

**Senate Standing Committee on Environment and Communications
Legislation Committee**

Answers to questions on notice

Sustainability, Environment, Water, Population and Communities portfolio

Budget Estimates, May 2011

Program: Division or Agency: 4.1: WED **Question No:** 059

Topic: On-farm irrigation efficiency program

Proof Hansard Page and Date 77 and 78 (25/5/11)
or Written Question:

Senator Xenophon asked:

Senator XENOPHON: Can you tell us more about the on-farm irrigation infrastructure—that second avenue for getting funding. How much is set aside for that in the basin?

Ms Harwood: Across the southern connected system and the Lachlan there is \$300 million for that program. The first round allocation is \$100 million of funding and there was a grant for the South Australian NRM Board in that. I do not have the figures. I can go and grab them.

Senator XENOPHON: On notice is fine, if you could. Are we talking about individual irrigators being assisted with on-farm infrastructure?

Ms Harwood: Yes, through a delivery partner. A delivery partner brings a batch of projects together.

Senator XENOPHON: Such as the Central Irrigation Trust?

Ms Harwood: In South Australia our current delivery partner is the South Australian NRM Board. They put in for a batch of on-farm projects each involving individual farmers, as a parcel of works, and they received a grant as the successful delivery partner.

Senator XENOPHON: On notice, could I get a comparison about the take-up rate among South Australian irrigators of Water for the Future, the water efficiency fund and the on-farm fund compared to the take-up for other parts of the basin?

Ms Harwood: In terms of a proportion of the entitlement base?

Senator XENOPHON: Yes.

Ms Harwood: Yes, we can do that on notice.

...

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Senator XENOPHON: And we are a couple of years into it? Is this the third financial year or the second?

Ms Harwood: For the actual program up and running I think it is about 18 months, but I would take that on notice, from when the first call for applications was made for round 1, so the start of the program in terms of when people could apply.

Senator XENOPHON: So when did it start—2009-10? Was that the first year?

Ms Harwood: Probably, yes.

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Answer:

The Commonwealth has a funding agreement with the South Australian Murray-Darling Basin Natural Resource Management Board (SAMDBNRM Board) for \$1,652,000 (GST exclusive) for a project under Round One of the On Farm Irrigation Efficiency Program (OFIEP). The project is implementing 21 on-farm infrastructure projects in 3 sub-Project types (conversion of sprinkler to drip; soil moisture monitoring; and a combination of both of these). The expected water savings from these projects is 706 ML, of which, approximately 355.6 ML has been transferred to the Commonwealth. On 7 July 2011, in-principle support for further funding of \$13,501,000 for the SAMDBNRM Board under Round Two of the OFIEP was announced.

The current and estimated commitments for competitive funding under OFIEP, against current diversion limits, is shown below for South Australia, New South Wales and Victoria.

	On Farm Irrigation Efficiency Program (OFIEP) Round 1 and 2 (up to) (\$m)	Estimated split of remaining OFIEP funding (\$m)	Total Potential OFIEP Funding available (up to) (\$m)	Current diversion limits (GL) ¹	Potential funding available/ current diversion limit (\$/ML)
SA	15.15	3.81	18.96	681	28
NSW	107.99	27.14	135.13	7375	18
VIC	116.60	29.31	145.91	4045	36

In the above table, the funding remaining under the On Farm Irrigation Efficiency Program, for the purposes of answering this question, has been estimated on the basis of the funding split which occurred under Round One and Round Two across the three states. Note that the actual distribution of the remaining funds will depend on the outcomes of a competitive grants process.

Other funding, not directly provided to irrigators, is also available under the Sustainable Rural Water Use and Infrastructure Program in each of these states, including through state priority projects under the Intergovernmental Agreement on Murray Darling Basin Reform.

The first call for applications under PIIPSA was made in December 2009.

¹ Current Diversion Limits have been sourced from MDBA Guide to the Proposed Basin Plan Vol 1 Proposed pg 134 Table 8.5

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Budget Estimates, May 2011

Program: Division or Agency: 4.1: WED **Question No:** 060

Topic: Twynam water entitlements
purchased

Proof Hansard Page and Date 80 (25/5/11)
or Written Question:

Senator Joyce asked:

Mr Freeman: The MDBA has always considered the issue of offset. Even in the guide we were saying there were some 600 gegalitres that had already been acquired through buyback and infrastructure projects that could be attributed to any reduction. So that has always been on the table. The Commonwealth has continued to purchase water and I believe the 800 figure would be fairly accurate. There probably is 800 gegalitres that could be used to offset any reduction that needs to occur.

...

Ms Harwood: Senator Joyce, your question was the volume of the entitlements purchased under the Twynam purchase?

Senator JOYCE: That is right. We have 800 gegalitres put aside and I want to know how much of the Twynam purchase is in that 800.

Ms Harwood: The entitlement value—I could get the precise figures on notice—is of the order of 240 gegalitres. But converted to long-term yield, which is what you need to acquit it against recovery targets, it is around 107 gegalitres.

Answer:

The entitlements purchased from Twynam, will return, on average, 107 GL of water to the environment each year.

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Budget Estimates, May 2011

Program: Division or Agency: 4.1: WED **Question No:** 061

Topic: SRWUIP – water saving
infrastructure

**Proof Hansard Page and Date
or Written Question:** 103-104 (25/5/11)

Senator Birmingham asked:

Senator BIRMINGHAM: Of the \$5.6 billion allocated to this program, how much of it will be spent on water saving infrastructure projects in the Murray Darling Basin that will result in the provision of additional holdings to the Commonwealth Environmental Water Holder?

Dr Grimes: There are a number of elements in that. We may not be able to go to them because—

Senator BIRMINGHAM: They are actually all of the elements that formed a part of the initial model for this type of funding.

Dr Grimes: There is no doubt that the majority of funding is allocated in that way. There are some projects here that are environmental projects in nature that are funded through the SPPs that can actually have the impact of assisting in the overall health of the basin and, indeed, may be taken into account by the MDBA in determining sustainable diversion limits into the future.

Senator BIRMINGHAM: If you cannot provide that answer now, you can provide it on notice. Yes, there are a number of elements to the question, but the reality is that, from 2007, when this funding was first announced and put on the table, they were all meant to be the elements that this funding was directed at. Water would be returned to the environment and held by the Commonwealth Environmental Water Holder. They would be projects in the Murray Darling Basin. They would all go towards offsetting what the basin plan achieved. Since then, it seems as if definitions have been broadened somewhat.

Dr Grimes: I would certainly indicate that that is the lion's share of it. To give you a precise figure would be to—

Senator BIRMINGHAM: Senator Joyce takes delight in that.

Senator JOYCE: 'Somewhat' is somewhat polite.

CHAIR: Senator Joyce, five more minutes.

Answer:

The total amount of funding committed to water saving infrastructure projects in the Murray-Darling Basin that will return water to the Commonwealth as at 30 June 2011, is \$3,640 million.

