



**STANDING COMMITTEE ON ESTIMATES AND FINANCIAL OPERATIONS**

**2013/14 ANNUAL REPORT HEARINGS – ADDITIONAL QUESTIONS**

**WATER CORPORATION**

**Date of Hearing: 5 November 2014**

**Water Corporation**

*Question No 1 Hon Lynn McLaren asked –*

1. *We refer to page 43 of the Annual Report in relation to Directors' and Officers' Liability Insurance, and ask -*
  - (a) *What was the total cost of this insurance in 2013-14?*
  - (b) *What is the excess for this insurance?*
  - (c) *Where the policy is accessed due to negligence of a Director or Officer, who is responsible for paying that excess?*

Answer:

- (a) \$50,435
- (b) \$20,000
- (c) Water Corporation

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*Question No 2 Hon Lynn MacLaren MLC asked –*

- (a) How much groundwater is the Corporation seeking for next year from the Department of Water from the Leederville and Yarragadee Aquifers on the Gnangara Mound?*

Answer:

The Water Corporation estimates that it will be seeking to abstract 33.1 gigalitres from the Leederville Aquifer and 45.15 gigalitres from the Yarragadee aquifer in the Gnangara groundwater area. The Water Corporation has not yet commenced negotiations with the Department of Water for the 2015/16 water year. Therefore, the estimated volumes are only indicative and are subject to change during negotiations with the Department of Water.

- (b) Can the Corporation provide a breakdown on the average operating cost per property to service Perth versus regional areas in WA?*

Answer:

In 2013-2014 the average operating cost per property to service Perth is \$592 per annum compared to \$1,478 per annum in the country. The Water Corporation average in 2013-2014 is \$800 per annum per property.

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*Question No 3 Hon Lynn MacLaren MLC asked –*

*I refer to pages 28 and 29 in the Annual Report – Productivity – what were the results from the new employee effectiveness survey, and how do they generally compare to previous culture survey results?*

**Answer:**

The Employee Effectiveness survey looks at 12 drivers of ‘Engagement’ and ‘Enablement’ which can inform initiatives to improve business performance and productivity.

Results identified areas we could focus on to drive productivity such as:

- Leadership development
- Decision making
- Performance management

It is difficult to make a direct comparison between the Employee Effectiveness survey and Culture survey as they are two very different tools. However, generally, the 2013 culture survey also identified opportunities for business improvement through performance management and speed of decisions.

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### WATER CORPORATION

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#### **Water Corporation**

*Question No 4 Hon Lynn MacLaren MLC asked –*

*Please provide more details on how you are delivering your capital program for less money in the context of:*

- (a) aligning our investment and funding processes to deliver the most cost effective services to our customers;*
- (b) critically reviewing the scope of our capital projects to ensure they will meet our customers' needs at the minimum cost;*
- (c) improving the way we measure and manage white collar costs on our capital projects to reduce our overall expenditure.*

**Answer:**

- (a) Delivering the most cost effective services to our customers is being supported through increased monitoring and data collection processes, to ensure existing scheme capacity is maximised before new assets are constructed. When additional assets are deemed necessary, the least-cost long-term option, utilising either operational funds, capital funds, or a combination of both, is implemented. There is also a focus on challenging historically accepted planning and engineering criteria and the application of quantified portfolio risk techniques, to better define the relationship between cost, risk and levels of service. For capital solutions, the Water Corporation examines a range of available contracting options before selecting the one that best suits the specific needs of the project and provides the most cost effective asset delivery mechanism.
- (b) Once the need for a capital solution has been identified, the scope is critically reviewed against: planning and design criteria, growth scenarios, environmental and heritage impacts, regulatory requirements and financial considerations, to ensure that the capital project will meet customer needs at the minimum cost. This solution is then complemented by selecting a contracting strategy that leverages the competencies within the contracting industry to optimise asset delivery costs.
- (c) Our aim in measuring and managing the white collar costs of our projects is to progressively challenge these costs and reduce them wherever possible thus improving the performance of the program.

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*Question No 5 Hon Lynn MacLaren MLC asked –*

- 5. *How many people left the Corporation and were not replaced?*
  - a) *How many of these are now working for an Alliance?*
  - b) *How does this compare to the previous 5 years?*

Answer:

- 5. 77 in the 2013/14 financial year.
  - a) Zero staff ceased employment with the Water Corporation and were subsequently employed by an Alliance in the 2013/14 financial year.
  - b) The current Alliances have not been in place for five years. In 2012/2013, 63 people left and were not replaced – of the 63, one moved to the Alliances.