

**Senate Standing Committee on Environment and Communications
Legislation Committee**
Answers to questions on notice
Sustainability, Environment, Water, Population and Communities portfolio
Budget Estimates, May 2013

Program: Division:	4.1: WED	Question No:	053
Topic:	Menindee – funding to date		
Proof Hansard Page and Date or Written Question:	6 (29/05/13)		

Senator Joyce asked:

Senator JOYCE: So could I get the number of how much we have spent at Menindee?

Ms Harwood: The expenditure to date at Menindee—that is, all the technical studies and work so far—is around \$24 million. I can get you a precise figure.

Answer:

In the period from 1 July 2008 to 31 May 2013, the Department of Sustainability, Environment, Water, Population and Communities has spent \$23,137,990 on the Menindee project.

Senate Standing Committee on Environment and Communications
Legislation Committee
Answers to questions on notice
Sustainability, Environment, Water, Population and Communities portfolio
Budget Estimates, May 2013

Program: Division:	4.1: WED	Question No:	054
Topic:	Geoscience Australia - aquifer		
Proof Hansard Page and Date	7		
or Written Question:	(29/05/13)		

Senator Joyce asked:

Senator JOYCE: I am interested to know how you go about doing that. This is not a trick question. How do you go about finding out whether taking water from the bottom aquifer might affect the top aquifers?

Mr McLoughlin: As part of the work, Geoscience Australia drilled test bores in the areas and put data loggers in the bores. They have been watching the height of those aquifers over the last two years or so in various places. The pump testing would need to determine what the response of the aquifer was to a draw down in terms of what the water table did in response to pumping.

Senator JOYCE: Do you generally find that there is a bit of a response effect—what is your terminology for it?—in the upper aquifers?

Mr McLoughlin: I assume that there would be, but I am starting to get out of my technical depth here. That is maybe a question that we can take on notice for Geoscience Australia.

Senator JOYCE: Is that a unique feature just down there or would that be a pertinent feature of most aquifers—that if you take water from the bottom aquifer it affects the aquifers above?

Mr McLoughlin: I think that is a question we would take on notice. It is one of those things that would be dependent on the geology of the area and the aquifer concerned, I would have thought.

Answer:

The following information was provided by Geoscience Australia.

Evidence from the Geoscience Australia investigations at Menindee Lakes suggests there would be minimal impact to shallow aquifers when taking water from deeper (or underlying) aquifers. This is due to an extensive clay layer that restricts groundwater movement between the shallow and deeper aquifer.

At the main site of investigations in Menindee, monitoring showed that the shallow water table was not significantly affected during seven day pump tests in the deeper aquifer. Other data collected by the project, such as groundwater chemistry, was also used to assess the degree to which the two aquifers are separated.

This analysis is specific to the Menindee region and not a general assumption about the connectedness of all shallow and deep aquifers. The degree of connectedness between aquifers varies depending on the physical characteristics of the aquifers and intervening layers, and cannot be predicted without site-specific data.

Senate Standing Committee on Environment and Communications
Legislation Committee
Answers to questions on notice
Sustainability, Environment, Water, Population and Communities portfolio
Budget Estimates, May 2013

Program: Division:	4.1: WED	Question No:	055
Topic:	River Murray Improvement Program - Riverland		
Proof Hansard Page and Date or Written Question:	23 (29/05/13)		

Senator Xenophon asked:

Senator XENOPHON: Can I ask the minister whether the government can provide a guarantee that this funding will make it to the Riverland before 14 September?

Senator Farrell: You can ask me, Senator, but I would have to consult with the minister himself about that. I cannot give a statement on his behalf.

Senator XENOPHON: Sure; if you could take that on notice.

Answer:

Funding will be provided to South Australia through a National Partnership Agreement subject to the provisions of the Intergovernmental Agreement on Federal Financial Relations to deliver the activities associated with this program. The funding will be available to the South Australian Government to administer the program activities as soon as the National Partnership Agreement is established.

Senate Standing Committee on Environment and Communications
Legislation Committee
Answers to questions on notice
Sustainability, Environment, Water, Population and Communities portfolio
Budget Estimates, May 2013

Program: Division:	4.1: WED	Question No:	056
Topic:	On-Farm Irrigation Efficiency Program – auditing requirements		
Proof Hansard Page and Date	24/25		
or Written Question:	(29/05/13)		

Senator Xenophon asked:

Senator XENOPHON: I guess my direct question was: has the department not finalised all the auditing agreements with delivery partners?

Ms Harwood: I might just ask my colleague. If you are referring to the existing delivery partners, I will check that. The auditing requirements are actually specified in the contracts with the delivery partners where we have got to the contract stage. The answer is that, for those, the auditing requirements are in place and agreed in the contract. For delivery partners who are still to come under contract with us—for instance, the ones under round three—their contracts will specify the auditing requirements, but those contracts are not made yet. For the projects in train, rolling out under contract, yes, there are auditing requirements in place and they are specified in the contractual arrangements with the delivery partner.

Senator XENOPHON: Without breaching any commercial-in-confidence requirements—there must be, I presume, generic auditing requirements—are you able to provide copies of those?

Ms Harwood: We could provide you with copies of the standard clauses, yes.

Senator XENOPHON: Yes, that would be useful. In terms of assessing the merit criteria regarding the competitive grants model basis for these efficiency programs, you are saying that all the auditing agreements are in place?

