Question on Notice

No. 951

Asked on 6 June 2007

DR FLEGG asked the Deputy Premier, Treasurer and Minister for Infrastructure (MS BLIGH) –

QUESTION:

With reference to her announcement on 29 May 2007 of $630m for a capacity lift of 22ML or $28m/ML for the Western Recycled Pipeline and to Level 5 Water Restrictions water flow levels that have been restricted to two thirds of original levels –

1. Will she provide an itemised list of what the $630m will actually pay for?
2. Why did the first 210ML of capacity only cost $8m/ML and this 22ML increase cost $28m/ML and whether this will lead to a further rise in water costs?
3. What will the flow levels be considering that, prior to the new funding announcement, the flow levels were announced on 2 May to have dropped from 210ML to 142ML?

ANSWER:

1. On 29 May 2007, the Government announced a commitment of an additional $630M in funding for the Western Corridor Recycled Water Project to increase the project's total capacity, fast-track the delivery of purified recycled water to Wivenhoe Dam two months ahead of schedule, and augment the design of the project to allow for future capacity upgrades.

   The following table itemises the $630M commitment:

Item	**Cost ($M)**
Additional treatment process and expansion capacity including Micro-filtration/Ultra-filtration (MF/UF) treatment, additional substations, transformers and switch equipment, revised pipeline alignments including river/creek crossings, additional pre-treatment of raw effluent, increased storage reservoirs, upsizing of return water discharge lines, an additional pipe crossing of the Brisbane River to enhance operational flexibility	140
Revised civil and structural arrangements such as imported fill material, piling, relocation of utilities, additional earthworks, increased formwork requirements, revised outlet structures	190
Acceleration eg. cost to deliver the project sooner, including more human resources and increased shifts (some 24 hour works), plant and equipment as well a fabrication off-site	106
Escalation not included above eg. labour and material rates reflecting buoyant construction market	21
Risk allowances and construction fee	128
Wivenhoe release requires an additional 15km of up to 1200mm pipe including a break tank and outlet works in the Dam (not included in original scope as the protect was initially designed to take water to industrial users only)	45
Total	**630**

2. As can be seen from the table provided in part 1 (above), the commitment of an additional $630M in funding is not simply for the provision of an additional 22ML/day capacity.

   The funding provides for an acceleration of the project to deliver purified recycled water to Wivenhoe Dam two months earlier than originally scheduled, to augment the design of advanced water treatment plants to provide for additional capacity, to change the project's footprint to allow for future upgrades, for revised component costs and for the construction of pipeline which was not necessary when the project was initially scoped.

   Simply equating the increased funding commitment to the additional capacity that will now be delivered is inaccurate – any cost per megalitre figure would be calculated by averaging the project's total budget across the entire capacity it delivers.

   In relation specifically to pricing, the Government has announced measures including a reduced rate of return on new infrastructure to reduce the impact of price increases for water users which will be phased in over the next 10 years. While water prices will increase, residential and business customers will be able to further reduce the impact through using water more efficiently and utilising water saving measures.

3. I refer the Member to the media statement jointly issued by the Premier and myself on 29 May 2007, which contained the following table outlining the increased average capacity of the Western Corridor Recycled Water Project as a result of the increased funding commitment.

Original Project	**October 2008**	**December 2008**	**With the expanded footprint** **For future capacity**
Average Capacity 210ML/day	Average Capacity 182ML/day	Average Capacity 232ML/day	Average Capacity 310ML/day

   Actual flows will obviously vary throughout the life of the infrastructure depending on external factors such as drought, levels of water use, industrial uptake and general economic and population growth.