davis: Fracking.

Hon ALISON XAMON: In terms of handling of non–water regime related threats to key water dependent ecosystems.

Mr Davis: Certainly in terms of fracking, we have the expertise within the department to give appropriate advice on any proposal that involves fracking.

Hon ALISON XAMON: But you have never been consulted?

Mr Davis: There is actually some —

Hon ALISON XAMON: And also uranium mining as well.

Mr Davis: Certainly, we have been consulted in terms of some exploratory projects, but there is not any formal proposal at the moment.

Hon ALISON XAMON: What is the form of that consultation?

The CHAIR: The minister is indicating, I think, that Ms De Lacey might have an answer.

Hon HELEN MORTON: That is right.

Ms De Lacey: In relation to the broader question in terms of the focus of the agency in the research and what we are doing about water quality and impacts on groundwater dependent ecosystems, we have a range of activities. The structure of creating a science and planning directorate was a very deliberate one to bring together most of our scientists into the planning area to really get a very clear focus on what was happening in the state in terms of water use, and that does include what is happening in terms of mining et cetera, and have that as a very clear focus and ability to provide advice on land-use planning, on other regulation belonging to other agencies, such as Mines and Petroleum. So that is really a deliberate strategy to get our science really focused on what the priority activities and the issues are for the state, and that does include these kinds of activities that you are referring to.

In relation to fracking in particular, Mines and Petroleum is the regulatory agency there, and we are working closely with them from a policy perspective in terms of that regulatory framework. We do have an agreement that—it is part of the standard practice of Mines and Petroleum—where there are issues that may impact on water resources, that they refer them to us for our advice. As Mr Davis has mentioned, we do have staff members who have been looking at this issue in particular in terms of what happens in eastern states, what happens in Western Australia and what the differences might be, and that helps to inform the advice that we give. But at this —

Hon ALISON XAMON: Can I just interrupt at that point? Can I request that the agreement or the MOU or whatever form that is in be tabled, again, on notice, obviously—is that possible?

Ms De Lacey: In relation specifically to fracking, there is not a specific MOU at this stage; it is really a work in progress. But it is an agreement —

Hon ALISON XAMON: I am aware an MOU exists for example between DMP and EPA specifically, so nothing has been formulated with DOW at all as yet?

Ms De Lacey: Not a specific MOU that I am aware of that has been finalised between us in relation to this. But in the broader activities, there is an MOU between us and Mines and Petroleum, which includes DMP referring to us activities that will impact on water resources, and this would be caught up in that.

Hon ALISON XAMON: Would I be able to request that that be tabled, please?

[Supplementary Information No C6.]

Hon HELEN MORTON: Mr Davis can add another point.

Mr Davis: Again just in terms of the current proposals, there are currently a number of exploration programs being undertaken for shale gas, with deep exploration wells already drilled and fracking proposed. However, there is currently no drilling for or production of coal seam gas in Western Australia, so we do not have any fracking proposals before us at the moment.

Hon ALISON XAMON: Yes you do. Sorry, I have got answers in Parliament that can list them, so I am really sorry that DOW has been kept in the dark on this.

Mr Davis: For coal seam gas?

Hon ALISON XAMON: Not for coal seam gas, for tight gas and shale gas.

Mr Davis: Sorry, I was talking about coal seam gas.

Hon ALISON XAMON: Okay, well, I am talking about fracking, so that is all right. I understand the water minister has become confused by the difference in the past.

Another question I have is in relation to groundwater quality issues. I am aware of the groundwater investigation programs coming up across the state. I am curious as to what you have in train for groundwater quality programs, particularly on the Gngangara mound in relation to the removal of the pines and the likelihood of continuing acidification around the wetlands.

Hon HELEN MORTON: Can I just interrupt and ask: are we on the same page there?

Hon ALISON XAMON: Yes, it is exactly the same dot point.

Hon HELEN MORTON: Okay.

Hon ALISON XAMON: It is all part of that same area.

Hon HELEN MORTON: Of section four?

Hon ALISON XAMON: Yes, so it is particularly around the removal of the pines and the continuing acidification around the wetlands, and what you have in train for the groundwater quality programs.

Mr Davis: I think I mentioned the Perth confined aquifer project recently, and the acting director general mentioned with the internal reprioritisation of funding for prioritised areas, that was something that was identified as a priority project. We have diverted \$7 million over four years to that particular project. The components of it are local area modelling and geophysical survey of the confined aquifer recharge area, some of the geophysical work is being conducted already; investigation of hydraulic parameters within the faults of the Gngangara system; salt water interface modelling, which is one of the most important things for the Gngangara system—how much you can take out without pulling salt water in; and the Perth region aquifer modelling system update. We have got a model called PRAMS, which is quite a sophisticated model that we do all our Gngangara modelling for. As we get further information we update that model and it becomes more accurate, so it is one of those iterative processes.

Hon ALISON XAMON: Okay. How would someone like me get the information pertaining to that, particularly looking at the modelling around the removal of the pines, for example? Would I ask in questions and be referred to a website, for example?

Hon HELEN MORTON: Can I just suggest that you could ask for a briefing on that particular?

Hon ALISON XAMON: I would be delighted to, thank you.

Can I keep going? I have got five pages.

The CHAIR: One more question and then I will go to Hon Sally Talbot.

Hon ALISON XAMON: I just want to revisit the question about the staffing, please, if that is okay? I understand from reading through the estimates in the other place—if I could have this confirmed—that we are looking at 80 staff this financial year and another 14 in the next financial year. Is that correct?

Ms De Lacey: This financial year we move from an approved target of 580 to 581, so there is one additional added in because of the rollout of Office of Shared Services, so that is actually 80 plus one. Next financial year reduces by another 15.

Hon ALISON XAMON: By 15, not 14?

Ms De Lacey: That is right.

Hon ALISON XAMON: I am sorry, I just did not quite hear you.

Ms De Lacey: That is okay. We have got an approved level which is reflected in one of the footnotes in the budget. But we have got an approved level at the moment of 801 because that was from an approved level of 580 that we had down to 500, then we added in one from the reallocation from OSS. Next year, it is an additional 15, which takes you to the 486.

[8.00 pm]

Hon ALISON XAMON: Okay then. I listened very carefully to what you explained before, and I am still trying to get an idea of from which areas these staff are going to be lost. Is there a list or something like that?

Ms De Lacey: There is; it depends on what you are meaning in terms of are you talking about geographic areas or are you referring to specific functional areas?

Hon ALISON XAMON: Both. For example, I am particularly interested to know what is going to happen to anyone with compliance responsibilities, and that would also include not only people in the compliance division but any regional officers with compliance responsibilities. That is an area, for example, I would specifically like to know.

Ms De Lacey: Okay. I can answer much of that right now. In relation to the voluntary redundancy program, as I said earlier we have really targeted positions that were administrative support

positions, corporate services positions. We did actually increase the regulation and licensing area by an additional eight full-time equivalents —

Hon ALISON XAMON: Is that an additional eight FTEs located centrally?

Ms De Lacey: They will be located in a range of places. There were six FTE reduced in regional offices; the remainder came from central areas.

Hon ALISON XAMON: I am aware, from the last time I asked a question on notice on this, which was actually this year, that we were talking about two FTE in Perth and 77 regional officers with compliance responsibilities. So, how many are we now talking about in terms of compliance officers, and how many are we talking about now for compliance officers with regional responsibilities, as though I was asking exactly the same question?

Mr Connolly: Yes, you are right; the question on notice that we responded to before was the 77 staff that deal with a component of or support the compliance activities. As the acting director general said, we have increased that across the state. What we are doing is actually building up the skillsets within the regulation business, with a focus of additional compliance skills to be able to put more people on the ground and be more comfortable with the compliance activities and deliver the, as you say, on-the-ground work. So the numbers have increased in the area. We will be shifting skillsets from more desk-based to more on-the-ground compliance activities with the on-ground training program that we have in place.

Hon ALISON XAMON: Do you have any numbers to give me?

Mr Connolly: The numbers? What we expect is that by the end of this particular year we will have a total of about another 12 FTEs in total. That is the eight, as the acting director general said, plus an additional four FTEs associated with additional compliance and national framework funding to support the regulation business.

Hon ALISON XAMON: Going back to the areas where staff will be lost, is it possible to get a breakdown of that? I am happy to take it on notice. I am hearing that you are saying it is primarily administrative staff, though I am aware that administrative staff serve a very important function, including enabling people with particular expertise to actually get out on the ground. Is it possible to take that on notice to find out exactly where those shifts are occurring?

Ms De Lacey: We can take that on notice to give detail, but I do have to add that there is still movement internally with any kind of changes. So, for example, we would not give you individual people, but we can give you the kinds of positions that have moved through the voluntary redundancies because that is actually a lot easier than the actual reductions in terms of holding vacant positions. As you would be aware, with doing that what we are doing in some instances is holding vacant a particular position, or we may in fact say that there is no-one in a particular position so we relocate that position elsewhere. So there is still a lot of movement internally about saying exactly where those are. The figures we will give you, therefore, will have to be quite broad because it is still something that is moving quite a lot as we try to move our resources into priority areas for the agency.

Hon ALISON XAMON: When are you anticipating it is likely to settle down and be finalised?

Ms De Lacey: With any kind of significant restructure—this restructure only started at the beginning of this financial year—you can expect that there will be changes for a period of time. In terms of having positions absolutely bedded down, it will not be until sometime next financial year.