Answer:

Auditing requirements for Delivery Partner projects under the On-Farm Irrigation Efficiency Program (the Program) are set out in the Funding Agreement executed between each Delivery Partner and the Commonwealth. Funding Agreements are currently in place for Rounds One and Two of the Program, therefore auditing arrangements are in place with Delivery Partners under those two Rounds. The Department of Sustainability, Environment, Water, Population and Communities is currently undertaking a detailed assessment of individual irrigator projects under Round Three before entering into Funding Agreements for Round Three.

Standard auditing clauses in each Round's Funding Agreements (noting that the clauses in Round Three have not yet been agreed with Delivery Partners under this Round) are at [Attachment A](#). The requirements over the different rounds, while similar, have been improved over the rounds in the context of continual improvement of processes. Final inspections of works undertaken and the provision of audited financial statements of individual irrigator projects are a requirement of the Program, and these requirements are included in final milestone requirements in the Funding Agreement schedule with each Delivery Partner.

Attachment A

Round One – On-Farm Irrigation Efficiency Program Funding Agreement Standard Auditing requirement clauses

5.7 The Organisation must keep financial accounts and Records relating to the Activity so as to enable:

- (a) all receipts and payments related to the Activity to be identified (and all receipts and expenditure of the Funds to be separately identified) in the Organisation's accounts and reported in accordance with this Agreement;
- (b) unless notified by the Commonwealth, the preparation of financial statements in accordance with Australian Accounting Standards including:
 - (i) an income and expenditure statement for the Financial Year(s) to date compared with the Budget; and
 - (ii) a schedule of the Assets acquired, sold, written-off or otherwise disposed of during the Financial Year(s) to date compared with the Budget; and
- (c) the audit of those Records in accordance with Australian Auditing Standards.

The Organisation must also ensure that each Proponent keeps financial accounts and Records in a manner that enables the Proponent to satisfy requirements equivalent to those specified in paragraphs 5.7(a) to (c) above in relation to the Project that is to be undertaken by the Proponent.

9. RECORDS

9.1 The Organisation must keep full and accurate accounts and Records of:

- (a) the conduct of the Activity including, without limitation, the progress against the Milestones;
- (b) the receipt and use of Funding, Organisation's Contributions (if any) and Other Contributions (if any);
- (c) the acquisition of Assets;
- (d) the Agreed Water Savings, the Commonwealth Share of the Agreed Water Savings, the Assignment of the Commonwealth Share of the Agreed Water Savings; and
- (e) the creation of Intellectual Property Rights in Activity Material.

9.2 Records and accounts specified in or referred to in subclause 9.1 must be retained by the Organisation for a period of no less than 7 years after the end of the Activity Period.

9.3 The operation of subclause 9.2 survives the expiration or earlier termination of this Agreement.

10. REPORTING

10.1 The Organisation agrees to provide the Department with written reports at the times and containing the information, specified in Item 5 of the Schedule.

10.2 Within 60 Business Days after the expiry of the Activity Period, completion of the Activity or termination of this Agreement (whichever is the earliest), the Organisation agrees to provide the Department with:

- (a) audited financial statements of its income and expenditure in respect of the Funding, Organisation's Contributions (if any), Other Contributions (if any), and Project Generated Income that include:
 - (i) a definitive statement as to whether the financial information for the Activity is true and fair and is based on proper accounts and Records;
 - (ii) a definitive statement as to whether the Funding (and any Other Contributions, Organisation's Contributions and Project Generated Income) was spent for the Activity and in accordance with this Agreement; and
- (b) a statement of financial position (assets and liabilities by class), which must include, under assets, the balance of the Organisation's account referred to in paragraph 5.6(a).
- (c) a copy of a letter to the Organisation from its Approved Auditor, or a report from the Organisation's Approved Auditor, including:
 - (i) specific comment on the adequacy of financial controls being maintained by the Organisation;
 - (ii) specific comment on the Organisation's financial position as it relates to any issues affecting its ability to repay surplus Funds or complete the Activity with available Funds;
 - (iii) where there are any qualifications or limitations on the audit, an outline of the reason(s) for the qualifications or limitations and the remedial action recommended; and
- (d) a statement that the Organisation is satisfied that a Proponent has spent the Funds in accordance with the Organisation's contract with the Proponent.

10.3 The information required to be provided under subclauses 10.1 and 10.2 must be accompanied by a certificate (from the Organisation's Chief Executive Officer or the Organisation's senior executive officer who has primary responsibility for managing the Organisation's audit functions) that:

- (a) all Funding received (and any Other Contributions, Organisation's Contributions and Project Generated Income) was spent for the purpose of the Activity and in accordance with this Agreement and that the Organisation has complied with this Agreement;
- (b) salaries and allowances paid to persons involved in the Activity are in accordance with any applicable award or agreement in force under any relevant Law;
- (c) any financial information required is presented in accordance with any other financial reporting requirements which the Department may notify to the Organisation;
- (d) where an Asset has been created or acquired with the Funding, that the Organisation has complied with clause 7 in respect of those Assets; and
- (e) at the time the Report or financial statement is provided to the Department, the Organisation is able to pay all of its debts as and when they fall due.

10.4 The Organisation agrees that the financial statements referred to in subclause 10.2 will comply with Australian Accounting Standards and will be prepared by a Qualified Accountant.

- 10.5 The Organisation agrees that the audit referred to in subclause 10.2 will be carried out by an Approved Auditor and comply with the Australian Auditing Standards.
- 10.6 The Organisation is responsible for:
- (a) consolidating its financial statements;
 - (b) arranging for those consolidated statements to be audited by an Approved Auditor; and
 - (c) ensuring that the audit complies with the Australian Auditing Standards.
- 10.7 The operation of this clause 10 survives the expiration or earlier termination of this Agreement.

