SUBCOMMITTEE OF THE STANDING COMMITTEE ON PUBLIC ADMINISTRATION AND FINANCE

WATER SERVICES INQUIRY

TRANSCRIPT OF EVIDENCE TAKEN
AT KUNUNURRA
THURSDAY, 22 JULY 2004

SESSION 1

Members

Hon Barry House (Convenor)
Hon John Fischer
Hon Dee Margetts
Hon Norman Moore (Participating Member)
Hon Ken Travers

Committee met at 10.04 am

CHAFER, MR TONY
Area Manager - East Kimberley, Water Corporation,
Coolibah Drive,
Kununurra, examined:

Hon BARRY HOUSE: On behalf of the committee, I would like to welcome you to the meeting. You will have signed a document entitled "Information for Witnesses". Have you read and understood that document?

Mr Chafer: Yes, I have.

Hon BARRY HOUSE: These proceedings are being recorded for Hansard to transcribe. A transcript of your evidence will be provided to you. To assist the committee please quote the full title of any document you refer to during the course of this hearing for the record. Please be aware of the microphones and try to talk into them and ensure that you do not cover them with papers or make noise near them.

I remind you that your transcript will become a matter for the public record. If for some reason, you wish to make a confidential statement during today's proceedings, you should request that the evidence be taken in closed session. If the committee grants your request, any public and media in attendance will be excluded from the hearing.

Please note that until such time as the transcript of your public evidence is finalised it should not be made public. I advise you that premature publication or disclosure of public evidence may constitute a contempt of Parliament and may mean that the material published or disclosed is not subject to parliamentary privilege.

A brief explanation of who we are: we are a subcommittee of the standing committee of the Legislative Council. We have had referred to us extremely broad terms of reference, a copy of which is on the table. They are that we inquire into and report on the issues confronting Western Australia that arise from, or relate to, the present and future sustainable supply, quality, retention and maintenance of water services throughout the State. Therefore, the terms of reference are as broad as we like to make them. However, we are in Kununurra to try to get a better understanding of the issues here as a case study, if you like, for the rest of the State.

Would you like to make an opening statement to the subcommittee?

Mr Chafer: Sure. I would just like to say that in my role here in Kununurra I am responsible for the day-to-day operations of the water, the waste water and the two dams from Kununurra to Wyndham to Halls Creek. I am involved in the planning. I do have input into the planning processes, but some of the questions that you might ask that relate to long-term strategies or planning I might have to defer to someone else to get them to give more information to you. I can give you all the information I can on the planning we do on a day-to-day basis, but for some of the longer-term stuff I will have to get some more details for you.

I could have come here with five boxes of documents, but it might be better at the end of the day if you tell me of some specific information you are after and I go and follow it up for you.

Hon BARRY HOUSE: Can you start by giving us an overview of what your responsibilities are in this region? You mentioned them briefly.

Mr Chafer: We look after the water and waste water in Lake Argyle Tourist Village, Halls Creek, Wyndham and Kununurra. As well as that, we run the Ord Dam and Lake Kununurra for irrigation and the hydro. We are also involved in the environmental management of those catchments.

Hon BARRY HOUSE: I know it is a very long, involved process and quite complex, but can you explain to us in a nutshell how much water there is and how it is allocated throughout the region?

Mr Chafer: I did actually bring some data on it because I thought you might want me to.

Hon BARRY HOUSE: Terrific. If you want, Tony, you can speak to the data and leave us a copy, if you identify the documents.

Mr Chafer: These are just spreadsheets that I have made up. I will pass copies around. I presume that you are more interested in the Ord River and Lake Argyle. The first spreadsheet shows the dam statistics when it was commissioned in 1972. Since then, in 1996, a plug was put in the spillway to make the hydro viable, and the capacity was increased significantly. You can see from the data that we practically doubled the capacity. The spill supply level, which is the level at which the spill will overflow, is 10 000 million cubic metres - 10 000 gigalitres I think is the common term - or the equivalent of 21 Sydney Harbours. On the right-hand side of that document I have put the data on the highest recorded levels and also on the current level, which give you an idea. Even though we say that the full supply level gives us 10 000 gigalitres, the capacity in the dam is higher than that. At one stage we had 19 000 gigalitres in there during the floods of 2002.

Hon BARRY HOUSE: Is that 19 000 or 99 000 gigalitres?

