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SENATE

ENVIRONMENT AND COMMUNICATIONS LEGISLATION
COMMITTEE

Estimates

(Public)

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ENVIRONMENT AND COMMUNICATIONS LEGISLATION COMMITTEE

Friday, 8 November 2024

Members in attendance: Senators Bilyk, Darmanin, Davey, Grogan, McLachlan, Roberts and Ruston

CROSS-PORTFOLIO MURRAY-DARLING BASIN PLAN MATTERS**In Attendance**

Senator McAllister, Minister for Emergency Management, Minister for Cities

Department of Climate Change, Energy, the Environment and Water**Executive**

Mr David Fredericks PSM, Secretary

Ms Lyn O'Connell PSM, Deputy Secretary

Finance Division

Mr Robert Hanlon, Chief Finance Officer

Ms Jill Mand, Branch Head, Property, Infrastructure and Physical Security Branch

Ms Michelle Crowther, Branch Head, Financial Management Branch

Ms Rachel Harris, Branch Head, Financial Services Branch

Environmental Water and Aquatic Ecosystems

Dr Simon Banks, Division Head and Commonwealth Environmental Water Holder

Mr Angus MacGregor, Acting Branch Head, Environmental Water and Southern Basin Branch

Dr Marcus Finn, Branch Head, Environmental Water, Northern Basin and Water Science Branch

Ms Michelle Coll, Acting Branch Head, Environmental Water Policy, Engagement and Wetlands

Portfolio Strategy Division

Ms Michelle Croker, Division Head

Ms Dana Sutton, Branch Head, Ministerial Liaison and Governance Branch

Ms Anita Agett, Branch Head, Communications and Media Branch

Water Infrastructure and Investment Division

Ms Ruth Wall, Division Head

Mr Mark Darrough, Branch Head, National Water Grid Branch

Ms Christine MacRae, Acting Branch Head, Water Recovery Branch

Mr Greg Whalen, Branch Head, Murray Darling Basin Infrastructure Program Delivery Branch

Ms Tanya Koeman, Branch Head, Upper Murrumbidgee and Murray Darling Basin Joint Venture Branch

Ms Lou-Ellen Martin, Branch Head, Water Support and Water Efficiency Labelling and Standards Branch

Mr Mike Peat, Director, Water Recovery Branch

Water Policy Division

Mr Malcolm Southwell, Acting Division Head

Ms Emma Solomon, Branch Head, Water Markets and Regulatory Policy

Mr Brett Ward, Acting Branch Head, Murray Darling Basin Strategy and Policy Branch

Ms Angie McKenzie, Branch Head Strategic Water Policy and International Engagement Branch

Ms Sheryl Hedges, Branch Head, First Nations Water Branch

Mr Phil Coates, Branch Head, Murray Darling Basin, Economics, Evidence and Engagement Branch

Bureau of Meteorology

Dr Andrew Johnson, Chief Executive Officer and Director of Meteorology

Dr Peter Stone, Group Executive, Business Solutions

Ms Nicole Brinsmead, Chief Information Officer and Group Executive, Data and Digital

Ms Astrid Heward, Acting Group Executive, Enterprise Services and General Counsel

Mr Benjamin Haydon, General Manager, Portfolio Management

Mr Michael Logan, General Manager, National Production Services

Mr Robert Argent, General Manager, Research to Operations

Mr Tim Abrahams, General Manager, Organisational Development

Ms Joanna Stone, Chief Financial Officer
Ms Vicki Woodburn, Group Executive, Australian Climate Science
Dr Karl Braganza, National Manager Climate Services

Inspector-General of Water Compliance

The Hon. Mr Troy Grant, Inspector-General of Water Compliance
Mr Daniel Blacker, Acting Deputy Inspector-General
Ms Tara Schalk, Acting Assistant Inspector-General, Regulation
Ms Sheridan de Kruiff, Acting Assistant Inspector-General, Oversight

Murray-Darling Basin Authority

Mr Andrew McConville, Chief Executive
Mr Angus Paton, Acting Executive Director, River Management Division
Mr Tim Goodes, Executive Director, Basin Plan Division
Mr Scott Ashby, Executive Director, Basin Science & Knowledge Division
Ms Katrina Tonkin, Acting Chief Operating Officer, Business Services Division
Dr Joseph Davis, Senior Director, River Management Division, River Modernisation
Ms Jack Knowles, General Manager, Communications, First Nations and Strategy
Ms Megan Winter, General Manager, Basin Plan Implementation
Dr Matthew Coleman, General Manager, Applied Science, Basin Science and Knowledge Division
Ms Jacqui Hickey, Executive Director, River Management Division
Dr Joseph Davis, Senior Director, River Modernisation, River Management Division
Ms Kelly Casey, General Counsel, Legal and Governance, Business Services Division
Mr Joel Bailey, General Manager, Applied Science, Basin Science and Knowledge Division

Committee met at 09:00

CHAIR (Senator Grogan): I declare open this hearing of the Environment and Communications Legislation Committee into the 2024-25 supplementary budget estimates. I'd like to begin by acknowledging that we meet on the lands of the traditional owners and pay our respects to their elders past, present and emerging. The committee's proceedings today will begin with the Inspector-General of Water Compliance, as part of the Murray-Darling Basin Plan cross-portfolio matters. The committee has set Thursday 19 December 2024 as the date for the return of answers to questions taken on notice. Under standing order 26, the committee must take all evidence in public session. This includes answers to questions on notice.