Hon ALISON XAMON: One of the things I am trying to obviously get an idea of is exactly where those shifts and priorities have been identified.

The CHAIR: Member, can I just check—was there supplementary information to be provided?

Hon ALISON XAMON: Yes.

[*Supplementary Information No C7.*]

Hon ALISON XAMON: This is still all on the same issue of staffing.

Can I also ask about the restructuring in staffing in the voluntary severance program? Has that been in effect over the past couple of years at the Northam office? I ask because there has been a significant reduction out there. Has it been part of that process?

Ms De Lacey: The Northam office in particular—Ms Western may be able to answer this in more detail—is being more impacted by the changes of NRM funding. Ms Western may be able to give you more detail on that.

Ms Western: The Northam office has seen a decline in staffing numbers over several years, mostly related to external funding programs and a reduction in external funding from both state and commonwealth programs. I think in 2009 there were 14 staff in Northam, and 10 of those were funded by externally funded projects related to the community-based regional NRM project work that was carried out under those commonwealth programs. Those contracts finished for most of those external projects. The remaining staff and the services that are being carried out through the Northam office, the staff have moved to other service delivery work; two were successful in taking the voluntary redundancies, and the two remaining officers who were based in Northam sought opportunities in other areas in the department themselves. So it has been a matter of attrition as well as the ceasing of external funding in those projects.

Hon ALISON XAMON: Have the responsibilities of that office also dissipated with the staff?

Ms Western: No.

Hon ALISON XAMON: So the staff are still expected to carry out exactly the same responsibilities?

Ms Western: Yes, the services are now supported from our Ellam Street office. The Northam office is part of the larger Swan–Avon region, so the services are, particularly relating to land use planning and licensing, are carried out through the Ellam Street office. The waterways–type work, which has been community-based work, is supported through access to staff from the Victoria Park office, and a continuing partnership relationship with the wheatbelt NRM program. We have been working with stakeholders out that way to make sure that the services and the community support service remains intact, to the point where our core functions of the department continue to be delivered as well as the community support functions being delivered both through technical advice from the department and through an ongoing relationship with Wheatbelt NRM.

Hon ALISON XAMON: Is the Department of Water confident that the Swan–Avon catchment is being looked after to the same degree, even with a such a huge reduction in staff? Recognising that the reduction in funding has come from other departments, including the federal government, surely you cannot feel confident that it is running as well as ever?

Ms De Lacey: We have made commitments to the NRM group in that area that we will continue to provide support. But the reality is that externally funded projects have now come to and, so they have been delivered, and there are no new funds for specific projects from external sources. So, because the projects are completed, it means we have done that work, but we are continuing to provide support and assistance to the NRM officers. There is definitely a change of work, but that reflects the fact that there were specific projects that were funded from external areas and that those projects have now been completed.

The CHAIR: Honourable member, I have a list of several more people, so I will come back to you if we have time.

Hon ALISON XAMON: Can I go back on the list? Thanks.

The CHAIR: Yes, you can go back on the list. Hon Sally Talbot.

[8.10 pm]

Hon SALLY TALBOT: I go back to page 848—the first page of this allocation. I would like to ask some questions about the efficiency dividend under “Major Spending Changes”. When the budget was brought down, I am aware that almost every department, every minister, said that they had not yet decided from whence this efficiency dividend was coming, where it was going to be reaped from. You had about 45 days then. You now have 24 days before that efficiency dividend cuts in. Can you give us any idea of where the \$1.4 million is coming from in 2012–13?

Hon HELEN MORTON: I add at the outset that having spoken to the minister about this, it is still a work in progress.

Hon SALLY TALBOT: With 24 days to go?

Hon LIZ BEHJAT: It is a bit like your last carbon tax.

Hon SALLY TALBOT: I do not think it is actually like that at all.

Hon ALISON XAMON: Have at least some decisions been made?

Hon HELEN MORTON: The decisions are still pending. That is not saying that some consideration has not been given to various opportunities and options, but the actual decisions will be the minister’s decision and he has indicated that at this stage that decision has not been made. However, he has given an absolute guarantee that front-line services will not be impacted on.

Hon SALLY TALBOT: Frankly, it is only the government that thinks that front-line services have not been affected by previous efficiency cuts, so I think that we and the committee have every right to ask what you are considering. What is the government considering? There is \$1.4 million in 2012–13, nearly \$2 million in 2013–14, over \$2.5 million the following year and \$3.36 million the year after, and you are telling us, with 24 days to go, that we still cannot have that information.

Hon HELEN MORTON: I am telling you that because that is actually the case. Whilst there has been a consideration across a whole range of options, the final decisions will be made by the minister and those decisions have not been made yet.

Hon SALLY TALBOT: Recognising, minister, that you are not the minister responsible for this appropriation, and we all appreciate that, can any of the six advisers whom you have brought in with you give us any indication of what is being considered?

Hon HELEN MORTON: I think it is still very broad ranging.

Ms De Lacey: It is still very broad ranging. We are considering every area that we can look to. It is exactly what has just been said; it does not impact on front-line services.

Hon SALLY TALBOT: Would that include more redundancies?

Ms De Lacey: We are certainly not looking at that at this stage.

Hon SALLY TALBOT: So there are no staff cuts on the list of considerations for any of those years right through to 2016?

Ms De Lacey: We cannot make that commitment. We are still looking at all the options and we have to have the minister’s approval for anything that we take forward.

Hon SALLY TALBOT: In the absence of any budget accountability in this process, all we can do is look back. Given that I do not expect anyone to have this information at their fingertips, can I ask for information by way of a supplementary question? Going back to 2009–10, the year of the first round of the efficiency cuts, can I ask for the efficiency dividend for the three years of 2009–10, 2010–11 and 2011–12 and all the services cut in each of those three financial years under the heading of “Efficiency dividend”?

[*Supplementary Information No C8.*]

Hon SALLY TALBOT: Before we move off the issue of the redundancies that other honourable members have taken up with the officers and the minister, we talk about voluntary redundancies as if this is somehow all okay. Can I ask whether the department has done any work on the effect on staff morale of having voluntary redundancies of this dimension hanging over their head?

Ms De Lacey: We certainly took a very careful approach to this. It was a voluntary process. It was a call for expressions of interest from all staff, so any staff member could let us know that they were interested in taking the voluntary redundancy. Then there was an assessment of each and every one of those positions. In the course of that, as part of the discussions that we in the executive team, particularly I, had with staff, we also talked about what that meant for staff and how we worked to ensure that issues such as intellectual property were able to be transferred from staff who may be leaving to others. Through our human resource section there was a deliberate approach to working with staff around those kinds of issues.

Hon SALLY TALBOT: Can I just clarify whether you are talking about voluntary redundancies in the past or the 94 or 95—however many we are talking about—that are identified in the context of this voluntary severance at number three on the list that I am referring to?

Ms De Lacey: The voluntary severance process was a 2011 calendar year process. Those staff who were accepted by us for a voluntary redundancy have already left the agency.

Hon SALLY TALBOT: So there is an additional 94?

Ms De Lacey: No. The figures in terms of the reductions that you are seeing reflect the voluntary redundancies. We are currently operating below the FTE target because those voluntary redundancies have already happened. That is the standard requirement for that particular process by the state. Any staff who were approved for a voluntary redundancy had left the public service by the end of the last calendar year.

Hon SALLY TALBOT: Did you find when you called for voluntary redundancies that you had more people who did not want to work for you than you needed?

Ms De Lacey: We looked at the motives for staff applying. With any kind of restructure and reshaping of an organisation, there will be some people who will make a decision that this is not for them and they want to move on. Many people also saw it as an opportunity to make a fresh start. Other people may have been considering leaving the organisation for some time. We are aware of what was happening in terms of their own role and took an opportunity. The motives were many and varied of people applying for a voluntary redundancy.

Hon SALLY TALBOT: Can I ask my question again? Were there more than you needed or fewer than you needed?

Ms De Lacey: The number of people who applied for voluntary redundancies?

Hon SALLY TALBOT: Yes.

Ms De Lacey: I would have to take that on notice. There certainly were more applications than we accepted because we were very careful with some of the professional positions. We did not approve all of those positions held by people who made an application for a voluntary redundancy. That probably does answer your question in that yes, because we did not approve them all, there were more applications than we approved.

Hon SALLY TALBOT: I need some more clarification on these redundancies. Further on in the budget papers at the bottom of page 855, I notice that the “Surplus/(Deficiency) for the Period” is \$6.7 million. Are you asking us to approve a negative figure as the bottom line here?

Mr Nordsvan: Over a long period of time with an agency like this one, with some years running in surplus and some years running in deficit, it generally tends to equal itself out over the long term. You might notice that we are forecasting a surplus for this year of about \$6 million. We are

forecasting a deficit next year of about \$6.8 million, and in the out years a small surplus of \$1.6 million.

Hon SALLY TALBOT: Are you talking about that same line item, that surplus deficit?

Mr Nordsvan: Yes, the surplus deficit for the period on the bottom line of the income statement chart.

[8.20 pm]

Hon SALLY TALBOT: Is this actually a budget loss for the department this year? Is that what that figure in brackets means?

Mr Nordsvan: The figure for this year for 2011–12 estimate, is we are forecasting a surplus of about \$6 million, and the budget estimate for the following year we are forecasting a surplus deficit of \$6.7 million.