Mr Chafer: Ninety-nine was the level. That was about seven metres over the spillway. Of the graphs I have given you, the blue graph shows the total release that we let out of the Ord. That is done in three ways. We have the water that we release through the hydro producer or the hydro producer releases to generate power, which is the dark blue line. That is fairly constant all the year round. That does change, because the higher the water level in the Ord the less water they have to release to produce the power because they have a higher head sitting behind it. I guess the big release is when the spillway runs, which is an uncontrolled release. From time to time we also release water from our valves as well. That practice is becoming less and less. The reason we do that is the hydro producer is doing maintenance on any of the turbines. The release normally drops to about half. They normally shut down the Argyle Diamond Mine power supply at that stage. A few tour boats operate on the lake and they have difficulty navigating the channel, so we will release water to enable them to get to the bottom end of Lake Argyle. This year we will trial it so that we pass the responsibility of operating those valves over to the hydro producers. We are hoping that the releases will be minimal. Hopefully, we will get down to zero releases, because it does cause them some issues when we have the valves cracked open slightly. They are telling us it causes them corrosion issues with the fine spray in the air, so we have got them shut completely now.

The last graph shows a typical year pattern of the effect of the wet season on the storage level in Lake Argyle.

Hon KEN TRAVERS: I get confused with gigalitres converted to cubic metres.

Mr Chafer: It is one million cubic metres. I get confused by that as well.

Hon KEN TRAVERS: Are those figures 5 641 gigalitres?

Mr Chafer: Yes.

Hon KEN TRAVERS: Are those figures effectively gigalitres or millions of cubic metres - however you want to define it?

Mr Chafer: Exactly, yes. I just hope I have got that right, but I am certain that is the way it goes. As far as allocation is concerned, under the agreement, about 2 100 gigalitres can pass through the hydro turbines to generate their power, but obviously the lower the dam level the closer we will get to that 2 100 gigalitres. We probably do not get anywhere near that. I should have put a total column in here, which would have been handy because you would have seen an average of about 160 gigalitres a month is right on the 2 100 gigalitres.

Also the Argyle Diamond Mine operators pump their water out of the lake. They are able to take six gigalitres a year. Ord Irrigation Cooperative's licence has not been finalised at the moment but as I understand it, its take through the M1 diversion and Packsaddle off-take will be around the 335 gigalitres a year.

Hon JOHN FISCHER: Where does that come from?

Mr Chafer: That comes from the hydro release basically. We divert part of the hydro release to the irrigation.

Hon JOHN FISCHER: It is already out of the dam. It is out of Lake Kununurra, is it?

Mr Chafer: Yes. The only release that is not included in that diversion is the ADM allocation. It pumps upstream of the dam, but everything else is downstream. We still have several customers on the M1 channel. Our licence will be for five gigalitres, but we will probably never get to the stage of using it ourselves. We also have other pumpers on the Ord. Their combined licence from the Department of Environment is 15 gigalitres a year. We have a number of farms upstream of the diversion dam and also downstream. They are allowed access to pump.

Hon JOHN FISCHER: What does that total?

Mr Chafer: That is the total release out of Lake Argyle. That is just the other three added up: the spillway release, the Water Corporation release and the hydro release.

[10.15 am]

Hon BARRY HOUSE: That is the existing situation. What issues is the Water Corporation involved in regarding the Ord stage 2 proposals?

Mr Chafer: The Water Corporation is interested in Ord stage 2 only as a bulk water provider. The Water Corporation will not be involved in the provision of the infrastructure in the valley. It wants to limit its involvement as a bulk water provider. If a customer asked the Water Corporation for an increase in the amount of water allocated to the customer as an extension of the M1 system, the customer would have to apply to the Department of Environment for a licence to divert the water. Depending on what amount of water the customer was allocated, the Water Corporation would sell that water to the customer. The Water Corporation is not involved in the allocation of the water; that is the role of the Department of Environment. However, as a commercial operator, obviously the Water Corporation is keen to sell as much water as it can without having a negative impact on water storage and on the environment.

Hon DEE MARGETTS: Who are the Water Corporation's customers?

Mr Chafer: The Ord Irrigation Cooperative is the Water Corporation's main irrigation customer. There are also 70 or 80 private pumpers. Some 30 of those are off the M1 channel, which the Water Corporation still owns, and the other pumpers pump water out of the lake or downstream of the diversion dam.

Hon JOHN FISCHER: Will those customers remain customers of the Water Corporation or will they become customers of the Department of Environment?

