

## Water Quality and Environment

### Consulting Spend Context

The Water Quality and Environment (WQE) Team manages and implements the overarching global water quality and environment management for Seqwater, and ensures they are aligned with the expectations of key stakeholders. This team is responsible for lab services, data management and implementation of drinking water management plans, catchment water quality management plans and environmental management plans.

There are a number of specialist services that require expert external consultancy support that cannot be delivered in-house due to the unique skill set requirements, and the variable nature in which these are required (i.e., retaining skills via full time internal resources cannot be justified). Significant items in the FY15 Q1 include:

- Ecological monitoring programs (\$485K)
- Contaminated land assessments (\$70K)
- External independent auditing (\$167K)
- Decision support tool to inform catchment investment (\$445K)
- Specialised advice for licence conditions under Environmental Protection and Biodiversity Conservation Regulation for NPI2, Wyaralong Dam and Bribie WTP aquifers (\$85K).
- Development of Quantitative Microbial Risk Assessment Model to inform Seqwater's recreational review (\$125K).
- Health Based Targets cryptosporidium monitoring (\$250K)

While some of these projects are recurring from previous years and will continue into future years, such as ecological monitoring programs, others are one-off projects for FY15 to meet regulator and systems improvement initiatives (justification contained in the attached business cases).

### FY14 and FY15 Reconciliation

The QCA draft report highlights a large increase in natural account 522207 Consultancies-other expenditure from FY14 actual to FY15 Q1 (refer table below).

APDD - Water Quality and Environment	FY14A	FY15 Q1	Change
522207 - Consultancy - Others	82,916	1,414,300	1,331,384
522209 - Consultancy - Information Tech	28,235	-	(28,235)
522210 - Consultancy - Water Quality	566,705	310,000	(256,705)
522258 - Consult-Env - Monitoring technologies	39,511	-	(39,511)
522270 - Consultancy - Environ Serv - Environmental Offsets	49,700	-	(49,700)
<b>Grand Total</b>	<b>767,066</b>	<b>1,724,300</b>	<b>957,234</b>

To assess expenditure under natural account 522207 Consultancies - others and present in context of the total WQE Team consultancy spend FY14 and FY15 Q1 data needs to be presented on a like-for-like basis. Adjusted FY14 actual WQE consultancies spend is presented below.

FY14			
Listed as "Consultancies" in submission data	Natural Account	Consultancy	Actuals

<b>FY14</b>			
<b>Listed as "Consultancies" in submission data</b>	<b>Natural Account</b>	<b>Consultancy</b>	<b>Actuals</b>
yes	522207	Consultancies - others	\$82,915
yes	522209	Information technology	\$28,235
yes	522210	Water Quality	\$566,704
yes	522258	Monitoring technologies	\$39,510
yes	522270	Environmental offsets	\$49,700
<b>Total Consultancies</b>			<b>\$767,066</b>
no	522263	Fauna Monitoring	\$2,945
no	522048	Compliance auditing	\$234,686
no	522049	Contaminated Land, release and Waste Reduction	\$189,704
no	522050	Terrestrial Ecology	\$82,320
no	522052	Environmental Impact Assessment	\$5,524
no	522054	Compliance Environmental Monitoring	\$39,919
no	522075	Process Improvement	\$10,031
<b>Total</b>			<b>\$565,131</b>
<b>Total Consultancies</b>			<b>\$1,332,197</b>

The table above demonstrates that only five of the 12 natural accounts were specifically labelled as consultancies and \$565,131 worth of consultancies were not allocated to these natural accounts. These additional natural accounts are shown in the table above. This equates to the actual consultancy spend in FY14 as \$1,332,197 and therefore should be used as the basis of comparing the FY15 Q1 forecast.

#### **FY15 Q1**

The table below shows the WQE Team consultancy breakdown by activity/project for the FY15 Q1 forecast. All but one of these consultancies is allocated to natural account 522207-Consultancies-others in the FY15 Q1 forecast, with the exception being \$310,000 under natural account 522210-Consultancies-Water Quality.

<b>FY15 Q1 Forecast</b>	
Auditing	\$35,000
Drinking water chemical risk assessment	\$25,000
Risk assessments	\$15,000
Decision support tool	\$365,000
Investigations	\$70,000
Proficiency testing program	\$50,000
Technical Support	\$55,000
Compliance systems	\$10,000
Environmental Management systems	\$10,000
External Auditing	\$147,500

Environment Project Support	\$55,000
Ecological Monitoring	\$384,800
Waste Management Plan Development	\$50,000
Contaminated Land Assessment	\$70,000
Environmental Education program	\$30,000
Permits and Amendments	\$80,000
BAC testing program	\$22,000
Health Based Targets	\$250,000
<b>Total</b>	<b>\$1,724,300</b>
Total natural account 522207-Consultancies-others	\$1,414,300
Total natural account 522210-Consultancies-Water Quality	\$310,000

**Table 2 – Consultancy Budget for FY15 and FY15Q1**

The Health Based Targets Project has been incorrectly reconciled as a Consultancy – others. While it is a 2 year project occurring over FY15 and FY16 it does not involve the engagement of a Consultancy, but is a change to the Water Quality and Environment Monitoring program due to upcoming change in the Australian Drinking Water guidelines. It was simply highlighted as an 'initiative' because a business case was required within Seqwater for justification.