Hon SALLY TALBOT: That is a beautiful way of putting it, is it not? You mean a deficit?

Mr Nordsvan: Yes, sorry, a budget deficit. Apologies.

Hon SALLY TALBOT: Thank you. Again, referring to my original point about this efficiency dividend, I take you to page 856. Looking at the line item in the middle of that chart, Premier's Water Foundation, I see that the Premier's Water Foundation has disappeared. Am I reading that correctly?

Ms De Lacey: This relates to a funding program from the previous government. That is showing the funding that we have in the lines of 2011–12 budget and the 2011–12 estimated actual, which are referring to projects that were funded from that particular program, which no longer exists but they are the end of the funding that has been given to those specific projects.

Hon SALLY TALBOT: You are saying it does not exist now?

Ms De Lacey: No.

Hon SALLY TALBOT: When was it abolished?

Ms De Lacey: It was a particular funding program. An initial round of funding program was provided in 2004–05 and a second round in 2006–07, so that was the funding. We have funded specific projects. We may be funding now the ends so they are instalments of these projects that are now coming to an end.

Hon SALLY TALBOT: You may need to take this on notice, but can we see what those projects are; what does the \$686 000 refer to in the 2010–11 actual and the two other figures, \$318 000 and \$155 000? Can you also indicate —

Hon HELEN MORTON: We do not need to take that on notice.

Hon SALLY TALBOT: I will finish my question just in case you want to.

I know that one of the objects of that program was to attract funding from other sources: the commonwealth government and industry I believe. Can I have an indication of what the commonwealth and industry or any other sources are contributing in those years to that program?

Mr Davis: The Premier's water foundation program recipients were the WA Vegetable Growers Association, a project called "Web-based expert systems for efficient vegetable irrigation on sands". CSIRO had a program called "Hydrological controls on managed aquifer recharging first coastal aquifer". That one is ongoing and to be completed by the end of this financial year. Another one between CSIRO and Water Corporation called "Aquifer storage and recovery of potable water in the Leederville aquifer", which is contributing to the current project, which is due to be finished at the end of June this year; the University of Western Australia, "Assessing the public health impacts of recycled water use", which is complete; CSIRO called "Vegetation dynamics and water yields under changing climatic and management conditions", which is complete; and a Murdoch

University project called “Demonstration of decentralised wastewater recycling in urban villages”, which is due to be complete at the end of this financial year.

Hon SALLY TALBOT: They all sound to me like extremely worthwhile projects. I am sure they do to other members on this side of the house; that is all of us is it not? Is there a program that has been taken over from the Premier’s Water Foundation? The second part of that question was: where does the rest of the money come from; is commonwealth money and industry money involved in that? Do you want to take that bit on notice?

Mr Davis: The Premier’s Water Foundation was a particular grants program that did not have any matching component of it.

Hon SALLY TALBOT: It never had any matching?

Mr Davis: Having said that, sometimes with these projects, the funding recipients will use the funds that they have to lever funding from other sources, so I cannot specifically answer whether any of those projects had contributions from other areas. Quite often they use them for leverage.

Hon SALLY TALBOT: There is no point you taking that on notice because that information is not collected by the department? Sorry; I am putting words into your mouth. Question mark!

Mr Davis: They are not projects that are run by the department, so we would not necessarily have that information. There was no funding scheme that replaced the Premier’s Water Foundation, but there are a number of other funding buckets around the state that fund particular projects, but none that was specifically used to replace that program.

Hon SALLY TALBOT: Nothing from the Department of Water?

Mr Davis: Not for those sorts of projects; there was no general call for projects other than our normal investigations-type projects that we budget for.

Hon SALLY TALBOT: I take you back to page 852, which is the reference at the top of the page under “Water Use Allocation and Optimisation”, there is reference there to water allocation plans. I am afraid this is another one of those questions where I am looking for a specific reference in the budget papers. The water allocation plans: first of all I notice that earlier in the budget papers—it is actually the page before, right at the bottom of page 849—there is reference to targeted areas in Perth, the south coast, midwest, Pilbara and Kimberley. Are they the places where water allocation plans are going to be carried out in the budget period?

Hon HELEN MORTON: Just refer to us on 849 where —

Hon SALLY TALBOT: I am looking at the bottom of page 849. I am sorry; yes, I have confused you because I said the page before and I have slipped a page here. The dot point at the bottom of page 849 commencing with “Over the next four years”, refers to certain geographic areas. My question is: is that where water allocation plans, which are referred to at the top of page 852, are going to be carried out?

Ms De Lacey: No; there are water allocation plans carried out across the state, but that particular figure relates to funds that are being targeted towards specific water investigations and assessment projects and that includes royalties for regions funding.

Hon SALLY TALBOT: In that case, at the bottom of page 849, there is no reference to the Peel region. I know that the department has got some particular interest there in water projects such as what we call the Alcoa pipeline, which is turning into a project that looks as though it is bigger than Ben Hur. I know it involves other agencies, but I understand from my briefings that the Department of Water is involved in that. Why is not Peel there? Is the Alcoa pipeline, if I can call it that by way of shorthand, referred to anywhere; is there a line item that refers to DOW’s commitment to that plan?

Ms De Lacey: I will answer that in two parts. The first figure you are looking at relates to \$35 million over four years on increased groundwater investigation. That is in specific areas and those areas are the Dampier Peninsula, Hamersley Range, South Coast, Scott River, Murchison, palaeovalleys and West Midlands. That does not mean we are not doing work in other parts of the state. But this is specifically around priority areas for water assessment investigation that is needed to help better inform us in terms of meeting water demands, so it is more around investigations of groundwater aquifers et cetera. In terms of the Peel pipeline project, no there is not a specific line item. That is a Peel Development Commission-led project. We are providing support in terms of advice around water-related matters, but that is a project they are leading.

Hon SALLY TALBOT: You have not got any time lines associated with input to that project?

Ms De Lacey: We provide input whenever it is required. We have been involved with that project since the beginning in terms of providing advice around water-related issues.

Hon SALLY TALBOT: Have you got staff allocated to that project?

Ms De Lacey: Not specifically allocated to that project, but our staff at the Peel regional office—Kwinana–Peel are actually supporting and assisting that and they have continued to do that since the beginning. Again, it is really an advisory role that we are providing in that particular project. It is advisory specifically around water management types of issues. We have another project that is related, but separate, to that project in the Peel that is around assessment of the potential for storm-water reuse, so it is related but separate to that specific project.

Hon SALLY TALBOT: Is it related in terms of the infrastructure that would be utilised or related in terms of geography or what?

Ms De Lacey: It is related in terms of the concept of better use of water in the Peel region. We also have the Peel water quality improvement plan that we are actively involved in. In terms of detail about that project around reuse, if you are requiring detail, one of our other officers may be able to provide you with that.

Hon SALLY TALBOT: Yes, please.

[8.30 pm]

Mr Davis: It is a bit of a long story. You are quite aware that the Murray area is inundated during winter. It is also an area that is part of the urban expansion area, if you like. So it is problematic how you develop an area like that with all that water lying around—the related amounts of fill you have to bring in—but in particular how you manage that water so you do not increase the environmental impacts to the Peel–Harvey system; so how you can manage that water in the landscape. We did a project that was worth well over \$1 million to look at how to manage that water in the landscape called the Murray drainage and water management plan. That actually provides guidance to subsequent land use planning exercises that the Western Australian Planning Commission and the Department of Planning do as to how they might do that. Fundamentally, it is a difficult situation because the ground is very flat so there is no magic solution to dealing with the water. We have spent quite a bit of money on doing research into managed aquifer recharge—capturing the local stormwater that is lying on the ground there and putting it back into the aquifers. Some of the aquifers are suitable for managed aquifer recharge. We are working very closely with the Shire of Murray on how that might be used, say, in the Nambeelup industrial estate, but more generally —

Hon SALLY TALBOT: It certainly is a particular passion of the Shire of Murray; I am well aware of that. Is there commonwealth involvement in that aquifer recharge project?

Mr Davis: Not at the moment.

Hon SALLY TALBOT: Are you looking for a commonwealth contribution?

Mr Davis: We are looking for additional external funding.

Hon HELEN MORTON: Before you finish that item around the Peel area, Ms De Lacey would like to add something.

Ms De Lacey: In terms of the water quality improvement plan that we are involved with in the Peel region, there is some federal funding—\$1.5 million over a three-year period—as well as state funding of around \$1.2 million over a two-year period. With both of those, we are overseeing the water quality improvement planning implementation, but most of the funds are given to the Peel–Harvey Catchment Council. That is a very live project in the Peel region.

Hon SALLY TALBOT: I just wanted to know whether there is any budget allocation to the implementation of the Peel water allocation plan that was announced the day before the budget, 16 May. Does that feature in here somewhere?

Mr Davis: The Murray allocation plan has been released recently. The plan actually guides future water allocations in the area. It does not require any funding itself for implementation. Just a little bit of extra information in terms of investigations, because I think that was originally part of your question: in terms of future water requirements for urban development in Peel, they are all accounted for. We are not proposing any future investigations in the short term for public water supply. Fundamentally, we have that public water supply covered. Really, the focus is on the opportunities to manage aquifer recharge through surface water.

Hon SALLY TALBOT: Can I just check I have understood you: you are saying that the public water supply issues in Peel are now resolved?