Mr Chafer: As far as I am aware, they will remain customers of the Water Corporation. The Department of Environment has issued licences to those individuals. The Water Corporation is telling them at this stage that the Department of Environment is interested only in licensing

arrangements and that the Water Corporation will continue to charge the customers for the water they use.

Hon JOHN FISCHER: Does the Department of Environment tell the Water Corporation whether it can sell those customers water? If that is the case, would the Water Corporation sell the water to those customers?

Mr Chafer: Yes.

Hon BARRY HOUSE: In a broader sense the environment is also a customer.

Mr Chafer: Exactly. The Department of Environment has developed a draft strategy that will provide the Water Corporation with the rules by which it can operate the storage spaces of Lake Kununurra and Lake Argyle. As far as I am aware, that draft strategy has not been finalised. It refers to environmental releases of water in the event that there is a severe drought - although we would need to experience several droughts to have an effect on the amount of water stored at Lake Argyle. The draft strategy gives a priority to environmental releases. As I understand it, the environmental release will be around 1 260 gigalitres a year. Compared with the amount of water released through the hydro-electricity dam, it is only about half the current release. I guess it will become an issue if a restriction is put on the hydro. At the moment the hydro can operate unrestricted to a level of 78 AHD. The lowest amount of water the dam has stored since the spillway plug was installed is 86 AHD. Therefore, until the hydro was built, they had a licence to generate as much power as they wanted to within the confines of their agreement. If the level gets down to 78 AHD, I believe the strategy will determine whether restrictions will apply to the hydro dam, to the environment or to the irrigation area.

Hon BARRY HOUSE: What is AHD?

Mr Chafer: It is the Australian height datum above sea level. The data sheet I have provided the committee shows the height datum.

Hon KEN TRAVERS: It is the height of the base of the dam to the top.

Mr Chafer: Exactly. Members will see that the full supply level is 92 AHD; that is, before the spillway overflows. The lowest level it has been down to, which was Remembrance Day of 1998, was 86 AHD. At that time there was a very poor wet season. During that wet season the level of water in the dam hardly rose at all; it rose by about only 150 millimetres.

Hon JOHN FISCHER: That is the same level as when it was commissioned in 1972.

Mr Chafer: Exactly. That was before the plug went in.

Hon JOHN FISCHER: In other words, it has never been lower than the initial height.

Mr Chafer: That is right. The water level has never been lower than the initial height of the spillway before it was plugged. With the current users on the scheme the level could reduce by another eight metres before it would become an issue under the draft strategy, which has not been finalised.

Hon BARRY HOUSE: What is the time frame for that?

Mr Chafer: I could not tell you because the Department of Environment is responsible for delivering that strategy. However, it had hoped to finalise the strategy before it issued the Ord Irrigation Cooperative with a licence and the Water Corporation with a licence for the M1 diversion. In the last discussions I had with the Department of Environment, the department indicated that the Water Corporation would get its licence before the strategy was finalised. The Department of Environment has an issue with the Argyle Diamond Mine and the fact that the ADM had not determined at the time whether it would go underground, which would affect its power requirements. The Department of Environment was waiting for that matter to be finalised before its

strategy could be finalised. Otherwise, the strategy would have to be amended again. That is my understanding of the situation after discussions with DOE.

Hon DEE MARGETTS: What role does the Water Corporation play in providing drinking water?

Mr Chafer: The Water Corporation owns and operates the bore field. It is our responsibility to provide drinking water to the towns of Kununurra, Wyndham, Halls Creek and the Lake Argyle tourist village.

Hon DEE MARGETTS: Therefore, the Water Corporation is the proponent and operator of the water.

Mr Chafer: Exactly.

Hon KEN TRAVERS: Does the Water Corporation currently release any water over and above what goes through the hydro, the spillway or the irrigation operations?

Mr Chafer: No.

Hon KEN TRAVERS: Is that met by the current release?

Mr Chafer: Yes.

Hon KEN TRAVERS: Am I right in saying that you have said the Water Corporation would not need to meet either the environmental requirement or release any additional water?

Mr Chafer: That is the data we have had since the plug was installed in 1996. From what I saw in that draft strategy, when the water volume gets down to 78 AHD, issues will arise meeting everyone's requirements.

Hon KEN TRAVERS: How often is that expected to occur?

Mr Chafer: I will have to get some information on that. I am not sure.