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Budget Estimates, May 2011

Program: Division or Agency: 4.1: WED

Question No: 62

Topic: Orange City Pipeline

Proof Hansard Page and Date 104 (25/5/11)
or Written Question:

Senator Joyce asked:

Senator JOYCE: When were the decisions made to include these costs in SRWUIP?

Ms Harwood: Which ones—the due diligence and conveyancing?

Senator JOYCE: The due diligence. To be honest, most of these—and I will ask you in two phases—payments look a lot like just transfers to the state. I want to know when we decided to make these transfers. When was the decision made to put in the Orange city pipeline?

When was the decision made to use money that predominantly people believed was supporting the return of water to the Murray Darling Basin but that we now find is supporting irrigation in Tasmania? I have no problems with Tasmania; I just never thought they were part of the basin. And when does ‘and infrastructure’ become such a powerful term that we can actually include things that have nothing to do with the rural. Orange is not rural. Orange is a regional city.

Ms Harwood: I will take some of those, Senator. The Sustainable Rural Water Use and Infrastructure Program is a national program. Nearly all the funding is committed inside the basin, but in its construct it is not confined to the basin and it has elements of rural water infrastructure expenditure in both Tasmania and Western Australia. In relation to the Orange city pipeline, from memory, that was agreed between the Commonwealth and the New South Wales governments in July 2010. I would have to take on notice the point at which we—

Answer:

In July 2010, the Prime Minister, the Hon Julia Gillard MP, and the Premier of NSW, the Hon Kristina Keneally MP, signed a Memorandum of Understanding (MoU) relating to water reform and Menindee Lakes, which included a commitment to contribute funding towards a pipeline between Orange and the Macquarie River subject to agreement on a costed proposal.

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Budget Estimates, May 2011

Program: Division or Agency: 4.1: WED **Question No:** 063

Topic: Sustainable Rural Water Use
& infrastructure program

Proof Hansard Page and Date 105 (25/5/11)
or Written Question:

Senator Joyce asked:

Senator JOYCE: What about enabling activities? We have program spend to 28 February 2011 as \$15.2 million. What are enabling activities? Are they rural, are they infrastructure or are they unexplainable?

Ms Harwood: I am sorry, but could you tell me what you are referring to?

Senator JOYCE: I am referring to attachment A, Standing Committee on Environment and Communications Legislative Committee, answers to questions on notice, sustainability, environment, water, population and communities portfolio additional estimates, Sustainable Rural Water Use and Infrastructure Program, program project and, under that guise, enabling activities, \$15.2 million. What is it? What are we getting for \$15.2 million? Is it rural? Is it infrastructure? What are we talking about with enabling activities, because we have \$15.2 million worth of them?

Ms Harwood: I will have to take that on notice. It could be supporting technical assessments and consultancies that we do to assist in the assessment of projects and things of that sort. But I will take it on notice and we will give you a breakdown.

Senator JOYCE: If you are thinking of taking that on notice, you can also take on notice a breakdown of due diligence and conveyancing costs; a breakdown of meter test facilities for—

Ms Harwood: I will explain on the due diligence that that is ours—

Senator JOYCE: You can take down a breakdown for water for future communications as well.

Ms Harwood: Yes.

Senator JOYCE: You can take down a breakdown for basin plan activities for \$59 million. You can give me a breakdown of compliance and enforcement for \$60 million. I want a further analysis of Commonwealth Environmental Water Holder management of water holdings for \$195.8 million. I also want to know exactly when the decision was made for the Orange city pipeline. How is the Lithgow to Clarence colliery water transfer project seen as rural and fitted into this project? That will do. That will keep you busy. Do that.

CHAIR: I am sure they are just looking for this type of work.

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Answer:

As part of the *Water for the Future* initiative, the Australian Government has committed \$5.8 billion in funding to the *Sustainable Rural Water Use and Infrastructure Program*. This is a national program investing in water efficiency measures, infrastructure works, including analysis, assessment and planning; improved water use and knowledge, market reform, and water skills development across all jurisdictions, as well as in the Murray Darling Basin.

A breakdown of individual costs requested is provided below.

Enabling Activities

The term 'enabling activities' refers to approved program components that support the implementation of government water policy and law. The \$15.2 million included expenditure on management costs for the Commonwealth Environmental Water Holdings (\$10.7 million), the Water for the Future Communication campaign (\$3.9 million) and the National Water Commission for assessment performance against water reforms in the Water Management Partnership Agreements under the MDB IGA (\$0.6 million). Further information on two of these projects is provided below.

Due diligence and Conveyancing costs

It is a requirement for the Commonwealth under the 2008 Intergovernmental Agreement on Murray-Darling Basin Reform (MDB IGA) to undertake due diligence assessment of business cases submitted by the States. Separately, for projects that are providing water savings, the Commonwealth is required to undertake legal due diligence to validate water entitlements and conveyancing activities.

Meter Test facilities

This is a competitive grant program to build meter test facilities to meet the pattern approval testing standard specifications required under the National Framework for Non Urban Water Metering. Three grant offers have been made totalling \$6.9 million.

Water for the Future communications

This is funding for a water education campaign directed at communities dependent on the Murray-Darling Basin, to provide information on water reform under *Water for the Future*. Funding for initial market research and concept testing for the campaign was provided from Departmental funds. The first phase of the campaign was conducted between October and December 2010 and funded from SRWUIP.

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Basin Plan Activities

This is provided to the Authority to improve capability and resourcing for Basin Plan preparation. Work being funded includes:

- research and knowledge building to support the Basin Plan;
- further socio-economic research
- consultation on the Proposed Basin Plan; and
- development and delivery of a framework for the accreditation of State Water Resource Plans.

Compliance and Enforcement

The Council of Australian Governments (COAG) agreed to develop, as a water reform initiative, a national risk-based compliance and enforcement framework for non urban water resources to improve water compliance and enforcement. All jurisdictions are supportive of the National Framework for Compliance and Enforcement Systems for Water Resource Management and the Commonwealth has committed \$60 million to enable the states and territories to improve capability and capacity in line with the objectives of the National Framework. The program is expected to improve efficiency and productivity of rural water use and management.

Costs of Commonwealth Environmental Water Holdings

Information is provided in response to the answer to Question 77.

Orange City Pipeline

Refer to Question 62

Lithgow to Clarence colliery

As part of a 2007 government commitment, funding of up to \$4 million was earmarked for Lithgow City Council to upgrade the Clarence Water Transfer System. Following assessment of the project proposal, funding was committed toward the project, which aims to improve the security of Lithgow's water supply by supplementing Lithgow's potable water supplies and offsetting water that would ordinarily be drawn from Oberon Dam.