Mr Davis: Within the allocation planning process, there is enough water in the public water reserves to meet the water needs for that region.

Hon SALLY TALBOT: The aquifer is the Leederville, it is the shallow —

Mr Davis: There are a number of aquifers there, but certainly there is a Leederville—there is a superficial. There is the Yarragadee. The one for the managed aquifer recharge is called the Cattamarra Coal Measures. There are a few different aquifers there.

Hon ADELE FARINA: I would like to refer to page 848 and the section headed “Major Spending Changes” and the line item “Water and Natural Resource Management (Royalties for Regions)”. For the 2011–12 financial year, can I have a list of all the projects and/or programs funded by royalties for regions and the total funding allocated to each project and/or program from royalties for regions, and the same for the 2012–13 financial year? I am happy for you to take that on notice and provide those later.

Mr Nordsvan: There are a number of projects that we have royalties for regions funding for. I will list them fairly quickly. A number of them run over the four-year period. They include the 2012–13 year, and 2014, 2015 and 2016.

Hon ADELE FARINA: Sorry, Madam Chair; if this is likely to take a lot of time—I know some other members want to ask questions—I am happy for this to be taken on notice and to just be provided as a table.

The CHAIR: The member has indicated she is happy to have that on notice.

Mr Nordsvan: We will provide a list.

Hon ADELE FARINA: Noting that the forward estimate out years, in particular 2015–16, shows a significant decline in funding from the royalties for regions for water and natural resource management, does the government intend to make up this shortfall by providing additional funding for water and natural resource management through the Department of Water budget elsewhere? If yes, will the minister show me where this is indicated in the budget papers?

Mr Nordsvan: With those water and natural resource initiatives, a number of the programs actually finish in 2014–15, so they are investigation programs that are finalised then. That is the reason why there is a reduction. They are specific projects to do specific investigation work in specific groundwater areas.

Hon ADELE FARINA: You have no more other projects you want to run?

Mr Nordsvan: There will always be projects.

Hon ADELE FARINA: Can I switch over to the income statement table on page 855. The “Royalties for Regions Fund” under “Income from State Government”—the figure there is different from the figure on page 848. I am wondering why that is so.

Mr Nordsvan: The figure on page 848 is a movement figure between what was put in last year’s budget paper and what is put in this year’s budget paper. The figure that is in the income statement relates to what we are going to get this year, that we know of, through approved funding.

Hon ADELE FARINA: That question that I asked in relation to the figure on page 848, can you actually provide it for the figure on page 855 instead? That would probably be far more sensible.

Mr Nordsvan: We will give you the list of projects, yes.

Hon HELEN MORTON: Can I clarify, Madam Chair, that that is a substitution question on notice.

The CHAIR: C9 has a modification. It refers to a different page now.

[Supplementary Information No C9.]

Hon ADELE FARINA: I refer to page 852 and the heading “Catchment and Waterways Health”. Of the \$6.6 million allocated in the budget, how much of this money is being spent on waterways and catchments in the south west?

Hon HELEN MORTON: We will take that on notice.

[Supplementary Information No C10.]

Hon ADELE FARINA: There are some other parts to this question; you might want to put them together. I will read them out. Could you list all the waterways and catchments that will receive funding, and for each of these waterways and catchments state: what work is being done; the total funding allocated; and who is doing the work, whether it is a community group, a catchment council or the department itself? Also, with the state of waterways and catchments continuing to decline, why has funding for waterways and catchment health been cut by about \$4 million since 2010?

Ms De Lacey: That also reflects some of the answers we have given to previous questions around movements of overheads et cetera, but also it reflects the changing external funding. In relation to those, they are not necessarily about things being cut; they are about projects being finalised.

Hon ADELE FARINA: I refer to page 848 under the heading “Major Spending Changes” and the line item “Projects Funded from External Revenue”. Can you detail the projects funded from external revenue; for each project, the external revenue source; and for each project, the quantum of funding being provided by each external revenue source identified? I am happy to take that on notice, too.

[Supplementary Information No C11.]

[8.40 pm]

Hon MAX TRENORDEN: I refer to page 850, which states that \$13.6 million will be allocated to replace the department’s ageing computer systems. Over recent years we have had shared services, TRELIS, the health department and CADCOM waste about \$1 billion of taxpayer funds. Why should I not be terrified of reading that in your document?

Ms De Lacey: We are very aware as well of issues that have happened with other IT systems. We have very strong project management around this. Much of the new systems are off the shelf, so we are not designing something new that then creates all sorts of problems down the track. We have a very definite budget, and we have an executive director who is in charge of project managing this.

Hon MAX TRENORDEN: Could you supply the following information? You will have to do this on notice. Who scoped the program? Who designed the program? Who drew up the tender documents? Has the tender been won? Has it been submitted? Okay. So I will need to ask the other questions after the tender has been won. What happened in the health department was that the same people who drew up the contract won the contract. I would like to think that is not happening in your case.

Ms De Lacey: I can provide much of that information. The design of this particular new IT system, in terms of recognising what the problems were, was done internally. We certainly had external assistance from experts in the area of information technology who advised us. But it has been very much led by an internal group who understand the business and understand what is needed in the business. In terms of offering any tenders, that has not been done at this stage. Most of these components will be off-the-shelf components, so we are not at this stage considering anything that is about a significant tender to replace our information technology system. It will be more of an internal significant project management approach.

Hon MAX TRENORDEN: Have those people who have assisted you been barred from tendering?

Ms De Lacey: We are not even considering tendering at this point.

Hon MAX TRENORDEN: Are they going to be barred from tendering?

Ms De Lacey: If there was a tender process, there would be the normal kinds of —

Hon MAX TRENORDEN: Well, the normal one is give it to whoever wants it.

Ms De Lacey: We would be certainly putting governance around that process.

Hon MAX TRENORDEN: I will be watching that with a great deal of interest. Why I really came here tonight is that at page 849, there is a range of dot points, but I will take the last one on that page, which states —

Over the next four years, the State Government will spend an additional \$35.3 million to improve the State's knowledge of groundwater sources ...

I think that is a critical issue for the state. Hon Phil Gardiner and I have been doing a lot of work in the midwest, looking at the mineralisation area. A range of mines are considering opening up there, magnetite mines, with high use of water. What plans or what activities do you have within the agency to source water to the east, and not to the west, where you compete with agriculture and drinking water?

Hon HELEN MORTON: Mr Davis.

Mr Davis: The Department of Water released a report, which is on the website, some time ago. That report was looking into water availability for mining expansion in the midwest. The report found that with all the current project proposals as we knew them at the time, we were seeking possibly up to 100 gigalitres of water for implementation. Throughout the region we have identified that there is still over 300 gigalitres of water available. So there are water resources within the region for mining expansion. The difficulty with mining expansion, though, is that quite often where the iron ore is, there is not water, because it is in those fractured rock areas. Traditionally, miners do their own investigations as well. But recently there has been—you will be aware of one company taking water from more towards the coast and transporting it inland as well. But fundamentally, there is more than enough water identified within the region for all the mine expansions currently on the books.

Hon MAX TRENORDEN: Well, frankly, I do not believe it. Our investigations say that there is a considerable amount of water required. It depends on how many of these mines start. The important thing about planning is just that: it is a plan. There are water sources to the east of the mines. We have already put a considerable allocation to Karara, with a pipeline. It disturbs me to think that that is your answer. It does not matter what you consider the allocation to be. You have got a SuperTown for Jurien Bay; you have got Geraldton, not that Geraldton is a SuperTown, but the heavy expansion of Geraldton; and you have got the heavy expansion of agriculture—the next boom is meant to be agriculture. It worries me greatly that we are not looking for alternative sources in the area where the competition currently is.

Mr Davis: For the record, Madam Chair, the name of the report is “Capacity of water resources in the Mid West to meet mining and industrial growth”. That is report No HG55, and it was published in December 2011.

Hon MAX TRENORDEN: I will not rabbit on about it, but the point is if you ask the question about Western Power and the need for power, they will tell you that there is ample power, but they are underestimating it by a factor of 10, and I suspect that your department may be doing the same. If many of these mines do start, you will quickly lose the amount of water that is mentioned in that particular report, which I am aware of. I am making those points. I am now concerned that not enough planning is occurring in that area, and we will talk about that at a later stage.

Hon HELEN MORTON: Before we finish that item, I would like Miss De Lacey to make some final comments on that.

Ms De Lacey: The area of water supply planning is one of the top three priorities for the agency through the review of the department’s strategic direction. It was recognised within government that that was an area that we needed to be far stronger in; and not just within government, but also within significant stakeholders, whether they be from conservation areas or mining areas or industry. We have created a water supply planning branch as part of the restructure and resourced that internally, and its role is to look at every region in Western Australia, particularly around the priority areas, and look at the supply, what water is available, and demand. Establishing demand is probably one of the most complicated things to do within government, because there is a range of different aspirations across government. But we work very closely with Mines and Petroleum, State Development, Chamber of Minerals and Energy, and Department of Planning, to really get a solid handle on what the demand will be, and then to work out what the available water resource is, what the demand is now and what it is likely to be projected, and to make sure that the advice that we are able to provide to government is clear advice around the supply–demand balance now and in the future, and what the options might be to fill any gaps before those gaps emerge.