ACCESS TO PREMISES AND RECORDS

- 19.1 The Organisation must give the Auditor-General, the Privacy Commissioner and persons authorised by the Commonwealth (referred to in this clause 19 collectively as 'those permitted') access to premises at which Records and Material associated with this Agreement are stored or work under the Activity is undertaken at all reasonable times and allow those permitted to inspect and copy Records and Material, in the Organisation's possession or control, for purposes associated with this Agreement or any review of performance under this Agreement. The Organisation must also give those permitted access to any Assets, wherever they may be located, and reasonable access to the Organisation's employees, for the same purposes.
- 19.2 The Organisation must provide all reasonable assistance requested by those permitted when they exercise the rights under subclause 19.1 including:
- (a) making available all information, documentation and data, in any medium, required by the Commonwealth, and
 - (b) making available the Organisation's employees, officers, volunteers and Advisors who must provide access to the Organisation's computer Records and copies of documentation, including computer discs or other forms of electronic data.
- 19.3 The rights referred to in subclause 19.1 are subject to:
- (a) the provision of reasonable prior notice by those permitted (except where they believe that there is an actual or apprehended breach of the law); and
 - (b) the Organisation's reasonable security procedures.
- 19.4 The requirement for access as specified in subclause 19.1 does not in any way reduce the Organisation's responsibility to perform the Organisation's obligations in accordance with this Agreement.
- 19.5 The Organisation must ensure that any subcontract entered into for the purpose of this Agreement contains an equivalent clause allowing those permitted to have access as specified in this clause 19.

39. REVIEW

- 39.1 The Organisation agrees to provide, and ensure its Proponents provide, all reasonable assistance required by the Commonwealth in relation to conducting a review and final evaluation of the Program.

'Approved Auditor' means a person who is:

- (a) registered as a company auditor under the *Corporations Act 2001*, or a member of the Institute of Chartered Accountants in Australia, or of CPA Australia or the National Institute of Accountants; and
- (b) not a principal, member, shareholder, officer or employee of the Organisation or of a related body corporate as defined in section 9 of the *Corporations Act 2001* or the Organisation's or a Proponent's Qualified Accountant;

'Australian Auditing Standards' refers to the standards of that name maintained by the Australian Auditing and Assurance Standards Board created by section 227A of the *Australian Securities and Investments Commission Act 2001* (Cth);

ANNEXURE A: CLAUSES THAT MUST BE INCLUDED IN THE ORGANISATION'S CONTRACTS WITH ITS PROPONENTS

(Extract from the Annexure A, schedule).

10	The Proponent must be required to provide the following information and documents to the Organisation to enable the Organisation to comply with its requirements specified in clause 10 and Item 5 of the Schedule of this Agreement: <ul style="list-style-type: none">(a) information as specified in Item 5 of the Schedule regarding the Proponent's progress of its Project;(b) audited copies of the financial statements specified in clauses 10.2 and 10.4 of this Agreement in respect of any Funding paid by the Organisation to the Proponent for the Proponent's Project; and(c) the certificates specified in clauses 10.3 and 10.6 regarding the Proponent's Project.
39	The Proponent agrees to provide all reasonable assistance to the Organisation as the Organisation requests for the purpose of the Commonwealth undertaking a final review of the Program.

Round Two – On-Farm Irrigation Efficiency Program Funding Agreement Standard Auditing requirement clauses

- 5.7 The Organisation must keep financial accounts and Records relating to the Activity so as to enable:
- (a) all receipts and payments related to the Activity to be identified (and all receipts and expenditure of the Funds to be separately identified) in the Organisation's accounts and reported in accordance with this Agreement;
 - (b) unless notified by the Commonwealth, the preparation of financial statements in accordance with Australian Accounting Standards including:
 - (i) an income and expenditure statement for the Financial Year(s) to date compared with the Budget; and
 - (ii) a schedule of the Assets acquired, sold, written-off or otherwise disposed of during the Financial Year(s) to date compared with the Budget; and
 - (c) the audit of those Records in accordance with Australian Auditing Standards.

9. RECORDS AND AUDIT

- 9.1 The Organisation must keep full and accurate accounts and Records of:
- (a) the conduct of the Activity including, without limitation, the progress against the Milestones;
 - (b) the receipt and use of Funding, Organisation's Contributions (if any) and Other Contributions (if any);
 - (c) the acquisition of Assets;
 - (d) the Agreed Water Savings, the Commonwealth Share of the Agreed Water Savings, the Assignment of the Commonwealth Share of the Agreed Water Savings; and
 - (e) the creation of Intellectual Property Rights in Activity Material.
- 9.2 Records and accounts specified in or referred to in subclause 9.1 must be retained by the Organisation for a period of no less than 7 years after the end of the Activity Period.
- 9.3 The operation of subclause 9.2 survives the expiration or earlier termination of this Agreement.
- 9.4 In addition to any other requirement in relation to the retention of records and reporting, the Organisation acknowledges that the Department may, at its discretion, conduct an independent audit of the Organisation, a Proponent and any Subcontractor(s) having regard to their obligations and warranties under this Agreement.
- 9.5 The subject matter of any audit conducted pursuant to subclause 9.4 may include financial and technical matters, the extent to which the parties are aware of their obligations and have complied with clause 25 (including in respect of occupational health and safety) and whether water savings have accrued as represented in a Sub-Project Plan.
- 9.6 In conducting an audit contemplated by this clause the Department may take into consideration:
- (a) the records the subject of subclause 9.1;

- (b) any other information or materials reasonably required (and the Organisation must comply and must ensure that its Subcontractors comply with any reasonable request to provide such information or material),

and may conduct a site inspection as contemplated by subclause 19.6.