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Sustainability, Environment, Water, Population and Communities portfolio

Budget Estimates, May 2011

Program: Division or Agency: 4.1: WED

Question No: 64

Topic: Menindee Lakes
(Birmingham)

Proof Hansard Page and Date Written
or Written Question:

Senator Birmingham asked:

1. What progress has been made on identifying and securing a safe alternative source of drinking water for Broken Hill?
2. Has further hydrological work identified in the MoU between the Commonwealth and Government of NSW on Menindee Lakes been completed?
3. Does the Government still expect reengineering works will result in water savings of 200GL?
4. When does the Australian Government expect reengineering works will begin?
5. The MoU between the Commonwealth and New South Wales Government on Menindee Lakes identifies October 2010 as the expected completion of several key steps in securing agreement for reengineering works. Please detail reasons for the delays in completing these steps. When does the Government now believe each of these steps will be completed?
6. Has there been further correspondence between the Department and New South Wales Government regarding the operation of the MoU? If so, please provide copies?
7. Has the Joint Steering Committee agreed on recommended terms for amending the Murray-Darling Basin Agreement? If not, when is agreement expected? What is the cause of this delay? Have the Commonwealth and New South Wales Governments sought or secured agreement with the Basin States for amendment to the Murray-Darling Basin Agreement? If not, when is agreement expected to be sought? Have the Commonwealth and New South Wales Government agreed on the volume and character of the water entitlement to be transferred to the Commonwealth? If not, when is agreement expected? What are current impediments to reaching agreement?

Answer:

1. Geoscience Australia provided the Department of Sustainability, Environment, Water, Population and Communities (DSEWPaC) with a professional opinion report in April 2011 that confirmed with increased confidence levels that a managed aquifer recharge scheme in conjunction with surface water supply arrangements could provide a secure water supply for Broken Hill under drought conditions. Geoscience Australia is now working on finalising field work and preparing a final report.

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2. [See response to Question No. 49, Part 2 (Senate Standing Committee on Environment and Communications, Additional Estimates February 2011).]
3. The hydrological modelling undertaken to date indicates that average gross water savings in the region of 175 gegalitres are achievable; however, the precise level of savings would be dependent on matters still under consideration, including meeting downstream requirements.
4. [See response to Question No. 49, Part 4 (Senate Standing Committee on Environment and Communications, Additional Estimates February 2011).]
5. [See response to Question No. 49, Part 5 (Senate Standing Committee on Environment and Communications, Additional Estimates February 2011).]
6. Development of the Menindee Lakes Project as set out in the MoU was the subject of correspondence between officials from DSEWPaC and the former New South Wales Department of Premier and Cabinet. Copies of the correspondence are attached.
7. In relation to the three issues raised:
 - the Joint Steering Committee has not agreed on recommended terms for amending the Murray-Darling Basin Agreement;
 - the Australian and New South Wales governments have not sought or secured agreement with the Basin States for amendment to the Murray-Darling Basin Agreement; and
 - the Australian and New South Wales governments have not agreed on the volume and character of the water entitlement to be transferred to the Commonwealth.

The timing for future action on these matters will depend on the outcome of discussions with the New South Wales Government.

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Sustainability, Environment, Water, Population and Communities portfolio

Budget Estimates, May 2011

Program: Division or Agency: 4.1: WED **Question No:** 65

Topic: Coal Seam Gas – Queensland
feasibility study

Proof Hansard Page and Date Written
or Written Question:

Senator Joyce asked:

What is the Queensland Coal Seam Gas Feasibility Study? What is its total cost? When will it be complete?

Answer:

Coal Seam Gas Water Feasibility Study

The Coal Seam Gas Water Feasibility Study will examine the feasibility of using coal seam gas (CSG) water to address water sustainability and adjustment issues in the Queensland Murray-Darling Basin (QMDB).

This project is being delivered by the Queensland Department of Environment and Resource Management.

Funding

Under Water for the Future, the Australian Government has agreed to commit up to \$5 million for a CSG Water Feasibility Study.

Timeframe

All activities are scheduled to be completed by June 2012 with a final report submitted to the department in August 2012.

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Sustainability, Environment, Water, Population and Communities portfolio

Budget Estimates, May 2011

Program: Division or Agency: 4.1: WED

Question No: 66

Topic: Menindee Lakes (Joyce)

Proof Hansard Page and Date Written
or Written Question:

Senator Joyce asked:

1. What has the \$21.1 million to 28 February 2011 on the Menindee Lakes Project been spent on?
2. What is the status of the Menindee Lakes agreement with the NSW Government? When does the Government expect that agreement to be finalised?
3. Has the Government made any progress in finding an aquifer near Menindee Lakes to supply water to Broken Hill?
4. When will we actually see work begin on Menindee Lakes?
5. Does the Government still expect to spend \$300 million on urban water projects in regional NSW from the \$400 million allocated to the Menindee Lakes project?

Answer:

1. The \$21.1 million has been spent on a range of technical studies to support the implementation of the Menindee Lakes project including:
 - co-funding of the Darling River Water Savings Project Part B study with the NSW Government (\$571,939);
 - the Broken Hill Managed Aquifer Recharge Project being delivered by Geoscience Australia (\$20,510,272); and
 - hydrological modelling of alternate management options for Menindee Lakes by CSIRO (\$64,870).
2. The New South Wales Government has announced termination of the memorandum of understanding, while also proposing that discussions continue.
3. Geoscience Australia provided the Department of Sustainability, Environment, Water, Population and Communities with a 'Professional Opinion' report in April 2011 that concluded that a managed aquifer recharge scheme in conjunction with current surface water supply arrangements could provide a secure water supply for Broken Hill under drought conditions.
4. Agreement has yet to be reached on the scope and timing for implementation of a project at Menindee Lakes. The Lakes are presently at greater than 100% capacity and works could not physically commence until after substantial drawdown of the lakes.
5. The matter of funding for water projects is subject to on-going discussions with New South Wales.

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Sustainability, Environment, Water, Population and Communities portfolio

Budget Estimates, May 2011

Program: Division or Agency: 4.1: WED

Question No: 67

Topic: Northern Victoria Irrigation
Renewal Project

Proof Hansard Page and Date Written
or Written Question:

Senator Joyce asked:

What is the status of the Commonwealth funding for the Northern Victoria Irrigation
Renewal Project?

Answer:

On 6 November 2010 the Prime Minister and Victorian Premier announced government support for Northern Victoria Irrigation Renewal Project Stage 2 activities totalling \$1.059 billion had been approved.

Following this announcement, negotiations commenced between the Australian and Victorian governments on the development of a funding schedule, in line with the Intergovernmental Agreement on Murray-Darling Basin Reform of July 2008. These discussions are continuing.

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Answers to questions on notice

Sustainability, Environment, Water, Population and Communities portfolio

Budget Estimates, May 2011

Program: Division or Agency: 4.1: WED **Question No:** 68

Topic: SRWUIP – funding allocation

Proof Hansard Page and Date Written
or Written Question:

Senator Joyce asked:

1. Why is there \$400 million less in the Sustainable Rural Water Use and Infrastructure budget compared to the Department's additional estimates in November last year?
2. Which projects will be deferred as a result of this \$400 million reduction in spending?
3. Can you provide us some information on when you think NSW projects will receive additional funding under the Sustainable Rural Water Use and Infrastructure program?
4. Has the Government used any of its funds from the Sustainable Rural Water Use and Infrastructure program to pay for the fixed or other charges associated with the Government's water entitlement holding? If so, how much has been spent? Are there plans in the future to fund these costs from this program and, if so, how much will these costs be?
5. Are there any plans for the funds from this program to be used to fund environmental works and measures?