Hon MAX TRENORDEN: Madam Chair, could we just have, then, a breakdown, because I am sure you have it with you now, of where that \$35.3 is going to be spent?

Hon HELEN MORTON: We have got that information now. I think that if somebody asks a question, people should have the opportunity to answer it, rather than take it on notice, if we have got the information.

Hon MAX TRENORDEN: I am just conscious of the time.

Hon HELEN MORTON: Then do not ask the question—put it on notice if you do not want it answered.

Hon LJILJANNA RAVLICH: Don’t be rude!

Hon HELEN MORTON: I am not being rude. I am just saying if you want a question answered, I am more than happy to answer it, but let the officers here have the chance to answer it.

The CHAIR: Mr Davis.

[8.50 pm]

Mr Davis: I think I can summarise it fairly quickly. The numbers will add up roughly to around \$35 million or \$40 million. There is \$11 million from royalties for regions for investigations into west Canning Basin, Sandfire. There is another group of seven projects for which there is \$12 million, and they are in the south coast, the south west, west Midlands, Hamersley Range, the Murchison palaeochannels and the Dampier Peninsula.

Hon MAX TRENORDEN: They are broad areas. That is not the detail that I require.

Mr Davis: That is where the investigations are taking place.

Hon MAX TRENORDEN: They are very broad areas. That is like saying Tasmania.

The CHAIR: The point is made. I think the member is seeking detail on each of those. It might be useful to take that on notice.

[Supplementary Information No C12.]

Hon HELEN MORTON: Can you ask what sort of detail, Madam Chair?

The CHAIR: Can you elaborate on that?

Hon MAX TRENORDEN: I would like to know about the \$35.3 million to be spent on improving the state's knowledge on groundwater sources. What are the targeted areas? You use the words "targeted areas".

Hon HELEN MORTON: With all due respect, those are the targeted areas. All I am asking is for the member to give us —

Hon MAX TRENORDEN: They are the size of Tasmania!

Hon HELEN MORTON: If the member wants more specific details, could you just let us know what specific areas of detail you —

Hon MAX TRENORDEN: I want to know what areas are being targeted.

Hon HELEN MORTON: I am afraid that that is the answer.

Hon MAX TRENORDEN: Pretty average.

Hon HELEN MORTON: The answer has been given.

The CHAIR: Are you saying there is no detail beyond that which you have just given?

Mr Davis: When you do an investigation for the west Canning Basin and Sandfire areas, it is over a vast area. That is what the area is known as and that is where the investigation will take place. There is just one other study that I did not mention—the Perth confined aquifer study—which we mentioned previously and is \$7 million. We have an additional \$8 million over four years for our state groundwater investigation program.

Hon MAX TRENORDEN: Perhaps he could answer the question by telling me which aquifers are being targeted. That would be a little different than giving me just the regions.

Mr Davis: We will have to take on notice information about particular aquifers.

The CHAIR: That is on notice. You are talking about particular aquifers under supplementary information C12.

Hon MAX TRENORDEN: I have just one more question and I will be happy to leave it at that. At page 856 is the line item "Rural Water Grants". There is a significant increase in the budget item over the actuals of the previous year, which I must admit is good news. I would like to know whether there has been an increase in the scope of the grant or variety of grants that people can apply for, which I gather might be the case. That is the first part of the question.

Ms De Lacey: I can answer that in broad terms. The amount allocated each year is very similar. The amounts that you see reflect the movements of funds according to projects that perhaps are not completed yet and need to be rolled into the following year.

Hon MAX TRENORDEN: It is quite a jump from \$750 000 in round figures to \$2 million.

Ms De Lacey: We can get you some more detail —

Hon MAX TRENORDEN: That might be easier, Madam Chair —

Hon HELEN MORTON: Just a minute; we have that information here.

Mr Nordsvan: In general terms, with the rural water grants program there is an annual allocation of \$2 million. The issue relates to timing. There are some years when a grant is paid based on a series of actions and it could be more than 12 months or 15 months; it could be a long time. What we have with that line item is every year it goes up and down, depending on the timing issues relating to these grant payments.

Hon MAX TRENORDEN: What about the out years? It continues in the out years until 2015–16. Why is that the case?

Mr Nordsvan: The amounts in 2013–14 and 2014–15 are the set figure. In terms of the out year 2015–16, I cannot answer that and would have to take that on notice.

Hon MAX TRENORDEN: If there is a question on notice, could I also have the grants that were allocated in the past year? There is probably a long list.

[*Supplementary Information No C13.*]

The CHAIR: I am aware that at least two members have not had a chance to ask a question. They have been very patient and I appreciate their patience. I want to check with Hon Philip Gardiner because I think he had a question.

Hon PHILIP GARDINER: I will go after them.

The CHAIR: Hon Ken Baston.

Hon KEN BASTON: Thank you, Madam Chair—the patient person that I am. On page 856 under “Details of Controlled Grants and Subsidies” is a line item for the Gascoyne irrigation pipeline that shows an allocation of \$6.885 million. Can the minister please tell us the current status of the project and its anticipated benefits?

Ms Western: That amount represents the final payment to the Gascoyne Water Co-operative, based on the practical completion and auditing of the final costing of the project. So there is a final payment to be made to the GWC, given that the project has been completed, but the final project completion and auditing costings is underway at the moment.

Hon KEN BASTON: Following on then from the plantations, I know that the lower Gascoyne is experiencing high salinity. Can you advise whether that is because of an over-allocation or because of the salt that washed down from the floods from the upper Gascoyne some 18 months ago?

Ms Western: It is the latter. The current salinity level in Carnarvon is unprecedented. The floods of 2010 have mobilised salts within the saturated soil profiles right throughout that catchment across multiple tributaries. The salts have moved with the continuing flow into the Gascoyne River via those tributaries. That has contributed to the flow becoming a trickle and the river has recently stopped flowing. That means that the salts that have been mobilised have settled into the upper aquifer itself where the growers access directly from sub-area A. Water quality monitoring is carried out by the Department of Water, the Water Corporation and Gascoyne Water Co-operative. That information is used to monitor the status of the aquifer. There is ongoing work to look at the management options that we have, given the unusual situation around the salinity in the sub-area A aquifers at the moment. So there is continuing work with each of those key bodies to look at what

the opportunities are. The key message is that the salinity being experienced in sub-area A is not directly related to extraction but is actually a result of the ongoing impact of the floods in 2010 and a reasonably dry season to follow up. We have not had a river this year to flush the system and so the hot season following the 2010 floods has exacerbated the impact of the salinity. That means that there is potentially a lesser amount of water available in sub-area A this season but that is still being worked through. Because the water arrangements in the lower Gascoyne are conjunctive, there is the option of scheme supply water as an alternative supply to growers. Growers have a conjunctive allocation through the Gascoyne Water Co-operative, but it is an ongoing management challenge in the lower Gascoyne.

[9.00 pm]

Hon NIGEL HALLETT: I have got—noting the time—just a single question.

The CHAIR: We are going to 9.30 pm, so do not stint yourself.

Hon NIGEL HALLETT: Page 855, “Regulatory fees and fines” I note in 2012–13 is \$5.854 million. Considering this shows to me it is a new charge, I am just wondering if I could have details of how it was arrived at. Is this applicable to the Warren–Blackwood landowners in that area; and, if not, why is it an ongoing charge in the subsequent years of 2013–14, 2014–15 et cetera in the forward estimates?

Ms De Lacey: In one way or another, regulatory fees has appeared in our budget papers since 2007–08, and I will talk through some of the variances in that. The base figure is around \$5.799 million, which was based around work that was done prior to 2007–08. We understand that was associated with the blueprint for water reform. That is a figure that was based on a fee structure to recover water licence administration that was proposed by the previous government in the 2007–08 budget papers at that stage, so that is the base figure. This array or a figure around that amount, apart from two years, has appeared in every budget since that period of time. In 2009–10, there was \$55 000, which is the amount that we recover or the fees and charges that we have as a base level. There was another variance the year before that, which was a lower level as well. But this base figure comes from that period of time. It is a figure that is placed into the budget that reflects that cost recovery may be introduced, but cost recovery has not been introduced, and the footnotes in the budget papers reflect that it is subject to a government decision. If government was to make a decision to cost recover, then that would be subject to the normal kinds of processes, which would be the development of regulations, which would be tabled in Parliament. There has been no such government decision made at this time, so that is the history in how that figure was derived at the very beginning back in 2007–08. There have been a couple of years in the budgets where that figure has changed, but that base figure, other than those couple of years, has remained relatively constant, and it comes from back at that time.

Hon NIGEL HALLETT: So considering the statement by the minister back in 2011 that indicated that this fee would be abolished, why is it still staying there?

Ms De Lacey: It reflects a decision and it has always. That decision has never actually been taken, or it was in fact taken in the previous government and was disallowed. But it reflects a decision, as the footnote says, that would be subject to government deliberations. It is something that would be subject to a government decision.

Hon PHILIP GARDINER: Back to page 849 and the bottom dot point on that page and in relation to Hon Max Trenorden’s question about spending money on better understanding what the groundwater sources in these targeted areas are. In the aquifers to which that item refers, I am reminded of the answer concerning the Gngangara mound where in 2011—I think you gave us this page—suggests that we have not made much improvement despite that heavy rainfall year on the recharge into that Gngangara mound from the previous dry year, 2011. My question is: first, with the aquifers on the, let us say, coastal plain, if you like, before you hit the old geology going east, are

those aquifer recharges of a similar state to which you have experienced in Gngangara; in other words, there is no significant improvement after that good rainfall year?