9.7 The Organisation must ensure that its contractual arrangements with Subcontractors and Proponents reflect the requirements of this clause 9.

10. REPORTING

10.1 The Organisation agrees to provide the Department with written reports at the times and containing the information, specified in Item 5 of the Schedule.

10.2 Within 60 Business Days after the expiry of the Activity Period, completion of the Activity or termination of this Agreement (whichever is the earliest), the Organisation agrees to provide the Department with:

- (a) audited financial statements of its income and expenditure in respect of the Funding, Organisation's Contributions (if any), Other Contributions (if any), and Project Generated Income that include:
 - (i) a definitive statement as to whether the financial information for the Activity is true and fair and is based on proper accounts and Records;
 - (ii) a definitive statement as to whether the Funding (and any Other Contributions, Organisation's Contributions and Project Generated Income) was spent for the Activity and in accordance with this Agreement;
- (b) a statement of financial position (assets and liabilities by class), which must include, under assets, the balance of the Organisation's account referred to in paragraph 5.6(a).
- (c) a copy of a letter to the Organisation from its Approved Auditor, or a report from the Organisation's Approved Auditor, including:
 - (i) specific comment on the adequacy of financial controls being maintained by the Organisation;
 - (ii) specific comment on the Organisation's financial position as it relates to any issues affecting its ability to repay surplus Funds or complete the Activity with available Funds;
 - (iii) where there are any qualifications or limitations on the audit, an outline of the reason(s) for the qualifications or limitations and the remedial action recommended; and
- (d) a statement that the Organisation is satisfied that a Proponent has spent the Funds in accordance with the Organisation's contract with the Proponent.

10.3 The information required to be provided under subclauses 10.1 and 10.2 must be accompanied by a certificate (from the Organisation's Chief Executive Officer or the Organisation's senior executive officer who has primary responsibility for managing the Organisation's audit functions) that:

- (a) all Funding received (and any Other Contributions, Organisation's Contributions and Project Generated Income) was spent for the purpose of the Activity and in

accordance with this Agreement and that the Organisation has complied with this Agreement;

- (b) salaries and allowances paid to persons involved in the Activity are in accordance with any applicable award or agreement in force under any relevant Law;
- (c) any financial information required is presented in accordance with any other financial reporting requirements which the Department may notify to the Organisation;
- (d) where an Asset has been created or acquired with the Funding, that the Organisation has complied with clause 7 in respect of those Assets; and
- (e) at the time the Report or financial statement is provided to the Department, the Organisation is able to pay all of its debts as and when they fall due.

10.4 The Organisation agrees that the financial statements referred to in subclause 10.2 will comply with Australian Accounting Standards and will be prepared by a Qualified Accountant.

10.5 The Organisation agrees that the audit referred to in subclause 10.2 will be carried out by an Approved Auditor and comply with the Australian Auditing Standards.

10.6 The Organisation is responsible for:

- (a) consolidating its financial statements;
- (b) arranging for those consolidated statements to be audited by an Approved Auditor; and
- (c) ensuring that the audit complies with the Australian Auditing Standards.

10.7 The operation of this clause 10 survives the expiration or earlier termination of this Agreement.

19. ACCESS TO PREMISES AND RECORDS

19.1 The Organisation must give the Auditor-General, the Privacy Commissioner and persons authorised by the Commonwealth (referred to in this clause 19 collectively as 'those permitted') access to premises at which Records and Material associated with this Agreement are stored or work under the Activity is undertaken at all reasonable times and allow those permitted to inspect and copy Records and Material, in the Organisation's possession or control, for purposes associated with this Agreement or any review of performance under this Agreement. The Organisation must also give those permitted access to any Assets, wherever they may be located, and reasonable access to the Organisation's employees, for the same purposes.

19.2 The Organisation must provide all reasonable assistance requested by those permitted when they exercise the rights under subclause 19.1 including:

- (a) making available all information, documentation and data, in any medium, required by the Commonwealth, and
- (b) making available the Organisation's employees, officers, volunteers and Advisors who must provide access to the Organisation's computer Records and copies of documentation, including computer discs or other forms of electronic data.

19.3 The rights referred to in subclause 19.1 are subject to:

- (a) the provision of reasonable prior notice by those permitted (except where they believe that there is an actual or apprehended breach of the law); and
 - (b) the Organisation's reasonable security procedures.
- 19.4 The requirement for access as specified in subclause 19.1 does not in any way reduce the Organisation's responsibility to perform the Organisation's obligations in accordance with this Agreement.
- 19.5 The Organisation must ensure that any subcontract entered into for the purpose of this Agreement contains an equivalent clause allowing those permitted to have access as specified in this clause 19.
- 19.6 In addition to any other obligation under this Agreement, the Organisation must give persons authorised by the Commonwealth access to, or arrange for access to be given to, locations where the Organisation or a Proponent will undertake, is undertaking or has undertaken the a Sub-Project, Project or Activity (as the case may be). The Department may, at its absolute discretion, exercise rights under this clause for any reasonable purpose including to ascertain whether:
- (a) the Organisation and/ or a Proponent is aware of its obligations under clause 25 [Compliance with laws and Policies]; and/or
 - (b) the Organisation and/ or a Proponent is completing the Activity, the Project or a Sub-Project (as the case may be) in accordance with the requirements of this Agreement (including any requirements identified in the Schedule, a Sub-Project Type Schedule or a Sub-Project Plan),
- but any such inspection or review by the Commonwealth under this clause will not oblige or otherwise diminish the Organisation's or a Proponent's responsibilities for complying with those requirements under this Agreement or at law.
- 19.7 Nothing in this Agreement reduces, limits or restricts in any way any function, power, right or entitlement of the Auditor-General, Information Commissioner, Privacy Commissioner or Freedom of Information Commissioner or their delegates. The rights of the Commonwealth under this Agreement are in addition to any other power, right or entitlement of the Auditor-General, Information Commissioner, Privacy Commissioner or Freedom of Information Commissioner or their delegates.