Hon KEN TRAVERS: That is under the current allocation. Would those requirements change significantly to meet the Ord stage 2 requirements?

Mr Chafer: Again, I would have to get some more information on that. However, in the eight years since the spillway plug has been operating, the lowest level the dam has reached is 86 AHD after a very poor wet season. That is the only data we have to work with, but there would be some scientific information from the previous history of the dam before the plug was built.

Hon JOHN FISCHER: It is difficult to comprehend the AHD and what the volume of water is when it drops. What confuses me is the amount of water that is necessary to go downstream for environmental reasons and in a drought, and whether it needs to be added to regardless of what is happening in the hydro. If Argyle goes electric, a lot more water would be used. Is that correct?

Mr Chafer: Yes.

Hon JOHN FISCHER: A lot more water would go into Lake Kununurra.

Mr Chafer: The hydro release would be. During the dry season and when the spillway was not running, it would be more significant.

Hon JOHN FISCHER: The relation of the AHD with the height of the water is that a drop of one metre to 76 AHD will probably be a lot less water than a drop of a metre at 92 AHD, will it not? The volume of the water will be totally different. Basically, we are trying to look at the amount of water that is there. I am trying to work out how relevant is the fact that it has dropped to 86 AHD or that it will cause concern if the level drops to 76 AHD.

Mr Chafer: I can provide the member with data on what the capacity of the dam is at 78 AHD and 76 AHD. That will give the member a better idea.

Hon KEN TRAVERS: Has any work been done on whether the capacity of the dam can be increased?

Mr Chafer: It was done for the hydro and I presume the seven metres - I had better not presume that. I will provide the member with that information.

Hon BARRY HOUSE: Will you provide that as follow-up information?

Mr Chafer: I will. Can I take notes on that or will I get -

Hon BARRY HOUSE: The committee will write to you afterwards and ask you to follow up with information on this area that you mentioned during the hearing. Any other questions?

Hon JOHN FISCHER: There are a couple of other issues. We have virtually concentrated on only the irrigation aspect and the hydro. I believe there are some very serious problems in Wyndham with regard to water supply and water quality. I would like Mr Chafer to outline those problems and provide information on what is the Water Corporation's stand on that issue and whether any proposals have been presented to improve that situation. I would also like to discuss with Mr Chafer some aspects of the bore field in Kununurra and what the Water Corporation is currently doing to look at alternatives.

Mr Chafer: There is no issue of water capacity in Wyndham. The Moochalabra Dam in Wyndham was upgraded five or six years ago - I cannot remember the exact time. There is no issue of capacity; the issue is that there is some discolouration of the water, which occurs a couple of times a year. Two events lead to that. The first is the run-off of the water from the wet season. The water contains silt and mud from the catchment area, which runs into the dam and causes discolouration. Also, in the dry season when the temperature changes, the dam inverts and the dirty water from the bottom rises to the top. The issue for the Water Corporation is that it maintains chlorine residuals regardless of the colouration of the water; the dirtier the water is, the more chlorine must be added. That gives us a level of assurance that the water is treated and is safe. The Australian drinking and water guidelines have recently been changed. Previously the turbidity of water was considered an aesthetic quality; it was not a health-related characteristic. Even though the Water Corporation was supplying dirty water for GMOs, the Water Corporation was satisfied that it was healthy water. There has been some debate about whether the silt in the water can mask bacteria. There is no degree of certainty that regardless of how high are the chlorine levels, other things that would usually be killed by chlorine could exist in the water. There is no proof of that, but there is some discomfort about it. Therefore, the guidelines have been changed and now we must maintain an NTU, which is a measure of turbidity, of below five. At times, particularly during the wet season, the turbidity of the water in Wyndham can be as high as 40 NTUs, which is eight times above the limit at which we would be required to supply good quality water to our customers. We have just designed a filtration plant to be located at Wyndham which, as I understand, will be commissioned in early 2006. That will bring the turbidity of the water to below one NTU. At that level, we will be satisfied that the disinfection process has been effective. Currently there is an issue with the colour of the water in Wyndham. Can I add anything more to that?

[10.30 am]

Hon JOHN FISCHER: When is it intended that will take place?

Mr Chafer: The job has been designed. I think the tender process will be completed sometime this financial year, and the plant is due to be commissioned in early 2006.

Hon JOHN FISCHER: Will that affect the water pressure that is available in the town, commercially and industrially? I have heard complaints that it is certainly not adequate at the moment.