Mr Davis: So, with the Gngangara, what you have got before you is a superficial aquifer, so you have got Leederville and Yarragadee under that. Yarragadee is very old water, so you are looking at superficial. The strategy around superficial with the Water Corp is to remove their bores away from that, so that will help that graph to start to take an upward trend in the coming years. I could not quite understand the other part of your question—were the aquifers further east?

Hon PHILIP GARDINER: No, with the aquifers further north, let us say, around Mingenew. I understood that the basic principle the Department of Water worked on is that the recharge would offset the discharge as a result of drawing on the aquifer; therefore, the level would roughly stay the same. Is there a disconnect there and is there any evidence of an improvement in the recharge following the wet 2011 year—I meant compared to the dry 2010 year; I am sorry, I might have misstated those.

Mr Davis: Certainly for the south west, the recharge in the shallow aquifers, for all of them—so, for Myalup and the ones further north too—because the catchments were so dry, the aquifers did not respond as well as we thought, so it was a general trend rather than just being confined to Gngangara.

Hon PHILIP GARDINER: I think I heard you: there was a general trend the same as the Gngangara because of the dry horizons of soil above it. Okay, so with the discharge occurring, let us say out of the Mingenew aquifer—I forget which one that is called now—that means then I suspect that the recharge has not offset that discharge, which you would have planned on.

Mr Davis: There is a number of different discharges, and they can be from the deeper aquifers as well. So where you get faults, you can get the deeper aquifers having surface expressions and you can get recharge in those areas too. Some of them, like the Leederville around Mingenew, for example, will discharge all the time, which is why the Irwin River has a continual flow in it. So it is not a simple answer, I guess. Depending on the aquifer and where the fault systems lie, the recharge will be different. But the general rule is the shallower it is, the more responsive it is to rainfall.

Hon PHILIP GARDINER: Hence the \$35.3 million to which is referred there is going to, I understand, give you better knowledge of what is actually happening now to those aquifers. I thought it was the Leederville at Mingenew, was it not? Is it the Leederville and then the Yarragadee underneath?

Mr Davis: There is Leederville and Yarragadee in the area, as well as a whole lot of others with interesting names.

Hon PHILIP GARDINER: I understood there were only about four bores measuring the Leederville aquifer. I may be wrong on that, but there were not many bores—that is, on the southern part of the Leederville. So I presume—or can you give me the answer—that part of this \$35.3 million is increasing the number of bores so you have got a better knowledge of what is happening in that particular aquifer in that particular region.

Mr Davis: Not in this particular program. We have got quite a few thousand monitoring bores around the state. These projects are particularly for groundwater investigations rather than monitoring bores. As a result of completion of the projects, depending on what information you get you might put some more monitoring bores in, but we have already got a real extensive network.

Hon PHILIP GARDINER: I want a better understanding of where these monitoring bores are, because I am not confident that you or we as a community understand what the resources are and what is happening to them. I put a question on notice to provide, let us just put it to that Mingenew area, where the monitoring bores are on a map in that Mingenew area in relation to the Leederville aquifer and the Yarragadee.

[*Supplementary Information No C14.*]

Hon PHILIP GARDINER: My next question is in relation to an earlier question, I think from Hon Alison Xamon, about fracking. On page 849, in that little table there, the first table under “Outcomes, Services and Key Performance Information”, is —

Social and Environmental Responsibility:

Ensuring that economic activity is managed in a socially and environmentally responsible manner for the long-term benefit of the State.

[9.10 pm]

As you would probably know, there is a documentary called *Gasland* that has been around concerning fracking, about mixing an unconventional gas into water, and there is a very visual scene of striking the gas. Anyone who sees that documentary would have to be highly alarmed, but since you are responsible for the water of the state, the evidence I have is that that documentary is totally untrue in that regard at least, and possibly in a number of others. Do you have a responsibility to assist the education of the state, where we have a huge resource of unconventional gas, and to educate us as a society that there is not a danger, given, maybe, constraints of our water being mixed with gas so that it becomes harmful to drinkers, agricultural users, horticulture—whatever?

Ms De Lacey: The situation in the United States and in many areas of the eastern states in relation to fracking is different to the hydrogeology in Western Australia. We certainly do take seriously the role we have in regulation, and this is an area that comes under that umbrella, and providing advice, particularly to DMP as well. In terms of educating people around what it means and what the differences are, then, yes, that is something we would do. Mines and Petroleum, though, is the lead agency in this area, and we provide advice to them.

Hon PHILIP GARDINER: I can accept in part your response, but I do not think it is sufficient. I believe you have a responsibility, because water is not that of the Mines and Petroleum. I know they have a responsibility and I think they are moving into more and more regulation, which is a positive thing, but I think you have the responsibility. This is a comment: I would urge you to actually do something about it.

Ms De Lacey: One of the areas in the science and planning directorate that we are very conscious of is the need to provide easy-to-understand information about water resources in Western Australia across the board, and that is something that we are certainly looking to focus on. So that is through education in schools, education of people, and also the simple provision of information through our website about the nature of water resources in Western Australia. The nature of water resources here and the nature of water management differs in some fairly significant ways to the eastern states. The education responsibility is one that we recognise, and we are looking to how we might be able to do that in a much more community-friendly way.

Hon PHILIP GARDINER: There are a number of differences. There are also differences, I think, with our geology up the coastal plain as well with the faults.

I turn to page 853 of budget paper No 2. Under “New Works”, there is a line item for groundwater resources investigation and monitoring, which has about \$8.5 million as its total estimated cost over the forward estimates. Then going to the line item of “Replace and Maintain Monitoring Bores”, that is another \$18.3 million. I guess the others are measuring as well. To what extent will the degree of accuracy of your understanding of what these programs are measuring be improved for the money we are spending?

Mr Davis: Having a science background, the easy answer for me is that the more monitoring the better, but there is not an endless bucket of money for that. The way we do our monitoring and investigation work is around the level of use of a particular area. For example, in Gnamptara we do

an enormous amount of monitoring and investigation, so our understanding and investment in that are quite high. In some areas where there is low use, there is not as much investment. I have mentioned previously about our groundwater investigation program. As there is more interest and more use, we focus on those areas more. The investment increases or our prioritisation of those areas increases so we increase the amount of investigation and monitoring we do. It really just reflects the interest in the area, the interest in the water resources of the area, and the current use of those water resources.

Hon PHILIP GARDINER: I understand the sense of what you are saying, but as a scientist can I ask you which measure statistically would you use to demonstrate the improvement in the accuracy of your understanding? Is it a coefficient of variation or a standard deviation or a leastways difference? Is it going to really improve your accuracy by reducing the CV from 24 per cent down to 20 per cent or something like that? Do you have a measure?

Mr Davis: As I have said, the accuracy we have increases with the amount of information, so generally we will not allocate beyond the information that we have.

The CHAIR: Hon Philip Gardiner, I am just aware that I have three more members who wish to ask questions. If they could think of having roughly five minutes each, then that will be a reasonable proposition. Hon Alison Xamon.

Hon ALISON XAMON: I refer to page 852, “Water Use Allocation and Optimisation”, and you can refer to total cost of service for this purpose. I note that in the estimates hearings of the other place it was stated—I understand this is uncorrected *Hansard*—that all major use over 50 000 kilolitres is metered. I know that in answer to questions I have asked in Parliament, it has been made clear that less than half of the combined surface and groundwater licences over 50 000 kilolitres are required to be metered, and that less than half of those are actually reporting those readings to the department. Further, in answer to a question I asked—it was question 5074—the minister told me that the metering requirement is currently 500 000 kilolitres per annum, and that was where it was assessed as necessary. What is the actual policy? They are three different answers.

Mr Davis: I will answer the first bit because we had the transcript of *Hansard* today, and I have crossed out “50 000” kilolitres and put “500 000”; I made an error. I gave a factual error when we reported in the lower house.

Hon ALISON XAMON: I am pleased to hear that, because I was unimpressed.

Hon HELEN MORTON: Mr Connolly will speak to the policy.

Mr Connolly: As Mr Davis said, that is correct: over 500 000 is the policy requirement; it is the threshold. However, the policy is very specific.

Hon ALISON XAMON: I am sorry, I cannot hear the answers to my questions.

Mr Connolly: The policy refers to major users, and that reflects that for over 500 000 kilolitres per annum, we will require a meter to be fitted. The policy, however, allows us the ability to require a meter to be fitted for any entitlement that we consider it necessary. The policy clearly has some guidance in that, in respect to what we call our high-risk areas, we will require metering in those areas on a case-by-case basis. We do not have a blanket approach on an entitlement below 500 000; it is on a case-by-case basis. Just as an example, if we were unable to measure the activity through the conditions on the licence in the area, for instance—it might be industry use or it could be where an irrigator wishes to grow a larger area than we believe he can with the entitlement—we will require him to fit a meter to ensure he keeps within his entitlements. but still allowing the flexibility.

Hon ALISON XAMON: Why is it not a non-negotiable requirement of the licence that it be metered? Why has that policy decision not been made? That is in the NWI.

Mr Connolly: As you are aware, we have close to 14 000 licences across the state. The policy is currently under review. The position at the moment is: is there a different threshold that we should be using; is it less than 500 000?