'Approved Auditor' means a person who is:

- (a) registered as a company auditor under the *Corporations Act 2001*, or a member of the Institute of Chartered Accountants in Australia, or of CPA Australia or the National Institute of Accountants; and
- (b) not a principal, member, shareholder, officer or employee of the Organisation or of a related body corporate as defined in section 9 of the *Corporations Act 2001* or the Organisation's or a Proponent's Qualified Accountant;

'Australian Auditing Standards' refers to the standards of that name maintained by the Australian Auditing and Assurance Standards Board created by section 227A of the *Australian Securities and Investments Commission Act 2001* (Cth);

39. REVIEW

[this clause is standard under all rounds]

39.1 The Organisation agrees to provide, and ensure its Proponents provide, all reasonable assistance required by the Commonwealth in relation to conducting a review and final evaluation of the Program.

ANNEXURE A: CLAUSES THAT MUST BE INCLUDED IN THE ORGANISATION'S CONTRACTS WITH ITS PROPONENTS

(Extract from the Annexure A, schedule).

10	<p>The Proponent must be required to provide the following information and documents to the Organisation to enable the Organisation to comply with its requirements specified in clause 10 and Item 5 of the Schedule of this Agreement:</p> <ul style="list-style-type: none">(a) information as specified in Item 5 of the Schedule regarding the Proponent's progress of its Sub-Project;(b) audited copies of the financial statements specified in clauses 10.2 and 10.4 of this Agreement in respect of any Funding paid by the Organisation to the Proponent for the Proponent's Sub-Project; and(c) the certificates specified in subclauses 10.3 and 10.6 regarding the Proponent's Sub-Project.
39	<p>The Proponent agrees to provide all reasonable assistance to the Organisation as the Organisation requests for the purpose of the Commonwealth undertaking a final review of the Program.</p>

Senate Standing Committee on Environment and Communications
Legislation Committee
Answers to questions on notice
Sustainability, Environment, Water, Population and Communities portfolio
Budget Estimates, May 2013

Program: Division:	4.1: WED	Question No:	057
Topic:	On-Farm Irrigation Efficiency Program – auditing requirements		
Proof Hansard Page and Date or Written Question:	25 (29/5/2013)		

Senator Xenophon asked:

Senator XENOPHON: Do you not have to look at the merit criteria and tie that in with the auditing requirements to make sure that there will be a robustness in terms of whether the merit criteria are achieved or not?

Ms Harwood: If you are talking about an assessment of the commercial viability of the enterprise applying to be a delivery partner, yes, that forms part of the assessment on the way in. It is not so much audit as ensuring that they are capable, professional, and have the skills necessary to deliver the tranche.

Senator XENOPHON: Can you outline—I am happy for you to take this on notice because we have limited time—what documents delivery partners provide to the department to demonstrate that appropriate auditing of projects have occurred?

Ms Harwood: Yes, we will take that on notice.

Answer:

A standard requirement in Funding Agreements under the On-Farm Irrigation Efficiency Program (the Program) is for Delivery Partners to provide the Department of Sustainability, Environment, Water, Population and Communities (the department) regular progress reports which include information about funds spent (by both the Delivery Partner and the proponent), water transferred to the Commonwealth and progress of works on individual projects. These reports are assessed by the department before milestone payments are made.

Under current Funding Rounds of the Program, each Delivery Partner is also required to undertake and furnish to the department the results of Independent Audits of financial activities of the respective Delivery Partner and each of their proponents.

Round One projects are progressively completing during 2013, and the department has commenced a series of site reviews. These site reviews focus on assessing the technical and financial aspects of Delivery Partner activities and a sample of individual irrigator projects. Further site reviews will continue over the life of the Program and will ultimately incorporate a review of water savings that are being made over time.

Senate Standing Committee on Environment and Communications
Legislation Committee
Answers to questions on notice
Sustainability, Environment, Water, Population and Communities portfolio
Budget Estimates, May 2013

Program: Division: 4.1: WED **Question No:** 058

Topic: On-Farm Irrigation Efficiency Program
– auditing requirements

Proof Hansard Page and Date 25 (29/5/2013)
or Written Question:

Senator Xenophon asked:

Senator XENOPHON: Can the department provide advice on how much delivery partners receive for the administration of projects? For instance, is it on a sliding scale based on the amount awarded? Is there an acceptable or benchmark percentage of total funding awarded? Are there any rules in place to ensure that projects do not allocate an unreasonable amount on administration costs? Finally, how can you be sure, if all projects do not have their auditing arrangements robustly in place?

Ms Harwood: We will provide a more comprehensive answer on notice. In essence, there is a sort of benchmark of eight per cent; that would be the normal maximum that we would allow in a contract for project administration costs as opposed to funds going to projects on-farm. We were talking earlier about that. For most infrastructure projects, in that six to eight per cent tends to be where the project administration costs fall.

Answer:

The Round Three Program Guidelines outline that once a Funding Agreement is signed with a Delivery Partner, an initial payment for the sub-project works will be made to the Delivery Partner for administration and project management costs. Further, the Round Three Frequently Asked Questions provides advice that the Administration Fee can be up to eight per cent of the total Funding Agreement value.