Mr Chafer: I do not think there is an issue with the current water pressure because it exceeds the pressure we are required to provide. The pressure we are required to provide is 15 metre head. We are providing around 30 metre head for most of Wyndham. I will have to get some details for you; that is, find out whether once the filtration plant goes in there will be an effect on the pressure in any part of the town. That certainly was a requirement from us as operators of the scheme; we said

we would not like to see a reduction in pressure. However, I would need to confirm that that is the case.

Hon JOHN FISCHER: Would it be fair to presume that that there would be any change in water and the cost of water for consumers when a filtration plant is put in?

Mr Chafer: Certainly - sorry, do you mean the cost of water to our consumers?

Hon JOHN FISCHER: Yes.

Mr Chafer: That is doubtful. Wyndham is already at the higher end of the tariff. As you are probably aware, essential water around the State is sold at the same price regardless of where you live. Residential customers in a town in which it costs more to produce water really pay a higher amount only if they use what you would call excessive water. In the north west, that is over 550 cubic metres a year. Certainly, it will affect our operational cost because of the cost of managing that plant. There will be a slight reduction in treatment costs because we will not have to use as much chlorine as we have used in the past, but there will be an increase in the operational cost for us. I can find out whether the sums have already been done to determine whether this is going to increase -

Hon JOHN FISCHER: I would be interested to know what type of plant you are putting in there and basically what the cost will be.

Mr Chafer: Sure. I will get all those details for you.

Hon BARRY HOUSE: We have some time constraints because we are hearing other witnesses. Members will ask questions, and Dee will start first.

Hon DEE MARGETTS: I refer to the issues of quality in the water. I presume your main customer is the bulk irrigation cooperative. What aspects of water quality in the dam would the Water Corporation have some concerns about, such as the salinity levels or any potential salinity levels of irrigation water? Where does the local Water Corporation interact in that process?

Mr Chafer: I will confirm this, but I think that we guarantee that we provide water at a TDS level of 500, and we are well below that at the moment. The TDS is monitored regularly, but I would have to provide you details of how regularly it is monitored and how the levels have been since the OIC took over. However, I could not tell you off the top of my head.

Hon DEE MARGETTS: If those levels were to rise in Ord stage 2, would the Water Corporation have any responsibility in that regard?

Mr Chafer: I could not see why they would rise in stage 2 because we are talking about the salinity of the catchment itself. I would not think that higher demand would have an impact on the turbidity. It is not like a ground water catchment where you cause problems if you overabstract. I do not think it would. Obviously, as a bulk water provider we would provide water of a certain quality. There would be guidelines on the quality of the water we had to provide. If we were unable to provide at that quality, we would not be able -

Hon DEE MARGETTS: Perhaps what I am trying to get at is: if there is an issue with rising water tables -

Mr Chafer: In the irrigation area.

Hon DEE MARGETTS: Yes.

Mr Chafer: Okay.

Hon DEE MARGETTS: For Ord stage 2. If that were an issue, would the Water Corporation have no responsibility for dealing with that excess water or having to find a way of diverting or -

Mr Chafer: Improving the situation. I think the main responsibility would lie with the OIC, obviously, but we would not just wash our hands of the affair. I sit on a committee, on which the

OIC, the Department of Environment and CSIRO are also represented. We are looking at a number of options to monitor salinity in the current area and to find things that we can do to try to improve it. The Water Corporation last year allocated $250 000 to install a couple of very large dewatering bores to take water out of the ground water area and put it back into the drainage system and back into the river. We and the OIC are involved in a number of other proposals. I would say we have a continuing involvement with the OIC. Commercially, it makes sense for us to make sure that it is viable; otherwise, we would have no-one to sell our water to.

Hon NORMAN MOORE: In respect to the water supply for Kununurra, you would be aware that there is an issue with the protection area around the bore field. That is having an effect on some people's proposals for development in that part of Kununurra. What are the prospects of having another bore field somewhere else where there would not be the same problem that there is now? What sort of money would you be looking at to create a new bore field?

Mr Chafer: I have seen the results of a study that was done by our infrastructure planning people into alternative sites for a bore field in Kununurra. I think they looked at five or half a dozen sites. That ranged from sites at Packsaddle Plains, Maxwell Plains and the golf course to a plan to take water straight out of Lake Kununurra or put in a pipeline from the spillway - creek - and run it down to Kununurra. The sort of figures I saw range from anywhere between $10 million to $100 million for the spillway plan, which I think was the most expensive. They are the alternatives that have been looked at. I guess the issue is whether someone wants to pay that sort of money to provide Kununurra with an alternative source when it already has a very reliable, very good quality source.