Hon ALISON XAMON: The answer is yes; it should be 50 000—just saying.

Mr Connolly: To impose a blanket across the state does impose a cost to the individual licence holder, and it imposes a cost to government. Also, it could be taking our resources away from managing our higher risk areas, as that is what we want to focus on rather than spending time dealing with the lower risk.

[9.20 pm]

Hon ALISON XAMON: If only you could build one less prison and we could manage our water sources, just throwing that out there in terms of wasted money. I would like to know what the figures are and what the funding implications have been, requiring private meters on those licences. Have those figures been done? Do you have a dollar value on that?

Mr Connolly: We would not have specific figures on that.

Hon ALISON XAMON: When I have also asked questions about this in the past, the answer has been that the federal government has not provided any more money, as though that is a federal government responsibility, which it is not. That is why I was wondering whether any costs had been done, or has it simply been abandoned?

Ms De Lacey: That is correct. There were funding applications for commonwealth funding. This area of metering is part of what we are looking at as part of the improvement of regulation. We are looking at the metering policy as part of that as well.

Hon ALISON XAMON: Do you have a time frame on that?

Ms De Lacey: We are already doing the work, so in terms of the policy review in relation to metering, we are aiming to have that finalised this year. There are a number of implications, as Mr Connolly has referred to. It is a matter of ensuring that we are managing risk appropriately, not overmanaging risk, because that diverts our resources into areas that are perhaps going to get less benefit to the state. We have to do a careful bit of policy work.

Hon ALISON XAMON: I certainly accept that that is the case if the government overall decides to deprioritise water management over other areas. I certainly accept that. But it would be useful to have some costings on that so that there is an idea of how much money we are talking about. I also wanted to —

The CHAIR: Sorry, member, but I will have to stop you there because a couple of other members wish to ask questions. If you have additional questions, they can go on notice.

Hon SALLY TALBOT: I take you to the asset investment program on page 853. The first line item under “New Works” is “Collie Desalination—Phase 2”, with a footnote (a), which says it is being funded by royalties for regions. You may want to provide a supplementary answer to this, minister. I would like to know what the \$4.7 million will be spent on.

Mr Davis: There was a \$5.2 million grant from royalties for regions for implementation of a project that would reduce salinity in Collie–Wellington. A total of \$500 000 of that has been used by the Department of Water and the South West Development Commission to develop a business case for what the preferred option might be. The remaining \$4.7 million is there for implementation of whatever that option might be.

Hon SALLY TALBOT: Was the royalties for regions money given before the business case was made?

Mr Davis: The royalties for regions money was given for a specific project, which was reviewed as to the involvement with the private sector to see what the benefits for the private sector were. It was

part of a previous project that looked at a particular project, which we called the Collie River salinity recovery project. That is what the money was originally granted for.

Hon SALLY TALBOT: Could you go over that for me again? It shows \$4.7 million in the budget papers. You referred to another figure.

Mr Davis: The original royalties for regions figure was \$5.2 million that was given.

Hon SALLY TALBOT: What year was that given in?

Mr Davis: It was given this year.

Hon SALLY TALBOT: Has \$500 million already been spent out of that?

Mr Davis: A total of \$500 000 of the \$5.2 million was allocated towards developing a business plan for a preferred option to get that outcome of reducing salinity.

Hon SALLY TALBOT: Why is that not shown in the column “Estimated Expenditure to 30-6-12”?

Mr Davis: The \$500 000 is in the budget somewhere but I am not quite sure where it is.

Mr Nordsvan: I could possibly help with that. We received \$500 000 in the 2011–12 year.

Hon SALLY TALBOT: Which is the year ending 30 June 2012.

Mr Nordsvan: Yes, so it is in the estimated expenditure for 2011–12.

Hon SALLY TALBOT: There is nothing there.

Mr Nordsvan: Not in this component; it will be in the income statement.

Hon SALLY TALBOT: Can you show me where that is?

Mr Nordsvan: You will find that the moneys coming in will be in the income statement on page 855 in the 2011–12 estimated actual under the line item “Grants and subsidies”.

Hon SALLY TALBOT: The second one down, \$11.870 million.

Mr Nordsvan: It is in the income component. We have received \$500 000 as a grant, so if you look under “Income” —

Hon SALLY TALBOT: That is part of that \$22.2 million.

Mr Nordsvan: It is part of that \$22.2 million. There is \$500 000 to do the investigation.

Hon SALLY TALBOT: What a good job you are here!

Hon HELEN MORTON: I agree.

Hon PHILIP GARDINER: It might be on the top of page 854. Is there not an item there?

Hon SALLY TALBOT: I think we have found it; it is part of the \$22 million. That leaves us with \$4.7 million to be spent from 1 July.

Mr Davis: The \$4.7 million is part of a funding bid. If there is an approved project, it may or may not be acquitted next financial year. That is what I am trying to say, I guess. If a project is approved by government to reduce the salinity in the Collie, that \$4.7 million will be part of the funding that is contributed for that, but whether that is next financial year, I cannot say.

Hon SALLY TALBOT: Is this one of those exercises that we had several examples of last year—you do not have to comment on that part of the question—where there is lots of royalties for regions money flying around and they are looking for somewhere to spend it? Has the Department of Water actually asked the Department of Regional Development and Lands for \$4.7 million for a Collie desal project?

Hon HELEN MORTON: I think the first part of your question is not an appropriate question to officers from the Department of Water.

Hon SALLY TALBOT: That is why I said you do not have to comment on that part of it.

Hon HELEN MORTON: I am talking about the part after that.

Hon SALLY TALBOT: That is an extraordinary answer, with respect to the officer who has given it. I am saying there is \$4.7 million in the budget to be spent on a Collie desal project phase 2 in 2012–13, and the government's response is that it may or may not be spent because it does not have the project approved yet. Is that correct?

Mr Nordsvan: That is correct.

Ms De Lacey: This area is one of the high priority areas. The issue of salinity in that area is significant for that region as well as for a number of other people across the state. It is a high significant project. With any major royalties for regions funding such as this one, we need to have the business case done. The funding is set aside, which enables us to get on with the work. We are getting on with the business plan. In order to access those funds, it would have to be approved through cabinet. We have to have an effective approvable business case finalised for us to be able to get those funds able to be spent.

Hon SALLY TALBOT: The business case is being done out of the \$500 000 that comes from that other line item. Has that been done now?

Ms De Lacey: That is being done. That is underway.

[9.30 pm]

Hon SALLY TALBOT: What is the process by which that \$4.7 million gets allocated in the 2012–13 financial year without knowing it is going to be spent in that year?

Mr Davis: I will have to go into a slightly longer story. Originally, stage 2 of the Collie project was a project that was looking at building a desalination unit and a diversion near Collie to desalinate the water. There was an existing \$30 million allocation to that—\$15 million state government funding, \$15 million commonwealth funding. A review of the cost of the project was done a couple of years ago. The cost went up to \$37 million. To get the extra \$7 million, the South West Development Commission contributed \$1.8 million and the other \$5.2 million was contributed from the royalties for regions, which made \$37 million. Subsequently, another review was done when we understood the technical details of desalinating the water and the cost had blown out to almost double that \$37 million. It was in excess of double that. The government decided at that stage it should review options for reducing salinity, which it did. A report was done by KPMG that was tabled in Parliament. The report fundamentally said that, one, it was very expensive and, two, you do not have any buy-in from private industry for that project, so it was decided that an industry group that was led between the South West Development Commission and the Department of Water would look at opportunities for private investment in that and whether there was another project that could deliver the same outcomes, but through industry. So the original \$5.2 million that was dedicated to the previous project was carried forward into this new exercise. Hopefully, that makes a bit more sense.

Hon SALLY TALBOT: It does, yes. I begin to understand now why there is no answer to my question. Thank you

The CHAIR: I am mindful we are almost bang on due to finish but I will give the last question to Hon Max Trenorden because I am feeling very generous as long as it is a brief one.

Hon MAX TRENORDEN: A very quick one, Madam Chair. It is on page 849 and you are going to regret giving me that.

The CHAIR: I suspected as such!

Hon MAX TRENORDEN: The last dot point on page 849 is an outrageous statement to be in a budget paper. It is a motherhood statement and has little to do with significant issues impacting the

agency and goes close to contempt of Parliament. You are not the minister, but these documents are meant to display information to members of Parliament from which we make judgement. That dot point goes nowhere near it and if I had some control over the place I would be getting pretty angry about that. The point of coming to these meetings and spending time from 7.30 to 9.30 is to actually get some information. I suggest that these budget papers are inappropriate.

Hon HELEN MORTON: I would like to respond very briefly. First of all, why did you call it a “motherhood statement”?

Hon MAX TRENORDEN: Because it does not give us any information; it is a motherhood statement.

Hon HELEN MORTON: Are you demeaning mothers in that statement? Hon Max Trenorden, could it be a “fatherhood statement” for example?

Hon LJILJANNA RAVLICH: Why do you not just do your job properly?

Hon MAX TRENORDEN: We will call it a “grandmother statement”.

The CHAIR: Order! Hon Ljiljanna Ravlich, you have done very well until now. Perhaps we might just try —

Hon HELEN MORTON: My first part of the response is about it being a motherhood statement, which I think is quite demeaning to mothers. Secondly —

Hon MAX TRENORDEN: It probably is; I will concede that! Mothers are more direct than these budget papers.