Answer:

- 1 & 2. The funding for 2011-12 has not been reduced.
3. Funding of up to \$1.358 billion has already been committed to New South Wales under State Priority Projects formed under the Council of Australian Governments Intergovernmental Agreement for Murray-Darling Basin Reform, which includes the Commonwealth-led Private Irrigation Infrastructure Operators Program. Due diligence is complete on the business cases submitted by New South Wales. For approved projects contract negotiations are underway and discussions on possible re-scoping of other projects has commenced.

The Commonwealth-led New South Wales Private Irrigation Infrastructure Operators Program is being implemented, with funding announced of \$263 million for Round 1. On ground works have commenced and payments to businesses are occurring. Round 2 is currently open for applications. A further program available in southern New South Wales is the On-Farm Irrigation Efficiency Program (\$300 million), which has announced grants of \$72.52 million to delivery partners under Round 1 for projects in New South Wales (some of which cross the border with Victoria). Works are underway, payments are flowing and some projects are complete. A further project funded in New South Wales is the Orange City pipeline project with the Australian Government contributing \$20 million towards this project.

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4. Yes; as at the end of April 2011, \$3.8 million has been spent. Further information is provided in the answer to Budget Estimates May 2011 question on notice 77.
5. Funding of up to \$10 million has been approved from SRWUIP for an environmental works and measures feasibility program to identify, develop and test its application in selected sites in the Basin.

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Budget Estimates, May 2011

Program: Division or Agency: 4.1: WED

Question No: 69

Topic: SRWUIP - review

Proof Hansard Page and Date Written
or Written Question:

Senator Joyce asked:

Is the Auditor-General currently conducting a review of the Sustainable Rural Water use and Infrastructure program? If so, when is this report due?

Answer:

The Australian National Audit Office is currently undertaking an audit of a component of the Sustainable Rural Water Use and Infrastructure Program, namely the New South Wales Private Irrigation Infrastructure Operators Program. It is not certain at this stage when the report will be finalised.

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Budget Estimates, May 2011

Program: Division or Agency: 4.1: WED

Question No: 70

Topic: SRWUIP – water saving projects

Proof Hansard Page and Date Written
or Written Question:

Senator Joyce asked:

The Department has spent \$518 million on this program to 28 February 2011 to save 21 gigalitres. That is a cost of about \$25,000 per megalitre. How much money has the Government actually spent on projects that will return water to the Basin under this program?

Answer:

The Sustainable Rural Water Use and Infrastructure Program is a national program under the Australian Government's Water for the Future initiative and funds are provided to programs that occur both within and outside the Murray-Darling Basin.

More than 70 per cent of the Sustainable Rural Water Use and Infrastructure Program is currently expected generate water savings. To 31 May 2011, \$245 million has been spent on projects that are expected to return water in various forms to the Basin. As at 31 May 2011, 33.2 gigalitres of water (long term average annual yield) had been transferred to the Commonwealth Environment Water Holder. This does not include water savings retained by irrigators and water that is retained by the region (e.g. Strengthening Basin Communities program).

By their nature, infrastructure projects are large and complex undertakings and require considerable up front expenditure for design, feasibility studies and getting project roll-out under way. State jurisdictions were provided \$25 million in start up costs to develop business cases for the State Priority Projects under the Intergovernmental Agreement for Murray-Darling Basin Reform. In addition, substantial expenditure may occur for project construction activities before water savings are generated. Therefore, it is expected that the water yield per dollar of expenditure will rise as projects approach completion.

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Budget Estimates, May 2011

Program: Division or Agency: 4.1: WED

Question No: 71

Topic: Strengthening Basin
Communities program

Proof Hansard Page and Date Written
or Written Question:

Senator Joyce asked:

1. Why has there only been \$5.7 million spent on the Strengthening Basin Communities program?
2. What is the status of this program? Is it still taking applications?

Answer:

1. The current program expenditure reflects the completion of milestones in the funding agreements.
2. The program has had four grant rounds, two each under the Planning component and the Water Saving Initiatives component. Grant offers totalling \$79 million have been made to 99 projects involving 71 per cent of the local government authorities in the Murray-Darling Basin. The program is not open for applications at present.

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Budget Estimates, May 2011

Program: Division or Agency: 4.1: WED

Question No: 72

Topic: Sunraysia Irrigation Project

Proof Hansard Page and Date Written
or Written Question:

Senator Joyce asked:

1. What is the status of the Sunraysia irrigation project? Will it still definitely receive funding?
2. What has the \$200,000 spent on the Sunraysia project to 28 February been spent on so far?

Answer:

1. The Victorian Government has been advised of the due diligence outcome on the Sunraysia Modernisation Project and the project is currently under discussion between the Victorian and Australian Governments.
2. Funding of \$193,382 has been spent to 28 February 2011 in engaging consultants to provide expert technical advice as part of the due diligence assessment on the business cases submitted on the project.

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Program: Division or Agency: 4.1: WED

Question No: 73

Topic: Water buybacks

Proof Hansard Page and Date Written
or Written Question:

Senator Joyce asked:

1. How much has been spent on water buybacks under the Restoring the Balance program to date?
2. There are reports that buybacks in the northern Basin have been undersubscribed. Is this true? By how much have the tenders been undersubscribed?
3. Are there any plans for the government to increase its benchmark prices in response to under subscriptions?

Answer:

1. As at 30 April 2011, the Restoring the Balance program has spent \$1.47b in administered funding.
2. Since the completion of the 2008-09 basin-wide water purchase tender, subsequent tenders have been conducted in specific catchments. Since 2009-10, the following tenders were run in the Northern Basin up to the Estimates hearings:
 - March-May 2010: Lower Balonne (Offers for 11.9 GL pursued)
 - November-December 2010: Lower Balonne (Offers for 5.1 GL pursued)
 - March-April 2011: Lower Balonne (Offers for 12.6 GL pursued)
3. Water has only been able to be traded separately from land in the Lower Balonne since March 2010. As a result, it is an immature market with little publicly available price information which can be used to establish a clear market price.

The department reviews its price benchmarks prior to the opening of each tender. In setting price benchmarks the department considers the estimated market value of entitlements, the average annual volume of water that the Commonwealth expects to receive from the entitlement into the future, the environmental benefits expected from the purchase of the entitlement, management costs including delivery costs, as well as the cost of delivering and maintaining partnership arrangements for management of the water; and other relevant risks.

Prevailing market prices are estimated with reference to market price reports prepared by independent consultants which are based on price information obtained from state registers, irrigation water provider registers, agents and brokers. Imputed valuations of water entitlements, which estimate the net present value of future, expected water allocations are also used where needed.

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Answers to questions on notice

Sustainability, Environment, Water, Population and Communities portfolio

Budget Estimates, May 2011

Program: Division or Agency: 4.1: WED

Question No: 74

Topic: Water Group staffing

Proof Hansard Page and Date Written
or Written Question:

Senator Joyce asked:

I see you are adding 19 extra staff next financial year. What will these staff be doing?