Hon NORMAN MOORE: Apart from it having some effect on the potential development of that area around the bore field.

Mr Chafer: I understand that the Department of Environment is doing a study into water flows through that area to determine whether the P1 area is excessive, but I cannot comment on that because that is something that it is looking at.

Hon KEN TRAVERS: On that issue, what would the cost structures of $10 million to $100 million and the current usage of water mean for the price of production of water in Kununurra, compared with what it currently costs? There is the capital cost, but when you do your sums and amortise it and all the rest of it, would it change the cost -

Mr Chafer: It certainly would. The golf course is an activity that we would not normally allow on a P1 area. We would have to look at some downstream treatment of the water so we can be assured that the quality was not affected. We have done some sums on the flow-on impact on our customers of relocating the bore field under any of those options. We are currently in a class 1 category for water consumption charges.

Hon KEN TRAVERS: The question I am getting to is: I know that with the Harvey Dam, the Water Corporation did figures and was able to say that the cost of that water and the water that is provided out of the Gnangara bore field would be 35c a kilolitre, and new sources work out at 45c a kilolitre. I assume that you have a figure of the cost of production of water at the current bore field, and I am interested to know what that figure is. Have you have done sums on what the new cost of production per kilolitre would be if you were to move the bore field under one of those options?

Mr Chafer: We have definitely done that and I can get you the information. On hand, I do not have the bit in the middle. I have gone to the next stage and worked out what impact any of those options would have on our customers when we sold the water to them; that is, whether we would have to increase our charges. We would have to increase charges under any of those options.

Hon KEN TRAVERS: Is that for commercial use? The price for residential customers would stay the same.

Mr Chafer: The impact on residential customers would be minimal. In Kununurra, the average household consumption is about 600 cubic metres a year, and we have worked out that, under any

of those options, the increase in charge for those customers who do not exceed the 600 cubic metres would be around $3 a year. For commercial customers, the increase will range from between $500 to $750 a year under any of those options.

Hon KEN TRAVERS: Can you get us those figures about the cost of production? Can you explain to us the tariff system that works in Kununurra and Wyndham?

Mr Chafer: I have a copy of the tariff here, but for only Kununurra, I am sorry; I do not have one for Wyndham.

Hon KEN TRAVERS: That is fine.

Mr Chafer: In Kununurra on a per year basis, the first 150 cubic metres of water are 41c a kilolitre; the next 400 cubic metres are 67c a kilolitre; the next 100 cubic metres are 76c a kilolitre; and it goes up. Anything over 1 950 kilolitres a year is $2.90 a kilolitre. It is a sliding scale. We issue three water bills a year. At the beginning of the billing year, which is July/August, all the customers start with a zero. If a customer consumes, say, 300 kilolitres in the first third of the year, the next year-to-date bill will start from 300. There are increments in every bill until the final one for the year is received.

Hon JOHN FISCHER: I believe the annual allocation for the bore fields is currently two gigalitres a year, and you draw about 1.2 gigalitres.

Mr Chafer: Exactly.

Hon JOHN FISCHER: The growth is relatively static -

Mr Chafer: About one per cent.

Hon JOHN FISCHER: It is about one per cent. How many bores are operating? I have seen those figures on the establishment of a new bore field that you cited. I thought the cost was in the region of $8 million. Have you done tests and identified the areas where you could put a bore field if it were necessary?

Mr Chafer: That is part of the cost of looking for an alternative site. The hydrological studies have to be done to determine whether a water supply in another area is viable. Those tests have not been done.

Hon JOHN FISCHER: This has been going on for a while now. Is there any indication that you will do those tests in a reasonable time frame?

Mr Chafer: The Water Corporation's position is that it does not see a requirement to move the bore field until someone pays it to do it. We would expect that body, whether it be the department of lands, LandCorp, the shire or somebody else, to pay to have those tests undertaken. I would have to confirm this, but I think some of the testing we are talking about is in the order of $500 000 or more. The sort of testing that DOE is involved in at the moment is about determining whether the P1 area is overstated. If we were to go ahead and do all those other tests at someone's cost, we might find ourselves in a situation in which they are not warranted because part of the existing P1 area is able to be freed up, which would satisfy the local development requirements.