Hon HELEN MORTON: Thank you. Secondly, we have not been here from 7.30 until 9.30. We have been here from 7.00 until 9.30.

Hon MAX TRENORDEN: Half an hour, right oh.

Hon HELEN MORTON: In terms of the information that is there, as the opportunity is there to ask additional questions —

Hon MAX TRENORDEN: That is not the point, these are the budget papers.

Hon HELEN MORTON: Okay. The purpose of estimates hearings is to provide people with additional information.

Hon MAX TRENORDEN: You cannot do it.

Hon HELEN MORTON: Why can you not?

Hon MAX TRENORDEN: I asked the questions and have not got the answers.

Hon HELEN MORTON: With all due respect, you were given answers; you have asked for additional information, which you will be given on that particular question.

Hon MAX TRENORDEN: We will see.

Hon HELEN MORTON: I do not think the process of estimates hearings has been too bad. I think it has been quite good.

Hon MAX TRENORDEN: The point I am making about it is that particular dot point should not be in the budget papers. When you talk to the Auditor General—I will talk to the Auditor General—that type of statement should not be under significant issues of the agency. There is no point arguing; Madam Chair; I am making the point. I have been doing this for about 25 years.

Hon HELEN MORTON: Hon Max Trenorden, I think I owe it to the officers who want to make a response to that statement to make that response.

Ms De Lacey: It is a significant issue impacting the agency from our perspective because this is \$35 million that is going into groundwater investigation across the state that was not there. We have

listed the areas where the groundwater investigation is going to be done. Groundwater investigation is the foundation for all the rest of our work. Effective understanding and knowledge of what is happening with groundwater across the state informs our licensing work, our regulation work, our water planning, our allocation plans—every aspect of the work we do. For us it is significant that we are getting a major increase of funding reallocated into that area.

Hon MAX TRENORDEN: That is what I would like to find out. The problem is we cannot measure it.

Ms De Lacey: You cannot measure what?

Hon MAX TRENORDEN: What the program is. You can argue it is a significant issue, but there is no description of the program. There is no point arguing this, Madam Chair.

Ms De Lacey: We can give you additional information about specific areas where this investigation will be done. It is a four-year program. The results will be delivered in terms of additional information and knowledge that informs the work of the agency.

Hon MAX TRENORDEN: I will be interested to see when I get the answer to that question. It is important. People sweat on it. I am not trying to have a go at you personally, but the issue is that water is, if not the significant issue, it is one of the really significant issues. So if we are going to plan the state properly and get industry, residential and agricultural growth correct, we need to know where the water is. If we are going to spend \$35 million doing that, we need to know precisely what the outcome is going to be. In the statement it says “mid west”. Do you know how big the midwest is and how diverse the activity across the midwest is? There is no point arguing, but it is really hard as a member of Parliament when you are trying to assess what the local outcome of the programs are and how you go about working and planning those issues if you cannot get more detailed information.

Hon HELEN MORTON: I think it is agreed, Hon Max Trenorden, that you will get more information. I hope to goodness you are very satisfied with it when you get it.

Hon KEN TRAVERS: I am happy to take it on notice. Where in the budget is the additional \$35 million? Looking back at previous years, your total allocation has not increased by \$35 million over the forward estimates; it decreases.

Mr Nordsvan: In the budget papers it appears in a couple of different areas. We will start off with \$25 million, which relates to royalties for regions. If you open page 853 and go to the line item there “Pilbara Cities Initiative” under the heading “Completed Works” you will see a figure of \$12.5 million.

Hon KEN TRAVERS: Yes.

Mr Nordsvan: That \$12.5 million is the West Canning component of the \$35 million.

Hon KEN TRAVERS: That is not over the next four years; that is last year.

Mr Nordsvan: No. The reason is that when the Department of Regional Development and Lands put its budget papers together it put that component in that sector. That flowed through to our budget papers. That will be adjusted in the midyear review done by the Department of Treasury. That figure came out of Department of Regional Development and Land’s budget papers.

Hon KEN TRAVERS: Have you spent it or are you spending it?

Mr Nordsvan: No; we will not receive it until 2013 onwards. It is incorrectly in there.

Hon KEN TRAVERS: Are you doing an addendum to the budget papers at some point?

Mr Nordsvan: The budget papers are done by Treasury and locked in by Treasury; we do not have any control over that.

Hon KEN TRAVERS: I will have to ask the Under Treasurer tomorrow if he is doing an addendum and how many other areas are hidden away in the budget papers. So where is the rest of it?

[9.40 pm]

Mr Nordsvan: The rest of it, if you have a look under “Income Statement” on page 855 and the heading “Income from State Government”, you will see the royalties for regions fund line there. It has figures in the out years of \$4.4 million, \$3.3 million, \$3.6 million and \$1.3 million. The remainder of the royalties for regions component of that sits within those figures.

Hon KEN TRAVERS: That takes us to about \$22 million.

Mr Nordsvan: That is \$25 million. The remainder—if you go to the capital page, which is page 853, under “New Works”, “Groundwater Resources Investigation and Monitoring”—is about \$8.6 million in total. That is our ongoing groundwater investigation program. That is money we specifically get exactly for groundwater investigation.

Hon KEN TRAVERS: But that is less than you got last year for it.

Mr Nordsvan: The \$1.6 million—but it is \$8.6 million over the out years.

Hon KEN TRAVERS: Yes; but last year you got \$2.54 million. You are saying you are getting additional revenue and your total budget is not increasing by an additional \$35 million. You are maintaining.

Mr Nordsvan: There is another component yet to come with this. It relates to the \$6 million in savings that we have identified through our FTE reductions and our structural reform and efficiency that we are allocating to groundwater investigation in the out years.

Hon KEN TRAVERS: That is not additional money, though; that is re-allocating it from other parts of the department. Hon Max Trenorden is absolutely right; it is a misleading statement to say you are getting \$35 million in additional money. Otherwise you might as well say you are getting \$76 million in additional money because that is your budget allocation for this year.

Ms De Lacey: The specific wording is around additional funds into that particular activity, which it is. Part of that is re-allocation of funding—that is exactly right—part of it is additional funding through royalties for regions —

Hon KEN TRAVERS: To replace existing funding that is not being re-funded.

Ms De Lacey: But it is additional funds to improve our knowledge in that particular activity. It is in fact funds going into that specific activity.

Hon KEN TRAVERS: Under your service summary—which service summary does that come into?

Mr Nordsvan: The groundwater investigation program is capital in nature so it does not appear in the service summary directly. There will be an allocation of expense through a depreciation component in the out years, but it does not appear directly in the service summary.

Hon KEN TRAVERS: Where is this \$6 million worth of savings put back into the asset investment program?

Mr Nordsvan: It is FTE savings. What we are saying is we are reducing our operating costs. Within the services structure, we are reducing our operating costs. The money that is being taken out of that is being re-located to do the groundwater investigation.

Hon KEN TRAVERS: Where does that appear in the budget—in asset investment or in your service summary?

Mr Nordsvan: It is reflected in the reduction in services across the agency.

Hon MAX TRENORDEN: That was my point earlier. That needs to be clearly related. It is not a matter of us asking questions. You are reporting to the Parliament—that is the bottom line.

Hon HELEN MORTON: Can I add: the bottom line is that \$35.3 million is going to be spent on this particular initiative. Funding for it has come from a variety of sources, including royalties for regions, including savings within other sections of the agency. The bottom line is that \$35.3 million is going to be spent on the state's knowledge of groundwater sources in these targeted areas.

Hon KEN TRAVERS: Minister, I do not dispute that. It is the statement —

Hon HELEN MORTON: Great; that is fantastic.

Hon KEN TRAVERS: The way in which the statement is written gives the impression that the agency is receiving an additional \$35 million and I think that is not correct.

Hon HELEN MORTON: This is an additional initiative that is being undertaken by the agency.

Hon KEN TRAVERS: No; it says —

Hon HELEN MORTON: It is a significant issue that is being undertaken by the agency. It is a new initiative.

The CHAIR: I think this point is a good point to say we need to end the hearing. It does not necessarily mean we have finished with our questions.

Hon HELEN MORTON: Unfortunately.

The CHAIR: I am sure there will be more to come.

As it is quarter to 10, I am mindful that people might have to work tomorrow, including us. The committee will forward any additional questions it has, via the minister, in writing to you in the next couple of days, together with a transcript of the evidence which includes the questions that have been taken on notice. Members, if you have any unasked questions, please submit them by email to the committee clerk at the close of the hearing. Responses to these questions will be requested within 10 working days of receipt of the questions. Should you be unable to meet this due date, please advise the committee in writing as soon as possible before that due date. The advice is to include any specific reasons as to why the due date cannot be met. Finally, on behalf of the committee I would like to thank you very much for your attendance. We will close the hearing.

Hon HELEN MORTON: Can I also add my thanks to the agency staff for the amount of preparation that they have done in both preparation for the hearings of today and the hearings in the other house as well. Knowing full well the amount of work that staff put into preparing for this, I think it is one of the reasons I was keen for staff to be able to answer questions given that they have done an enormous amount of work to prepare for those, to have that information on hand here for members.

The CHAIR: Thank you. We will conclude. We have more hearings tomorrow, if you are interested, at nine o'clock.

Hearing concluded at 9.47 pm