What is the extra value you are going to generate for the taxpayer for these additional staff?

Answer:

The additional reported positions comprise ten positions in the Environmental Water Branch and nine positions which are the Outcome 4 (Sustainable Water) share of positions in corporate areas of the department. The increase in the Environmental Water Branch relates to the substantial increased volume of water which is being managed by the Commonwealth Environmental Water Holder as water entitlements are progressively acquired.

**Senate Standing Committee on Environment and Communications
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Answers to questions on notice

Sustainability, Environment, Water, Population and Communities portfolio

Budget Estimates, May 2011

Program: Division or Agency: 4.1: WED

Question No: 75

Topic: Water purchase plan

Proof Hansard Page and Date Written

or Written Question:

Senator Joyce asked:

In the advice the Department gave to the Minister after the election it proposed to announce a refined “purchase plan” as soon as the Guide is released. Was that purchase plan released?

Answer:

It is anticipated that this will be released following the announcement of the Proposed Basin Plan.

Senate Standing Committee on Environment and Communications
Legislation Committee
Answers to questions on notice
Sustainability, Environment, Water, Population and Communities portfolio
Budget Estimates, May 2011

Program: Division or Agency: 4.1: WED **Question No:** 76
Topic: Water Licensing Contract
Proof Hansard Page and Date Written
or Written Question:

Senator Heffernan asked:

1. Can the Dept provide details of the tender process for firms obtaining the Water Licensing contract.
2. How many firms tendered for that contract? Please list.
3. What was the reason for appointing Flashman Chalker from Nyngan to the contract?
4. Did Jamie Fisher and Associates from Nyngan tender for the contract?
5. Please provide the names of the employees of Flashman Chalker.

Answer:

1. An open tender process was undertaken to establish a panel for the provision of legal services related to water conveyancing.
2. Eleven tenders were received by the Department of Sustainability, Environment, Water, Population and Communities. The successful tenders were: Australian Government Solicitors; Clayton Utz; Hunt & Hunt; Kemp Strang; Lawlab Pty Ltd – also trading as Flashman & Chalker and Minter Ellison; Norton Rose.
3. Those appointed to the water conveyancing panel were chosen on the basis of overall value for money, which incorporated a consideration of demonstrated expertise, key personnel and conveyancing methodology.
4. Jamie Fisher and Associates did not tender for water conveyancing work.
5. Mr Ian Perkins is the nominated contact for Lawlab Pty Ltd.

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Answers to questions on notice

Sustainability, Environment, Water, Population and Communities portfolio

Budget Estimates, May 2011

Program: Division or Agency: 4.1: WGD **Question No:** 77

Topic: Funding for Commonwealth
Environmental Water Holder

Proof Hansard Page and Date 94 and 95 (25/5/11)
or Written Question:

Senator Joyce asked:

(page 94)

Senator JOYCE: I am curious because, when I look through the maximum government commitment, which was provided in the additional estimates in February 2011, there is a break-up into two categories: infrastructure projects and analysis. We have allocated \$195.8 million to this—that is the maximum government commitment. I cannot for the life of me work out why we need to allocate that much money to it. What is it doing?

Mr Robinson: That allocation is funding that meets the fees and charges for managing the water entitlements.

...

(page 95)

Senator JOYCE: How big are the administration charges in that maximum commitment? ...

Mr Robinson: There are no administration charges in terms of departmental charges of the department itself, because the legislation says that the normal departmental salary costs, for example, have to be funded from the core government program. There are other elements than the fees. I mentioned the fees and charges. They are the lion's share of what we do, but there are some delivery costs as well, pumping in water. These costs are substantial in regulated parts of the system. They are not all that big in the unregulated parts of the system, but down south, where there is more actual infrastructure in terms of managing irrigation water—not private infrastructure but owned by the infrastructure corporations—the fees are much larger.

Senator JOYCE: Even on your figures—\$5.2 million multiplied over eight years; two eights are 16 and five eights are 40, so it is \$41.6 million—can you give us a better breakdown? I am genuinely curious about how we ended up with the figure. These figures sort of float onto the book, and people just accept them but, my gosh, there would be a lot of people out there who would think that is a lot of money. That is almost \$200 million, a lot of money. People would be very interested in exactly how we got to that. Would we be able to get a better break-up of that?

Mr Robinson: Yes, we can take that on notice. It is an estimate of an eight-year program. It includes the fees and charges, some delivery costs, costs of monitoring and evaluation and the like, but we can give you a broad break-up. It will vary across the eight years. We are lower this year than we originally budgeted. It will vary across the eight years as we go through it, depending on water availability and how we are operating and the fees and charges which are applied by all the irrigation corporations and water management bodies.

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Answers to questions on notice

Sustainability, Environment, Water, Population and Communities portfolio

Budget Estimates, May 2011

Answer:

The \$195.8 million is a budget estimate over eight years and will vary as circumstances change. The current estimate comprises:

- Fees and charges of state water entities, which primarily relate to operating, maintaining and providing for the replacement of rural water infrastructure - \$119.8 million
- Water delivery (for example, pumping) - \$15.5 million
- Monitoring and evaluation - \$31.3 million
- Minor works and measures to support efficient delivery - \$21.9 million
- Development of environmental registers and other systems - \$7.2 million

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Answers to questions on notice

Sustainability, Environment, Water, Population and Communities portfolio

Budget Estimates, May 2011

Program: Division or Agency: 4.1: WGD **Question No:** 078

Topic: Eastern Adelaide Stormwater
Project

Proof Hansard Page and Date Written
or Written Question:

Senator Birmingham asked:

1. Who is undertaking the feasibility study? If no one has been appointed, when will they be? What will this feasibility study cost? When will it be completed? What are the terms of reference?
2. What is the composition of the Eastern Regional Alliance? Please detail all meetings and attendees to date in regard to the Eastern Adelaide Stormwater project.

Answer:

1. The Corporation of the Town of Walkerville is managing the feasibility study in relation to the Waterproofing Eastern Adelaide project on behalf of the Eastern Regional Alliance. Following a competitive tender process the Town of Walkerville has appointed W&G Consortium (in collaboration with AGT & JAC Comrie Pty Ltd) to undertake the feasibility study.

The Australian Government is providing \$500,000 (GST exclusive) and the proponent is providing \$150,000 (in-kind) for the feasibility study.

The feasibility study is due for completion on 12 December 2011.

The activities to be undertaken as part of the feasibility study include:

- a. Summarise the previous concept studies and investigations completed to date.
- b. Complete hydrological investigations at potential stormwater harvesting, storage and extraction sites, which includes drilling and testing of bores to confirm injection and extraction capabilities.
- c. Refine current water supply and demand balance modelling, including reviewing the projected demand for non-potable water within the project supply area over the asset life.
- d. Assess and evaluate technical feasibility of scheme options and assess them against sustainability criteria.
- e. Assess financial viability of scheme options.
- f. To undertake preliminary design of:
 - i. Catchment management structures and systems

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Answers to questions on notice

Sustainability, Environment, Water, Population and Communities portfolio

Budget Estimates, May 2011

- ii. Wetlands and diversion structures
 - iii. Managed Aquifer Recharge bore fields and head works
 - iv. Distribution System
 - v. Implementation, Management and Billing systems
 - g. To analyse and plan for mitigation of risks; Catchment Management, Public Health Hazards, Project Risk.
 - h. To evaluate the sustainability of the Scheme in economic, social, environmental and organizational terms.
2. The Eastern Regional Alliance covers the local government areas of Burnside, Campbelltown, Norwood Pyneham St Peters, Prospect, Tea Tree Gully, Unley and the Town of Walkerville in South Australia (as identified on the Eastern Regional Alliance's website <http://www.era.sa.gov.au>, accessed 10 June 2011).

