

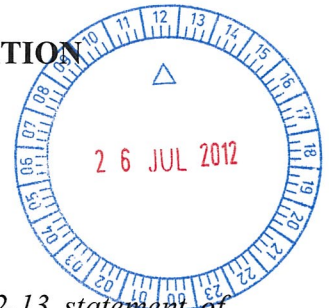
**PUBLIC**

**ESTIMATES AND FINANCIAL OPERATIONS COMMITTEE**

**QUESTIONS ON NOTICE SUPPLEMENTARY INFORMATION**

**Thursday 5 July 2012**

**Water Corporation**



*Question No. C1: Hon. K. Travers asked "Please confirm that the 2012-13 statement of corporate intent is required to be submitted to the Minister by 30 June and not earlier."*

Answer:

The Corporation submits a first draft Statement of Corporate Intent by the end of the calendar year (31 December) and a second draft by the end of the financial year (30 June). The purpose of the first draft is to provide draft commentary on the financial forecasts provided for each year's State budget process. The purpose of the second draft is to provide updated commentary and financial forecast as a result of the outcomes of the State budget process.

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## ESTIMATES AND FINANCIAL OPERATIONS COMMITTEE

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**Thursday 5 July 2012**

#### **Water Corporation**

*Question No. C2: Hon. A. Xamon asked "Could I please get the amount for the funding of the pressure reduction work, and also forward estimates? If you could also identify which areas have been identified for further rollout, and also the timeframes for when those areas are going to be rolled out?"*

Answer:

Pressure Management Program for Perth:

2012/13	2013/14	2014/15	2015/16
\$1million	\$2million	\$4 million	\$4 million

The proposed commencement of the physical roll-out of the pressure reduction program is in the last two years of the forward estimates period once all planning and design work is completed. The areas that have been identified in the initial rollout include 26 suburbs in the cities of Melville, South Perth, Gosnells and Canning.



## ESTIMATES AND FINANCIAL OPERATIONS COMMITTEE

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**Thursday 5 July 2012**

#### **Water Corporation**

*Question No. C3: Hon. A. Xamon asked "Can I have the actual figures for the last financial year, for this financial year and for the forward estimates for the programs for water conservation? Are you able to indicate what percentage is federal funding and what percentage is Water Corp? I am also interested to know generally whether there has been increasing funding for these sorts of public education campaigns or if it has remained fairly constant or if it has been going down."*

Answer:


The Water Corporation is on the public record as being committed to ongoing water efficiency. "Water Forever" sets the goal of reducing per capita water consumption by a further 15 per cent over the next 15 years. Water efficiency measures are operating expenditure not capital and therefore there are no figures included in the budget papers which only include capital expenditure.

Water conservation expenditure is expected to be as follows:

2010/2011	2011/2012	2012/2013
\$17.2 million	\$23.4 million	\$14.5 million

Approximately 30% of the funding for 2010/2011 and 40% of the funding for 2011/2012 was federally funded, whereas approximately 95% of the funding for 2012/2013 will be provided by the Water Corporation.

The reason for the reduced expenditure in 2012/2013, in addition to the completion of the major (part federally funded) water efficiency programs, is reduced expenditure on our advertising campaigns with significant gains from our extensive Target 60 campaign expected to remain.



**ESTIMATES AND FINANCIAL OPERATIONS COMMITTEE**  
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**Water Corporation**

*Question No. C4: Hon. S. Talbot asked "What are the two remote Aboriginal communities that Water Corporation are involved in with upgrading essential water services?"*

Answer:

The Water Corporation upgraded essential water services in:

- Nambi Village (Leonora 2009)
- Bondini (Wiluna 2011)

The Water Corporation are currently in the process of upgrading essential water services in:

- Red Hill or Lundja (Halls Creek)
- Nicholson Camp (Halls Creek)
- Mindi Rardi (Fitzroy Crossing)
- Kurnangki (Fitzroy Crossing)



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**Thursday 5 July 2012**

**Water Corporation**

*Question No. C5: Hon. S. Talbot asked "Please provide a breakdown of the figures for 'Drawdowns from Royalties for Regions Fund' which is footnoted as regional infrastructure and headworks fund."*

**Answer:**

The funding indicated in the budget papers is only for the Country Wastewater Treatment and Conveyance Project - Karratha WWTP 2 - Temporary Package Unit to Facilitate Land Development (Pilbara Cities Initiative).



## ESTIMATES AND FINANCIAL OPERATIONS COMMITTEE

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**Thursday 5 July 2012**

#### **Water Corporation**

*Question No. C6: Hon. S. Talbot asked "Please provide a breakdown of the funding for projects covered under the line item for country wastewater treatment and conveyance on page 860."*

Answer:

Project Title	2012/13 \$000's
Busseton WWTP Amplification Stage 2	\$ 10,000
Busseton Vasse PS A	\$ 4,000
Kalbarri WWTP Interim Upgrade	\$ 3,339
Margaret River WWTP TWWM Stage 2	\$ 3,000
Roebourne NASH PS and PM	\$ 2,960
Geraldton SG1 ST1	\$ 2,750
Hyden Septic Tank Effluent Disposal	\$ 2,675
Kununurra Lakeside Development PS 3A	\$ 2,600
Busseton 13B and 18A PS and PM	\$ 2,550
Bunbury Parade Rd PS Upgrade	\$ 2,481
Derby PS2 & Emergency Storage	\$ 2,432
Eaton Monash Blvd PM to Bunbury WWTP	\$ 2,000
Dalyellup PS A	\$ 2,000
Bridgetown 1E Part 2	\$ 1,782
Esperance Contingency Woodlot Land Purchase	\$ 1,631
Karratha WWTP 2 Temporary Package Plant	\$ 1,630
Toodyay WWPS Type 10 & PM Adjacent DHS	\$ 1,350
Albany Timewell Rd WWTP Improvements	\$ 1,291
Beverley WWTP TWWM	\$ 1,251
York TWWM Land Acquisition	\$ 1,018
Carnarvon PS 4 Replacement	\$ 1,012
+162 projects of <1 million	
Total	\$ 82,635

The following clarification is provided in relation to funding of the above projects:

In addition to the Kalbarri Wastewater Treatment Plant (WWTP) Interim Upgrade, the Commonwealth has contributed funding towards the Karratha Treated Wastewater Management Recycled Water project. Royalties for Regions funding is being provided for Karratha WWTP 2 Temporary Package Plant.



## ESTIMATES AND FINANCIAL OPERATIONS COMMITTEE

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**Thursday 5 July 2012**

#### **Water Corporation**

*Question No. C7: Hon. S. Talbot asked "What is the Water Corporation's budget for the biosolids program? How much does it cost to produce? What is the product?"*

Answer:

The 2012/13 budget for the Metropolitan Biosolids Program is \$4,030,000. The metropolitan Biosolids Program relates to its beneficial use, which includes the cost of transport to the point of use (agriculture, forestry, composters), environmental approvals (soil analysis, fly monitoring, compliance reporting) and spreading costs for land application.

The cost to produce biosolids for the 2011/12 year was \$10,380,000, which was the operating budget for solids treatment within the metropolitan wastewater operations and does not include the Biosolids Program budget referred to above.

In terms of production, a total of 99,200 wet tonnes was produced during 2011/12, which equates to \$104 per wet tonne on average across the three major metropolitan wastewater treatment plants, namely Subiaco, Woodman Point and Beenyup.

Biosolids are produced from wastewater treatment plant sludge that has undergone further treatment to reduce disease causing pathogens and volatile organic matter, resulting in a stabilised product suitable for beneficial use such as agriculture, forestry and composting. Biosolids does not include waste from industrial and food processing activities.



**ESTIMATES AND FINANCIAL OPERATIONS COMMITTEE**

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**Water Corporation**

*Question No. C8: Hon. K. Travers asked "What will your rate of return on assets be for both the 2012-13 and the estimated rate of return for the 2015-16 financial years?"*

Answer:

The estimated rate of return for 2012-13 is 4.0%. The Economic Regulation Authority (ERA), at the request of the Treasurer, is undertaking an inquiry into the efficient costs and tariffs of the Water Corporation, Aqwest and the Busselton Water Board for a three year period to 2015-16. Water charges between now and 2015-16 will be guided by the latest advice of the ERA and determined by the Government as part of the annual State Budget process.





## ESTIMATES AND FINANCIAL OPERATIONS COMMITTEE

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Thursday 5 July 2012

#### Water Corporation

*Question No. C9: Hon. K. Travers asked "Can you give us a breakdown of that over those forward estimates because, again, I see that growing. I am intrigued to understand how that grows under the forward estimates period from where it is currently at \$499 million to \$575 million."*

Answer:

The Internal Funds and Balances can be calculated from the Water Corporation's projection of cash flow. They are the funds available after the various payments are made from annual revenue plus changes, and changes in cash balances. The projected changes in the items that make up this calculation are provided in the Table below.

Summary of Water Corporation Projected Cash Flows (\$,000)

	2012/13	2013/14	2014/15	2015/16
Capital Program	1,071,170	987,007	756,124	775,427
less Debt	570,000	507,517	250,000	200,000
less Royalties for Regions	1,871	1,927	1,985	
<b>Internal Funds and Balances</b>	<b>499,299</b>	<b>477,563</b>	<b>504,139</b>	<b>575,427</b>
Made up of				
Total revenue	2,121,448	2,354,525	2,609,737	2,855,374
plus Equity Injection	9,490	5,080	0	0
less Other Expenditure	798,319	844,697	860,766	883,435
less Interest	287,924	333,005	350,646	362,657
less Finance lease payments		30,411	33,733	33,586
less Tax	194,324	227,330	271,972	330,566
less Dividends	375,463	429,766	548,891	659,251
less Receivables	20,989	20,368	17,252	19,624
less Accounts Payable	(27,955)	(2,127)	19,119	(5,955)
plus reduction (increase) in cash	17,426	1,408	(3,218)	3,217
<b>Internal Funds and Balances</b>	<b>499,299</b>	<b>477,563</b>	<b>504,139</b>	<b>575,427</b>

Note that the Tax line is the actual tax payment in the year (the sum of the four quarterly payments). The Income tax expense in Table 7.7 Revenue to Government from Public Corporations on Page 316 of the 2012-13 Economic and Fiscal Outlook does not align with this figure as this shows the accrued tax. The difference is one of timing as the first quarterly payment relates to the tax payable in the previous year.