Across the three Rounds to date, of the \$350 million of in-principle approval given by the Minister for Water, \$21,411,946 has been for program administration by Delivery Partners.

Please refer to the responses provided in the May 2013 Budget Estimates questions 056 and 057 on auditing requirements.

**Senate Standing Committee on Environment and Communications
Legislation Committee**
Answers to questions on notice
Sustainability, Environment, Water, Population and Communities portfolio
Budget Estimates, May 2013

Program: Division: 4.1: WED **Question No:** 059
Topic: Stormwater Program
Proof Hansard Page and Date 25
or Written Question: (29/05/13)

Senator Xenophon asked:

Senator XENOPHON: Sure. Finally—Chair, I am within time, you will be pleased to know—an agreement was entered into with the government in 2009 in relation to an additional allocation of stormwater harvesting grants projects. The criteria were altered to encourage more local projects. Can you outline—now or on notice—what the progress has been in relation to the allocation of that additional funding for stormwater projects, particularly allowing for those smaller community-based projects, rather than having much higher criteria?

Ms Harwood: The third round of the stormwater program closed at the end of 2011. Then in 2012 the nine successful in-principle grants were announced. Of those, eight have taken up the funding offer. Those projects are in train and under contract. I can read out the funding recipients, if you want.

Senator XENOPHON: No. Because of time constraints, I would be grateful if the department could provide that on notice, and obviously a breakdown of where those projects are and, further, what unallocated funds there are in respect of that stormwater program.

Answer:

The third round of the stormwater harvesting and reuse grants closed to applications on 7 December 2011. On 8 August 2012 nine grant funding offers were announced that total \$42.584 million (GST exclusive). Of those, eight project proponents accepted the funding offer.

The names and location of the eight funding recipients are:

- Canada Bay City Council (Sydney, NSW) \$1.89 million
- Rural City of Murray Bridge (Murray Bridge, SA) \$7.11 million
- City of Salisbury (Adelaide, SA) \$2.21 million
- Light Regional Council (Gawler, SA) \$10.70 million
- Nyrstar Hobart Pty Ltd (Hobart, TAS) \$2.64 million
- Brisbane City Council (Brisbane, QLD) \$5.39 million
- Western Region Water Corporation (Outer Melbourne, VIC) \$9.23 million
- Hurstville City Council (Sydney, NSW) \$1.07 million

There are no unallocated funds remaining in this program. Funds offered to the proponent that declined to accept were identified as a saving in the 2013-14 Budget as an offset against a funding measure for the Antarctic Division.

**Senate Standing Committee on Environment and Communications
Legislation Committee**
Answers to questions on notice
Sustainability, Environment, Water, Population and Communities portfolio
Budget Estimates, May 2013

Program: Division:	4.1: WED	Question No:	060
Topic:	SDL adjustment mechanisms		
Proof Hansard Page and Date	33		
or Written Question:	(29/05/13)		

Senator Birmingham asked:

Ms Harwood: I think the volume of water purchased in those years will be affected by a number of factors. One is how much of the 650 gigalitres of SDL offsets are achieved through the SDL adjustment mechanism when that applies in 2016, and we will not know that until 2016. The second is: how much water will we secure under contract in infrastructure projects? The more yield we get from infrastructure projects, the less that needs to be purchased. So there will be a significant review point in 2016 as to the remaining quantum of water purchase required to bridge the gap to 2,750 by 2019.

Senator BIRMINGHAM: How much of the 239 or 280, whichever it is, would you expect to acquire over the period of the forward estimates to 2016-17?

Ms Harwood: I will take that on notice because I would need to do some estimations in terms of the likely yield from the available expenditure profile through to the end of the estimates.

Answer:

In the approach outlined in the Australian Government's draft Environmental Water Recovery Strategy, water purchases in the period from 2012-13 to 2016-17 are anticipated to be approximately 142 gigalitres. This estimate assumes that 650 gigalitres of Sustainable Diversion Limit offsets are achieved through supply measures. After the Sustainable Diversion Limit adjustment mechanism has operated in 2016, if the volume of offsets is less than 650 gigalitres, any shortfall will be acquired by water purchase after accounting for water returned through other recovery programs.

Senate Standing Committee on Environment and Communications
Legislation Committee
Answers to questions on notice
Sustainability, Environment, Water, Population and Communities portfolio
Budget Estimates, May 2013

Program: Division or Agency: 4.1: WED

Question No: 061

Topic: Value of asset

Proof Hansard Page and Date 40

or Written Question: (29/05/13)

Senator Joyce asked:

Senator JOYCE: What will be the value of your asset at the end? How much water will be the book value? What do you anticipate to be the ultimate value that you will have on the books for your water by the time the plan is completed?

Mr Papps: I am not able to answer that at the moment; it is not information that we have available. I can take it on notice.

Answer:

The volume of held environmental water will not be known until the operation of the Sustainable Diversion Limit Adjustment Mechanism in 2016. This is because the operation of the Adjustment Mechanism will determine the volume of water entitlements that will need to be held for environmental use.

The value of held environmental water (once all of it is acquired) will depend on future market prices for water entitlements and the mix of entitlement types acquired in order to bridge the gap to the Sustainable Diversion Limits in the Basin Plan.

The Department of Sustainability, Environment, Water, Population and Communities reports the value of water entitlements held by the Commonwealth Environmental Water Holder in its Annual Report.