The Department of Sustainability, Environment, Water, Population and Communities has been involved in the following meetings with the Eastern Regional Alliance regarding the feasibility study for the Waterproofing Eastern Adelaide stormwater project.

Date	Attendees	Type
4 November 2010	Director and Assistant Director of the National Urban Water & Desalination Plan, DSEWPaC; CEO of the Town of Walkerville	Telephone conference
25 November 2010	Director and Assistant Director of the National Urban Water & Desalination Plan, DSEWPaC; CEO, Executive Assistant and project engineer of the Town of Walkerville; Manager for Environmental Sustainability from the City of Tea Tree Gully	Face-to-face meeting

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Answers to questions on notice

Sustainability, Environment, Water, Population and Communities portfolio

Budget Estimates, May 2011

Program: Division or Agency: 4.1: WGD

Question No: 79

Topic: National Urban Water and
Desalination Plan

Proof Hansard Page and Date Written
or Written Question:

Senator Birmingham asked:

1. Has final agreement with and final payment to the South Australian Government been made for the Adelaide Desalination Plant project? What are the milestones the South Australian Government must achieve ahead of payment of the \$228 million by the Commonwealth Government? What required milestones have been achieved to date?
2. Has agreement been reached between the Commonwealth and SA Government on requirements regarding reducing Adelaide's draw on the Murray in return for Federal funding for this project? If so, please detail. If not, why not?

Answer:

1. No.

As at 30 June 2011, the Implementation Plan under the National Partnership Agreement on *Water for the Future* has not been finalised for the augmentation of the Adelaide Desalination Plant to 100 gegalitres per annum and provision of \$228 million.

In accordance with the Implementation Plan for the 50 gegalitre Adelaide Desalination Plant, milestones one and two have been completed and \$60 million paid.

2. The Implementation Plan under the National Partnership Agreement on *Water for the Future* for the Commonwealth funding toward the augmentation of the Adelaide Desalination Plant to 100 gegalitres per annum is well advanced.

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Answers to questions on notice

Sustainability, Environment, Water, Population and Communities portfolio

Budget Estimates, May 2011

Program: Division or Agency: 4.1: WGD **Question No:** 80

Topic: Adelaide Desalination project

Proof Hansard Page and Date Written
or Written Question:

Senator Joyce asked:

1. When will the government complete payments to the South Australian government for the Adelaide Desalination project?
2. Have payments under this program been held up for any reason? If so, why? Have any milestones been missed? If so, which ones?

Answer:

1. Payments for the Adelaide Desalination Plant will be finalised on completion of milestones as set out in the agreed Implementation Plans for the project. For the Implementation Plan for the 50 gigalitre plant, it is expected that the final payment will be made in August 2011.
2. Under the Implementation Plan for the 50 gigalitre Adelaide Desalination Plant, \$60 million has been paid on achievement of milestones. The third milestone payment of \$30 million has been delayed as the milestone has not yet been completed.

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Answers to questions on notice

Sustainability, Environment, Water, Population and Communities portfolio

Budget Estimates, May 2011

Program: Division or Agency: 4.1: WGD **Question No:** 81

Topic: Environmental water holdings
special account

Proof Hansard Page and Date Written
or Written Question:

Senator Joyce asked:

What are the expenses under the item 'Environmental Water Holdings Special Account'?
How much water have you assumed the environmental water holds over the forward estimates to generate these costs?

Answer:

The forecast payments from the Environmental Water Holdings Special Account primarily relate to entitlement fees and charges, water delivery costs, monitoring and evaluation costs and possible minor works and measures.

The largest element is fees and charges which fund the operation, maintenance and replacement of rural water infrastructure used in delivering environmental water.

The forecast budget for the forward estimates are based on the following estimates of entitlement volumes:

- 2011-12: 1,070 GL
- 2012-13: 1,340 GL
- 2013-14: 1,700 GL
- 2014-15: 2,010 GL

The Environmental Water Holdings Special Account budget is reviewed on a regular basis in accordance with changes in the outcomes of water recovery programs and the prevailing climatic conditions, which impact on the forecast water delivery volumes and costs.

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Answers to questions on notice

Sustainability, Environment, Water, Population and Communities portfolio

Budget Estimates, May 2011

Program: Division or Agency: 4.1: WGD

Question No: 82

Topic: Expenditure on water programs

Proof Hansard Page and Date Written
or Written Question:

Senator Joyce asked:

Can the Department please provide a list of expenditure under each of the following programs for all financial years beginning 2007-08, and include the most up to date spending for the current financial year. Can the Department also provide forecast or projected for these programs over the forward estimates?

- a. Restoring the Balance
- b. Sustainable Rural Water Use and Infrastructure
- c. National Water Security Plan for Cities and Towns
- d. National Rainwater and Greywater Initiative
- e. Green Precincts Fund

Answer:

The following information is administered expenditure and forecasts for each program, including funding delivered through the Department of Treasury under the Federal Financial Relations Act. 2010-11 expenditure is to the end of June 2011 and may be subject to minor adjustments arising from Financial Year end processes currently being undertaken. 2011-12 onwards figures are forecasts.

- a. Restoring the Balance

2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15
\$33.1m	\$371.7m	\$780.2m	\$358.0m	\$451.8m	\$349.7m	\$150m	\$449.2m

- b. Sustainable Rural Water Use and Infrastructure

2007-08	2008-9	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15
\$122m	\$63.5m	\$213.7m	\$231.3m	\$844.7m	\$785.6m	\$646m	\$797m

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c. National Water Security Plan for Cities and Towns

2007-08	2008-9	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15
\$10m	\$13m	\$13.7m	\$16.6m	\$179.8m	NIL	NIL	NIL

d. National Rainwater and Greywater Initiative

2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15
NIL	\$0.6m	\$4.7m	\$2.3m	\$0.5m	NIL	NIL	NIL

e. Green Precincts Fund

2007-08	2008-9	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15
NIL	\$0.5m	\$5.1m	\$5.2m	\$2.5m	NIL	NIL	NIL

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Answers to questions on notice

Sustainability, Environment, Water, Population and Communities portfolio

Budget Estimates, May 2011

Program: Division or Agency: 4.1: WGD

Question No: 83

Topic: National Urban Water and
Desalination Plan

Proof Hansard Page and Date Written
or Written Question:

Senator Joyce asked:

After reducing the National Urban Water and Desalination Plan by \$85.5 million is there funds left unallocated in this plan?