[10.45 am]

Hon DEE MARGETTS: Sorry, can you just explain in layperson's terms what you mean when you say that the P1 area is overstated?

Mr Chafer: The P1 area is the area in which there is a restriction on development at the moment. That is the highest level of restriction on development that can be given in a water catchment area. Some developers and the shire have suggested that the area is excessive and that we could actually have a much smaller P1 area to protect our current and future water supply requirements.

Hon JOHN FISCHER: It was the Water and Rivers Commission that expanded it just in the past 18 months or so; it was not the Water Corporation.

Mr Chafer: No. In saying that we -

Hon JOHN FISCHER: I am referring to the area down here on the other side of the bore pits. When that was expanded, that was done by the Water and Rivers Commission, was it not, and not by yourselves?

Mr Chafer: It was, yes.

Hon JOHN FISCHER: I will just go back to that to make it clear. The policy of the Water Corporation is that unless someone actually pays you to go out and identify another site, you will not contemplate doing it.

Mr Chafer: No.

Hon JOHN FISCHER: Okay.

Hon BARRY HOUSE: Are there any other quick questions? Dee?

Hon DEE MARGETTS: Part of the issue of knowledge is what is linked - where the water flows to, how quickly it flows and how it is linked to other areas. How much do you know about that water supply? If it is a good quality freshwater supply, presumably there will still be a community interest in not conducting activities in that area that are likely to compromise that as a quality freshwater supply in the future, even if there was some form of development on it, or could you conceivably find another location with a similar quality and quantity and sacrifice that?

Mr Chafer: We know a lot about our current bore field. We have a lot of information on that because we have been operating out of it for 40 years. All the others are very unknown. I guess we can make a good assessment of whether a site has the potential to be a water supply and to provide good quality and reliable water, but until we actually start doing some tests and drilling and operate out of it, there really are no guarantees.

Hon JOHN FISCHER: It is really the Water and Rivers Commission's job to identify the water sources. You really just sell water, to put it in basic terms.

Mr Chafer: I think it is a bit of both. If the situation in Kununurra were different and we found that we had reached the capacity of our bore field, or for some reason the quality was not good enough to provide to customers, it would be our obligation to find an alternative water supply. However, we would have to get a licence from the Water and Rivers Commission - the Department of Environment - to take water. It would be our obligation to find an alternative. What we are saying now is that we have a good water supply - it is of good quality, reliable and we have plenty of water there for the future - and there is no reason we would want to look for an alternative water supply. If someone wanted to develop our bore field in a purely commercial sense and said that he was happy to provide us with an alternative water supply somewhere else and would pay for it, we would consider it.

Hon JOHN FISCHER: I guess I could ask that if that was the case and it is okay and sufficient, why was the P1 area extended?

Mr Chafer: Sorry?

Hon JOHN FISCHER: If you are totally happy with the quality etc at the moment, why was the P1 area extended?

Mr Chafer: You would probably need to talk to the Department of Environment about the science or hydrology that was used to determine the exact size of the P1 area. I understand from documentation that I have seen that the original protection area might have been somewhat smaller, but I am no hydrologist; I cannot provide you with details of why it has extended it that far. However, I can say that the Water Corporation is 100 per cent committed to the P1 area. The

Department of Environment is the expert in that field. It is telling us that that is the area we need, and we take its advice on that very seriously.

Hon BARRY HOUSE: Are there any other questions?

Hon KEN TRAVERS: Just going back to Wyndham, has the Water Corporation had any complaints from any commercial or industrial users about a lack of water supply, or have there been any requests from future commercial and industrial users for additional water supply?

Mr Chafer: No. There have been some discussions with the shire about an alternative non-potable supply. They were looking at the horticultural blocks just out of town. From the discussions that I have had with them, I know they are looking at the option of providing their own supply from, say, the lower Ord. There has also been some debate about a prawn farm in Wyndham, but no-one has really given us a firm proposal or a firm requirement.

Hon KEN TRAVERS: Right, but there is additional capacity in the current system.

Mr Chafer: There is.

Hon BARRY HOUSE: Okay. Tony, you have given us plenty to get our heads around and you offered to provide further information on various bits and pieces. We appreciate that. Is there anything else you want to say to the subcommittee in closing?

Mr Chafer: No, I am done, thanks.

Hon BARRY HOUSE: Thanks very much. We appreciate your time.