Senate Standing Committee on Environment and Communications
Legislation Committee
Answers to questions on notice
Sustainability, Environment, Water, Population and Communities portfolio
Budget Estimates, May 2013

Program: Division:	4.1: WED	Question No:	062
Topic:	Wah Wah scheme		
Proof Hansard Page and Date	45/46		
or Written Question:	(29/05/13)		

Senator Heffernan asked:

Senator HEFFERNAN: What I am curious about is that the Wah Wah scheme is a channel scheme that comes out the back end of the irrigation area. There are 9,000 megs in the allocation for the conveyance. They are going to pipe it, which is a good idea. But they are paying \$4,200 a meg for that water, which is conveyance water, and \$2,200 a meg—same water, different scheme, the Darcoola scheme. Who decides the price of water?

Mr Parker: I would have to take that on notice. The price of water which comes out of irrigation infrastructure projects depends very much on the composition of the project and the investment.

Answer:

The operation of the water market determines the actual price of water entitlements. This is straightforward for Murrumbidgee High Security water entitlement which has an established market. However, there is no equivalent market for Conveyance water entitlements. The two water products are not directly comparable, although conveyance water can also be transferred, traded and used for environmental watering.

The two projects differ considerably in terms of the volume of water entitlements returned to the Australian Government, the infrastructure to be installed and the overall level of funding.

The Darcoola scheme covers 98,700 hectares and the project will replace 248 kilometres of existing earthen channel with a pump and pipeline scheme of approximately 275 kilometres to deliver stock and domestic water to 14 properties in the scheme.

The Wah Wah scheme covers 310,000 hectares and the project will replace 1500 kilometres of open earth channels with approximately 455 kilometres of pressurised pipeline system to deliver stock and domestic water and on-farm infrastructure works for 62 properties in the scheme.

In comparison, the Wah Wah pipeline is approximately 40 per cent longer and covers an area 68 per cent larger in size than the Darcoola Pipeline and will service 62 properties in comparison to Darcoola's 14 properties. The Wah Wah project therefore requires significantly greater investment in infrastructure than the Darcoola project to meet operational and design requirements.

The results of the calculation dividing the Commonwealth funding by the volume of water entitlements recovered for the environment for each project is provided in the table below. On a Long Term Average Annual Yield (LTAAY) basis, the cost difference of water recovery from the two projects is approximately 5 per cent per megalitre.

	Commonwealth Cost per ML water entitlements (\$/ML)	Commonwealth cost per ML LTAAAY (\$/ML LTAAAY)	Type of water entitlement
Wah Wah	\$3,976	\$4,185	Conveyance
Darcoola	\$3,796	\$3,996	High Security

Senate Standing Committee on Environment and Communications
Legislation Committee
Answers to questions on notice
Sustainability, Environment, Water, Population and Communities portfolio
Budget Estimates, May 2013

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

Topic: On-Farm Irrigation Efficiency Program

Proof Hansard Page and Date or Written Question: 8
(29/05/13)

Senator Joyce asked:

Ms Harwood: I could work through those in detail, but the major projects that have water efficiency savings for which the Commonwealth has received a share for the environment would include the Northern Victorian Irrigation Renewal Project and the Private Irrigation Infrastructure Operators Program, which is now all under contract. The Commonwealth On-Farm Irrigation Efficiency Program has substantial yields of water. The first two rounds of that are well underway. Some of the projects are completed, and the third round will be under contract soon. Then there are other state priority projects which yield water, including the Queensland on-farm program. The New South Wales farm modernisation program is getting underway with the first tranches of contracts there, and the pilot for that program yielded water. The early projects in the Basin Pipe program in New South Wales will be bringing their yields forward, and the private irrigation infrastructure program in South Australia has also yielded water savings for the Commonwealth. I can provide you with a detailed list of the sorts—

Senator JOYCE: I suppose what everyone is interested in really is what it adds up to.

Ms Harwood: The water recovery through infrastructure as of 30 of April is 313 gigalitres.

Senator JOYCE: How much did you spend doing it?

Ms Harwood: I should say also that that went up just a couple of weeks ago by another 30 gigalitres because the final contract came in with Murrumbidgee irrigation.

Senator JOYCE: So we are up to 343. How much have you spent to get that 343?

Ms Harwood: I will take that on notice. I would need to add up all the contracts that go with that 313.

Answer:

As at 31 May 2013, entitlements with a long term average annual yield of 343.8 gigalitres have been secured or agreed in funding contracts for the Commonwealth water holdings towards 'bridging the gap'. The total value of these funding contracts is \$2.36 billion.

**Senate Standing Committee on Environment and Communications
Legislation Committee**
Answers to questions on notice
Sustainability, Environment, Water, Population and Communities portfolio
Budget Estimates, May 2013

Program: Division: 4.1: WED **Question No:** 064

Topic: Twynam purchase

Proof Hansard Page and Date 44

or Written Question: (29/05/13)

Senator Joyce asked:

Senator JOYCE: Where did you make your biggest loss? Which purchase was the worst one?

Mr Costello: The impairment figure looks at the holdings as a whole. I have not broken it down.

Senator JOYCE: How about the Twynam purchase? What is the value of that on the books now?

Mr Costello: I would have to take that on notice. I do not have that.

Answer:

Each year all water entitlements are tested for impairment to the current book value in accordance with the Australian Accounting Standards for intangible assets. This can only occur where an active market exists for the catchment.

Through this process, the department annually revalues acquired water entitlements to reflect the current market value of the assets, though as intangible assets these cannot be valued above the price paid.

The value of the water entitlements purchased from Twynam Agriculture was \$259 million at 30 June 2012.