Answer:

All funds under the National Urban Water and Desalination Plan are allocated.

**Senate Standing Committee on Environment and Communications
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Answers to questions on notice

Sustainability, Environment, Water, Population and Communities portfolio

Budget Estimates, May 2011

Program: Division or Agency: 4.1: WRD **Question No:** 084

Topic: Water for the future
communication campaign

Proof Hansard Page and Date 96 (25/5/11)
or Written Question:

Senator Joyce asked:

Senator JOYCE: \$8.5 million.

Mr Slatyer: The funding is partly connected to the campaign about Water for the Future that the government has conducted and it is partly to support broader communications activities around water use efficiency and other messages that we believe are important to convey publicly.

Senator JOYCE: But what messages do you have to spend \$8.5 million conveying that you cannot do—you are a capable person, Mr Slatyer. You do not need to spend \$8 million to do it; you could just put out a media release and do it through your department. You do not have to spend \$8 million communicating.

...

Senator JOYCE: Just get me a better break-up. Say, 'Mate, we've got a million bucks in stamps and there's \$500,000 in envelopes.' What exactly are we getting for \$8.5 million?

CHAIR: Probably mouse mats!

Senator Conroy: We could probably take that on notice rather than just reading it all out.

Mr Slatyer: Yes, I can get a detailed break-up. We are happy to provide that.

Senator JOYCE: I thought you would take it on notice, because it has got me bushed and I have no idea what you are doing with it.

Answer:

\$8.5 million was notionally allocated for a three phase advertising campaign on 'Water for the Future'. The first phase was conducted between October and December 2010. There have been no further phases. The cost for the first phase was \$4.29 million, broken down as follows:

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Sustainability, Environment, Water, Population and Communities portfolio

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Campaign activity*	Total
Formative research	\$246,500
Creative pitch fee	\$22,727
PR pitch fee	\$12,726
Concept testing	\$127,652
Tracking research	\$70,000
Evaluation research	\$70,000#
Creative agency	\$1,397,208
PR agency	\$150,000#
Media buy	\$2,202,595
Total	\$4,299,408^

* As at 6 June 2011.

#Final invoices still outstanding

^GST Exclusive

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Sustainability, Environment, Water, Population and Communities portfolio

Budget Estimates, May 2011

Program: Division or Agency: 4.1: WRD

Question No: 85

Topic: Advertising – water

Proof Hansard Page and Date Written
or Written Question:

Senator Joyce asked:

Is any money allocated to advertising programs associated with water programs?

If so, what are those allocations and what are they going to be used for?

Answer:

Yes. \$8.5 million was originally budgeted for the ‘Water for the Future’ advertising campaign in 2010-11, of which \$4.29 million was spent.

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Answers to questions on notice

Sustainability, Environment, Water, Population and Communities portfolio

Budget Estimates, May 2011

Program: Division or Agency: 4.1: WRD **Question No:** 086

Topic: Coal Seam Gas – regulatory powers

Proof Hansard Page and Date Written
or Written Question:

Senator Joyce asked:

What powers does the Commonwealth have to regulate coal seam gas, in and outside of the Murray-Darling Basin?

Answer:

Outside the Murray-Darling Basin the Commonwealth has powers under the *Environment Protection and Biodiversity Conservation Act 1999* (EPBC Act).

Inside the Murray-Darling Basin the Commonwealth has powers under the EPBC Act and the *Water Act 2007* as noted in the response Question No: 88 (Q11-237 PQR 1 346269-1).

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Answers to questions on notice

Sustainability, Environment, Water, Population and Communities portfolio

Budget Estimates, May 2011

Program: Division or Agency: 4.1: WRD **Question No:** 087

Topic: Coal Seam Gas – water aspects

Proof Hansard Page and Date Written
or Written Question:

Senator Joyce asked:

I want to ask some questions on the Water Group Advice on EPBC Act Referrals released last year.

1. Can you just provide a summary of what the Water Group's main concerns about these proposals (QGC, Santos-Petronas and AP LNG) were?
2. You mention that there was a "general level of uncertainty" associated with these proposals. Are you any more certain about them now?
3. Can you expand a bit on your concerns of the impact of coal seam gas on highly productive agricultural land?
4. Does the Water Group have any concerns over the use of fracking in coal seam gas development?
5. What are the risks of the chemicals used in the fracking technique from contaminating the water in aquifers?
6. I just want you to explain in more detail a quote which says:
"The impact of establishing such a de-pressurised zone between two pressurised systems is unknown. There does not appear to be an example anywhere else in the world of such a situation being produced – a fact acknowledged by AP LNG staf at their presentation on 11 August 2010. Hence, any impacts can only be inferred."
Are we any more sure of knowing what the impacts are? What provisions are in place to protect against negative effects from occurring?
7. You mention in your report that you have "serious concerns" about the "long-term sustainability of the GAB". Can you outline what those concerns are?
8. How much water is likely to be taken out of the GAB as a result of these three projects?
9. Has the Water Group looked at estimates of how much water could be taken out of the GAB taking into account all current and potential development of coal seam gas resources?
10. What does the Department view as a sustainable level of take from the GAB for the coal seam gas industry?
11. A report under section 255A of the Water Act was commissioned following the Water Group's report.

That report did not seem to use your estimates of water us (such as up to 45,000 GL) instead relying on the work of the project proponents. Why didn't that work pick up on your estimates?

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Sustainability, Environment, Water, Population and Communities portfolio

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12. When you say that "the total estimated volume of groundwater to be produced (and lost to the GAB as a whole) is most likely in the order of 14,035 to 27,411 GL."

What do you mean by "lost"?

13. Have you done further work on the impact of these projects in particular and the development of the coal seam gas industry in general?

14. What will be the water group's continuing involvement in assessing the impact of coal seam gas?

15. Have the proponents of those three projects done any further work on the impacts of their developments? Is that work publicly available?

16. Can you provide to this Committee any additional work the Water Group has done on the risks of Coal Seam Gas developments?

Answer:

1. The department's concerns, in summary, have been about the general level of uncertainty associated with these proposals, and the inability of proponents to accurately quantify their individual and collective impacts over the life of their projects. These concerns are being addressed through rigorous conditioning of approvals under the *Environment Protection and Biodiversity Conservation Act 1999* (EPBC Act).

2. Yes. There is now substantially more information on the CSG activities proposed by each proponent.

3. The Water Group's concerns were about the potential on surface and groundwater hydrology and land subsidence. For matters of national environmental significance, these concerns are being addressed through rigorous conditioning of approvals under the EPBC Act.

4. The Water Group's concerns about fracking in CSG extraction operations are being addressed through rigorous conditioning of approvals under the EPBC Act, in relation to matters of national environmental significance. The conditions require the companies to report details of chemicals to be used in their fracking operations. If those details indicate risks to matters of national environmental significance, further conditions may be imposed by the minister. The department did not recommend additional conditions be imposed in relation to fracking, as the assessment did not indicate a material level of risk to matters of national environmental significance.

