

APPENDIX B

LEGISLATIVE COUNCIL STANDING COMMITTEE ON ESTIMATES AND FINANCIAL OPERATIONS

QUESTIONS PRIOR TO HEARING

Water Corporation

Hon Martin Aldridge MLC asked:

1) I refer the Country Water Pricing Subsidy and I ask:

a) What is the subsidy?

Answer:

A Country Water Pricing Subsidy of \$280.6 million is budgeted for 2019-20. Operating Subsidies are obligations to undertake functions required by the Government that are not in the Water Corporation's commercial interests to perform. This includes losses from the provision of regional water, wastewater and drainage services.

b) Is the subsidy the cost to provide each water user in Western Australia a universal tariff for the first 150KL?

Answer:

The Tariff Cap Policy provides customers in regional areas with the first 300kL of water each year at a price no more than metropolitan customers. This ensures that customers across the State have access to an affordable supply of water for essential needs, regardless of where they live. Customers living in areas with a warmer climate (typically in the northern parts of our State) receive an additional 200kL of water at a price no more than metropolitan customers.

c) The Country Water Pricing Subsidy also covers other losses on the provision of services, such as capped waterprices, farmlands subsidies and rural drainage. If a universal tariff was to apply to water in the same way as it does to power, what would be the annual cost in 2019-20 to the State Government?

Answer: This has not been assessed.

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QUESTIONS PRIOR TO HEARING

Water Corporation

Hon Diane Evers MLC asked:

- 1) I refer to line items 2 and 6 on Page 670 of Budget Paper 2, and I ask;
- a) Is funding for any environmental improvement projects included in the budget for water and waste water infrastructure, such as the use of renewable energy, biosolids reuse, and drainage water quality:

Answer:

Yes

- i) If yes to (a), please detail each environmental improvement project planned, and the costs associated with each project;

Answer:

The Water Corporation is constructing an energy recovery system at the Beenyup Wastewater Treatment Plant to reduce energy costs and improve power supply reliability. The estimated cost of this project is \$19.6 million.

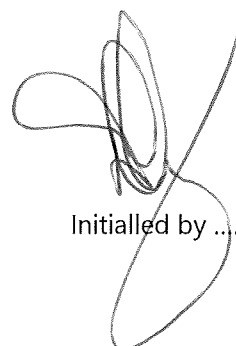
The Water Corporation has also allocated \$2.2 million to install rooftop solar panels at selected pump stations, treatment plants and depots across the state.

The Water Corporation is progressing with drainage upgrades at Roselea Estate to increase stream health to reduce algal outbreaks through the construction of a living stream at an estimated cost of \$1.5 million.

- ii) If no to (a), why not?

Answer:

Not applicable.


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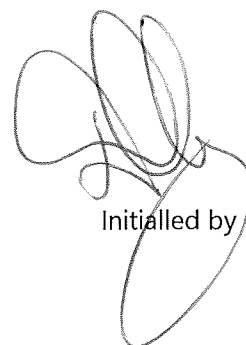
2) I refer to Budget Paper 3, page 7: \$22.2 million to upgrade water and waste water services to Aboriginal communities in the Kimberley:

a) Please detail the upgrades that will be undertaken and the cost of each?

Answer:

Community	Item	Estimated Cost (thousands)
Mowanjum	Liveability Infrastructure	483
	Water Distribution and Wastewater Collection	1468
	Wastewater Treatment Plant	3053
Bayulu	Liveability Infrastructure	335
	Water Source, Treatment and Quality	1713
	Water Distribution and Wastewater Collection	2446
	Wastewater Treatment Plant	2278
Bidyadanga	Liveability Infrastructure	620
	Water Source, Treatment and Quality	3767
	Water Distribution and Wastewater Collection	2416
	Wastewater Treatment Plant	3593
	Total*	22172

**There is an additional \$1.1 million approved funding beyond forward estimates.*



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3) I refer to the statement in Budget Paper 3, page 280 that the Government has approved a 2.5% increase to water consumption (fixed and variable), wastewater, and drainage tariffs for metropolitan and country customers, and I ask:

a) Please detail the modelling underpinning the decision to increase tariffs by this percentage;

Answer:

The 2018-19 State Budget Paper stated an intention to increase water, sewerage and drainage tariffs by 2.5% per annum from 2019-20 to 2021-22, which was applied in 2019-20.

b) How is the increase expected to impact on water consumption;

Answer:

Current residential water prices are designed to minimise costs for average water users and encourage significant water users to reduce their consumption. The Government recognises the increasing scarcity and value of water to our community and, in 2018-19, sent a clear price signal to the relatively few users that consume over twice the amount of water that the 'representative' household does. Encouraging changes in behaviour will assist in deferring the significant investment that will be required for the next major water source. The decision to increase prices 2.5% in 2019-20 maintains the relative pricing across the three water use tiers.

c) How is the increase expected to impact on wastewater production?

Answer:

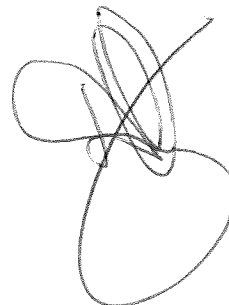
The price increase will be applied to the on-going costs associated with delivering operations, maintenance and upgrades to the wastewater services the Water Corporation provides across the State.

d) How will the increase impact on the provision and maintenance of drainage infrastructure?

Answer:

The price increase will be applied to the on-going costs associated with delivering operations, maintenance and upgrades to drainage services the Water Corporation provides across the State.

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