**Senate Standing Committee on Environment and Communications
Legislation Committee**
Answers to questions on notice
Sustainability, Environment, Water, Population and Communities portfolio
Budget Estimates, May 2013

Program: Division: 4.1: WED **Question No:** 065

Topic: Budgeted Water entitlement purchase

Proof Hansard Page and Date or Written Question: Written

Senator Hanson-Young asked:

Our information is that it is \$90.8 m in 2013-14, growing to over \$200 m in 2016-17, but this is not clear in the budget papers. Good to get it on record considering pressures on the buyback program/attacks on the buyback program.

Can you tell us how much is budgeted for water entitlement purchase in this year and each year in the forward estimates.

Answer:

Expenditure estimates for the Restoring the Balance in the Murray Darling Basin Program from 2013-14 to 2016-17 is provided in the table below.

Expenditure Profile of the Restoring the Balance in the Murray Darling Basin Administered Program				
	2013-14	2014-15	2015-16	2016-17
	\$'000	\$'000	\$'000	\$'000
Total Administered expenditure	91,084	169,958	202,101	228,493

**Senate Standing Committee on Environment and Communications
Legislation Committee**
Answers to questions on notice
Sustainability, Environment, Water, Population and Communities portfolio
Budget Estimates, May 2013

Program: Division: 4.1: WED **Question No:** 066
Topic: Sustainable Rural Water Use and
Infrastructure Program – River
Murray Improvement Program
Proof Hansard Page and Date Written
or Written Question:

Senator Macdonald asked:

In answer to Questions on Notice at Supplementary Estimates in October 2012 (Supp Estimates QON 93) the department advised that as at Sept 30 2012 \$360million in SRWUIP funding remained unallocated.

In answer to Questions on Notice at Additional Estimates in February 2013, the department advised that half of this figure (\$180 million) remained to be allocated and that the other half (\$180 million) had been allocated to a single project, the River Murray Improvement Program.

Can the department advise if the remaining \$180 million has been allocated?

- a. Is the process for receiving SRWUIP funding one of application and approval, or does the department determine independently where/to which program the funding should be allocated?
- b. Can the department advise if any programs other than the River Murray Improvement Program were in consideration for, or had applied for the funding?
- c. How much of the 2012/13 funding will have been allocated in QLD, WA and NT?

Answer:

The remaining \$180 million referred to in answer to the Questions on Notice at Additional Estimates in February 2013 has not been allocated.

- a. Business case proposals for any remaining unallocated funds will be considered by the Department for approval by the Minister on a case by case basis. Priority will be given to Murray-Darling Basin proposals which will assist the Government to meet its commitment to bridge the gap between what water has been returned for the environment and what is required to be returned by the Basin Plan.
- b. Further on-farm irrigation efficiency program activities have been the subject of discussion with one other Basin State.
- c. As at 31 May 2013, Sustainable Rural Water Use and Infrastructure Program 2012/13 commitments in Queensland, Western Australia and the Northern Territory were \$11.4 million, \$ 1.5 million and \$0.4 million respectively.

**Senate Standing Committee on Environment and Communications
Legislation Committee**
Answers to questions on notice
Sustainability, Environment, Water, Population and Communities portfolio
Budget Estimates, May 2013

Program: Division: 4.1: WED **Question No:** 067

Topic: Commonwealth Environmental Water
– Water recovery

Proof Hansard Page and Date Written

or Written Question:

Senator Ruston asked:

How much additional water is CEWO anticipating will be recovered and placed under its control by the end of the 2013/14 financial year?

Answer:

The volume of environmental water entitlements which will be added to the Commonwealth environmental water holdings in 2013-14 will depend on the location of new water purchase initiatives, the types of entitlements targeted through these initiatives, market prices, the seller interest in the government water purchase tenders, and the outcomes of competitive grant processes which deliver water savings in return for investment in more efficient irrigation infrastructure.

Senate Standing Committee on Environment and Communications
Legislation Committee
Answers to questions on notice
Sustainability, Environment, Water, Population and Communities portfolio
Budget Estimates, May 2013

Program: Division:	4.1: WRD	Question No:	068
Topic:	Caring for our Country		
Proof Hansard Page and Date	50		
or Written Question:	(28/05/13)		

Senator Whish-Wilson asked:

Dr Grimes: I will say a couple of things here, just building on what Mr Sullivan has mentioned. Of course, many of the responsibilities here are responsibilities of local authorities, state governments and local governments. You have drawn attention to the fact that this is a significant issue, and the government recognises that it is a significant issue. So the government has made that a focus in the next round of Caring for Our Country. Ultimately, at the end of the day, the broadscale response really requires action by all levels of government. In many cases, differences in different parts of the country will be able to be explained by different state and local policies.

Senator WHISH-WILSON: Has that been discussed during the COAG process recently in any particular area in terms of cooperation on that? Obviously it is a big issue overseas as well and it does seem to work. It is not 100 per cent effective, but it makes a difference.

Dr Grimes: It is certainly an area where we have had definitely informal conversations with colleagues in state governments. I do not know whether any of our colleagues here this afternoon might be able to provide you with further information on other discussions or work that may have gone on. Otherwise we can take matters on notice.

Answer:

The management of debris in urban waterways is primarily the responsibility of local authorities, state governments and local governments. The Australian Government's role in water quality occurs mainly through its support for administration of the National Water Quality Management Strategy (NWQMS). The NWQMS, which is currently being reviewed, establishes specific threshold values for water quality which are applied by the states and territories.

Water Quality has also been identified as one of eight themes under COAG Water Knowledge & Research Platform. The purpose of the Platform is to ensure future reform activity is based upon the best available science and research. A marine debris workshop including participants from South Australian agencies, natural resource management bodies, local government, non government organisations and industry has also been funded under Caring for our Country (see Question 030).