5. The risks associated with the fracking chemicals used in CSG extraction operations are discussed in the assessment documentation submitted as part of the assessment process under the EPBC Act. They were also addressed in assessment reports by the Queensland Coordinator-General. Under EPBC conditions, fracking chemicals need to be assessed for ecotoxicity in accordance with Guideline 4 of the National Water Quality Management Strategy.

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6. Due to the unique character of the proposed works, monitoring of groundwater and land subsidence is required under the project approval conditions imposed by the Minister. This will provide an 'early warning' of any impacts due to de-pressurisation. The stage 1 Plans require the proponents to develop and implement response measures to prevent or mitigate risks of negative impacts before they arise.

7. Large scale extraction from the Great Artesian Basin (GAB) may impact on the long-term use of the GAB by other uses including Indigenous communities, towns, the pastoral industry and other mining industries. GAB water is vital to natural springs, which support unique ecological communities and native species that depend upon it.

These concerns are being addressed by the Minister's conditions that require the proponents to carry out detailed planning and monitoring to protect groundwater resources, and submit management plans for aquifers, groundwater and surface water for approval.

8. The total volume of groundwater to be taken is estimated to be in the order of 14 000 to 27 000 GL over the life of the projects.

9. No.

10. The minister has set interim drawdown threshold levels with the intent to ensure that pressure heads in the GAB aquifers are maintained at sustainable levels. Long-term drawdown threshold levels will be established with the completion of the groundwater flow model consistent with the minister's conditions.

11. This question would need to be addressed to the independent expert who conducted the study.

12. 'Lost' is intended to mean leakage from an over or underlying aquifer into another formation from which it may be more difficult to extract water.

13. The department is conducting ongoing work to better understand any impacts of the CSG industry on water resources and related issues.

14. The department's Water Group will continue to provide advice within the department on the potential impacts on water resources from CSG projects. Water Group will also provide advice, as appropriate, to the Minister for Sustainability, Environment, Water, Population and Communities on issues under the *Water Act 2007*, including the conduct of independent expert studies under Section 255AA.

15. Yes. The department is aware that some of this work is publicly available and some is not.

16. All work commissioned by the Department concerning CSG issues has been made available to the public.

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Answers to questions on notice

Sustainability, Environment, Water, Population and Communities portfolio

Budget Estimates, May 2011

Program: Division or Agency: 4.1: WRD

Question No: 088

Topic: Coal Seam Gas and the Basin
Plan

Proof Hansard Page and Date Written
or Written Question:

Senator Joyce asked:

How does the development of the coal seam gas industry interact with the development of the Basin Plan?

Answer:

The Water Act requires the development of a Basin Plan for the management of Murray-Darling Basin (MDB) water resources by the Murray-Darling Basin Authority (MDBA). The Basin Plan will require amongst other things that state water resource plans, when accredited, regulate interception activities that have a significant impact on water resources.

Under the Water Act the Basin Plan must include a Water Quality and Salinity Management Plan which must identify the key causes of water quality degradation in the MDB and include water quality and salinity objectives and targets for the MDB's surface and ground water resources. State water resource plans, when accredited, are required to include water quality and salinity objectives for the water resource plan area.

Water for mining within the MDB will be subject to long-term average sustainable diversion limits regulated by the Basin Plan. A sustainable diversion limit will be set for all water resources within a water resource plan area, and this limit will include diversions by interception activities including mineral, petroleum and gas extraction. Water entitlements will be required to be held to cover the volume of water estimated to be taken by that activity. Compliance with the sustainable diversion limit of a water resource plan area will be enforced through MDB state water resource plans.

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Sustainability, Environment, Water, Population and Communities portfolio

Budget Estimates, May 2011

Program: Division or Agency: 4.1: WRD

Question No: 89

Topic: Government response to
Windsor Inquiry and Basin
Plan

**Proof Hansard Page and Date
or Written Question:** Written

Senator Joyce asked:

1. Is the Government planning to respond to the House of Representatives inquiry into the Murray-Darling Basin?

If so, will that response come out before the proposed Basin Plan?

2. Will the Government respond to the proposed Basin Plan as soon as it comes out? Is the Government planning a policy response alongside the release of the Basin Plan?

Answer:

1 & 2. This is a matter for the Minister for Sustainability, Environment, Water, Population and Communities, the Hon Tony Burke MP.

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Sustainability, Environment, Water, Population and Communities portfolio

Budget Estimates, May 2011

Program: Division or Agency: 4.1: WRD

Question No: 90

Topic: Water for the Future review

Proof Hansard Page and Date Written

or Written Question:

Senator Joyce asked:

In the advice the Department gave to the Minister after the election the Department mentioned that a high-level review of Water for the Future programs is occurring. Has this review completed? What were its findings? Have any changes occurred as the result of this review?

Answer:

The review is yet to be completed. When it is complete, it will be considered through Government processes.

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Sustainability, Environment, Water, Population and Communities portfolio

Budget Estimates, May 2011

Program: Division or Agency: 4.1: WRD **Question No:** 91

Topic: National Water Commission
review

Proof Hansard Page and Date Written
or Written Question:

Senator Siewert asked:

1. Why hasn't the Department appointed an Independent Reviewer?
2. Does this mean that the review will be conducted over a very short timeline? How consultative will it be?
3. Do we need to wait for the National Water Commission to finish its review of the National Water Initiative before an independent review of the NWC is conducted? If yes, Why?

Answer:

1. Arrangements for appointment of an external reviewer of the National Water Commission (NWC) are underway (as at 7 July 2011).
2. There will be adequate time to conduct the Review. Consultation will be in accordance with the Terms of Reference as laid out by the Council of Australian Governments (COAG) once they are agreed.
3. The *National Water Commission Act 2004* (s.38) requires, inter alia, that:
 - (1) After the NWC has reviewed the NWI comprehensively and advised COAG of the outcome of the review (as required by paragraph 7(2)(i)), a review must be conducted of the NWC's ongoing role and functions in relation to the management and regulation of Australia's water resources.
 - (2) The review must be conducted by the end of 2011.

**Senate Standing Committee on Environment and Communications
Legislation Committee**

Answers to questions on notice

Sustainability, Environment, Water, Population and Communities portfolio

Budget Estimates, May 2011

Program: Division or Agency: 4.1: WRD

Question No: 92

Topic: Dams

Proof Hansard Page and Date Written
or Written Question:

Senator Joyce asked:

Has the Department done any work to identify potential sites for new dams?

Answer:

No. Dam construction and planning is a matter for state and territory governments.

However, the Australian Government has committed funding under 'Water for the Future' to assist in the construction of dams:

- \$17 million to support the augmentation of the Chaffey Dam, in NSW; and
- \$1.42 million towards the Headquarters Road Dam, in Tasmania.

The Australian Government also has a role in regulating proposals that impact on matters protected by the *Environmental Protection and Biodiversity Act 1999* (EPBC Act). This includes matters of national environmental significance, actions involving the Commonwealth and actions taken on, or impacting on, Commonwealth land.

There have been nine dam related projects approved under the EPBC Act since 2006. There was one dam related project not approved (Traveston Crossing on the Mary River). There are three dam related projects currently under assessment.