Therefore overall, once accounting for one-off expenditures (HBT) the FY14 actual and FY15 Q1 forecast are similar for the WQE Team. Seqwater has identified additional savings for future years, and has taken advantage of the opportunity presented by the QCA draft report response period to capture these savings (refer last section).

### **FY15 Justification**

Business cases and initiatives have been developed for all of the Major Consultancies outlined in Table 2, with the relevant detail outlined in the attachments referenced in Table 4.

<b>Consultancy project</b>	<b>Driver</b>	<b>Documentation</b>
Auditing	Regulatory requirement to undertake audits of the Drinking Water Quality Management System	Project in development for delivery in FY14Q4, no business case at this stage due to low cost
Drinking water chemical risk assessment	Informing risk assessment for drinking water quality management plan (DWQMP)	Project in development for delivery in FY14Q4, no business case at this stage due to low cost
Risk assessments	Informing risk assessment for drinking water quality management plan (DWQMP)	Project in development for delivery in FY14Q4, no business case at this stage due to low cost
Decision support Tool	Informing capital investment for natural projects. Efficiency and prudence justification.	Initiative attached and individual sub-project Business Cases <ul style="list-style-type: none"> <li>• Initiative Decision Support Tool.docx</li> <li>• Business Case Storage Condition assessment Scorecard 2014 15FY.docx</li> <li>• PROCUREMENT - Signed acknowledgement receipt varying Update Sanitary Survey of ~ GHD Pty Ltd</li> <li>• San Survey BC.docx</li> <li>• WBM Executed Workplan for</li> </ul>

Consultancy project	Driver	Documentation
		Samsonvale QMRA.pdf
Investigations	Informing risk assessment for drinking and catchment water quality (Radon and Chemicals in catchment projects)	<ul style="list-style-type: none"> <li>• Initiative Assessment Submission CWQ Investigations.docx</li> <li>• SCU – Radon 2014 15 FY Scope.docx</li> <li>• Purchase Order 2014 15 FY.pdf</li> <li>• Project Scope – Chemicals in Catchments.docx</li> <li>• signed BC_chems in catch.pdf</li> <li>• CiC ACRATS BC final.docx</li> </ul>
Proficiency testing program		Project in development for delivery in FY14Q4, no business case at this stage.
Technical Support		<ul style="list-style-type: none"> <li>• FULLY SIGNED GU Technical contract dated 28Mar14.pdf</li> <li>• Waiver Request Form – GU Technical Contract.docx</li> </ul>
Compliance systems	Regulatory (Statement of Obligations)	Project in development for delivery in FY14Q4, no business case at this stage due to low cost
Environmental Management systems	Regulatory (Statement of Obligations)	Project in development for delivery in FY14Q4, no business case at this stage due to low cost
External Auditing	Regulatory (Statement of Obligations)	<ul style="list-style-type: none"> <li>• Initiative Assessment Submission Env02 Environment auditing.docx</li> </ul>
Environment Project Support	Regulatory (Statement of Obligations)	<ul style="list-style-type: none"> <li>• Initiative Assessment Submission Env05 Project Environmental Support. docx</li> </ul>
Ecological Monitoring	Regulatory requirement	<ul style="list-style-type: none"> <li>• Initiative Assessment Submission Env01 Ecological Monitoring.docx</li> <li>• Business case template (minor project) – Wyaralong Dam EEMP Final – signed.docx</li> </ul>
Waste Management Plan Development		<ul style="list-style-type: none"> <li>• Initiative Assessment Submission Env03 Waste and Contaminated Land.docx</li> </ul>
Contaminated Land Assessment		<ul style="list-style-type: none"> <li>• Initiative Assessment Submission Env03 Waste and Contaminated Land.docx</li> </ul>
Environmental Education program	Regulatory (Statement of Obligations)	
Permits and Amendments	Regulatory and efficiency	<ul style="list-style-type: none"> <li>• Initiative Assessment Submission Env04 Licence and Approval Management.docx</li> </ul>
BAC testing program	Efficiency	
Health Based Targets	Efficiency and informing risk	<ul style="list-style-type: none"> <li>• Business Case Tier 2 Health Based Targets 2014-2016 DWQ Shillito 20140912.pdf</li> <li>• DWQ Initiative 14-15 HBT.pdf</li> </ul>

Table 4 – Consultancy justification and supporting information for FY15

## **Post FY15 Forecast**

The WQE Team is developing internal systems and supporting the internal capability of our staff. Post FY15 it is expected that there will be a reduction in consultancy spends as a result of the completion of the development phase of management systems. However there will always be the requirement to engage consultancies for the following reasons;

- Niche compliance related ecological environmental monitoring.
- External auditing of management systems. Regulatory requirement for drinking water quality management and Statement of Obligations requirement for environment and drinking water quality management systems.
- Risk assessment for emerging risks.
- Development of models for regulatory requirements, such as Bribie Island EPBC requirements.

Although the detailed budget process isn't yet finalised for FY16, based on the maturity of the management systems that are being developed in the WQE Team, ongoing negotiations with Environmental regulators on red and green tape reduction programs and the robust analysis throughout the review period it is estimated that for FY16 there will be a reduction in the Consultancy budget (including Consultancy –others and Consultancies-Water Quality) of \$420,000 compared to the FY15 Q1 forecast. On a like-for-like basis the FY16 consulting spend of \$1.274M is thus comparable to the \$1.33M actual for FY14.