I remind all witnesses that in giving evidence to the committee they are protected by parliamentary privilege. It is unlawful for anyone to threaten or disadvantage a witness on account of evidence given to a committee, and such action may be treated by the Senate as a contempt. It is also a contempt to give false or misleading evidence.

The Senate has endorsed the following test of relevance of questions at estimates hearings: any questions going to the operations or financial positions of the departments and agencies which are seeking funds in estimates are relevant questions for the purpose of estimates hearings. I remind officers that the Senate has resolved that there are no areas in connection with the expenditure of public funds where a person has a discretion to withhold any details or explanations from the parliament or its committees unless the parliament has expressly provided otherwise.

The Senate has resolved that an officer of a department of the Commonwealth shall not be asked to give opinions on matters of policy and shall be given reasonable opportunity to refer questions asked of the officer to superior officers or to a minister. This resolution does not preclude questions asking for explanations of policies or factual questions about when and how policies were adopted.

Witnesses are reminded of the Senate order specifying the process by which a claim of public interest immunity should be raised, which will be incorporated by Hansard:

The extract read as follows—

Public interest immunity claims

That the Senate—

(a) notes that ministers and officers have continued to refuse to provide information to Senate committees without properly raising claims of public interest immunity as required by past resolutions of the Senate;

(b) reaffirms the principles of past resolutions of the Senate by this order, to provide ministers and officers with guidance as to the proper process for raising public interest immunity claims and to consolidate those past resolutions of the Senate;

(c) orders that the following operate as an order of continuing effect:

(1) If:

(a) a Senate committee, or a senator in the course of proceedings of a committee, requests information or a document from a Commonwealth department or agency; and

(b) an officer of the department or agency to whom the request is directed believes that it may not be in the public interest to disclose the information or document to the committee, the officer shall state to the committee the ground on which the officer believes that it may not be in the public interest to disclose the information or document to the committee, and specify the harm to the public interest that could result from the disclosure of the information or document.

(2) If, after receiving the officer's statement under paragraph (1), the committee or the senator requests the officer to refer the question of the disclosure of the information or document to a responsible minister, the officer shall refer that question to the minister.

(3) If a minister, on a reference by an officer under paragraph (2), concludes that it would not be in the public interest to disclose the information or document to the committee, the minister shall provide to the committee a statement of the ground for that conclusion, specifying the harm to the public interest that could result from the disclosure of the information or document.

(4) A minister, in a statement under paragraph (3), shall indicate whether the harm to the public interest that could result from the disclosure of the information or document to the committee could result only from the publication of the information or document by the committee, or could result, equally or in part, from the disclosure of the information or document to the committee as in camera evidence.

(5) If, after considering a statement by a minister provided under paragraph (3), the committee concludes that the statement does not sufficiently justify the withholding of the information or document from the committee, the committee shall report the matter to the Senate.

(6) A decision by a committee not to report a matter to the Senate under paragraph (5) does not prevent a senator from raising the matter in the Senate in accordance with other procedures of the Senate.

(7) A statement that information or a document is not published, or is confidential, or consists of advice to, or internal deliberations of, government, in the absence of specification of the harm to the public interest that could result from the disclosure of the information or document, is not a statement that meets the requirements of paragraph (1) or (4).

(8) If a minister concludes that a statement under paragraph (3) should more appropriately be made by the head of an agency, by reason of the independence of that agency from ministerial direction or control, the minister shall inform the committee of that conclusion and the reason for that conclusion, and shall refer the matter to the head of the agency, who shall then be required to provide a statement in accordance with paragraph (3).

(d) requires the Procedure Committee to review the operation of this order and report to the Senate by 20 August 2009.

(13 May 2009 J.1941)

(Extract, Senate Standing Orders)

CHAIR: I remind all senators that, as we continue our work implementing the *Set the standard* report, as chair, I will ensure that proceedings are conducted in an orderly, respectful and courteous way.

Inspector-General of Water Compliance

[09:02]

CHAIR: I welcome Senator the Hon. Jenny McAllister, Minister for Cities and Minister for Emergency Management, representing the Minister for the Environment and Water. Minister, would you like to make an opening statement?

Senator McAllister: No, thank you, Chair.

CHAIR: I would also like to welcome the Hon. Troy Grant, the Inspector-General of Water Compliance. I would like to take the opportunity to correct the record in relation to the committee's report on annual reports, in which the committee stated that previous annual reports published by the inspector-general had not been tabled in the parliament, despite it being a requirement under section 215Y of the Water Act 2007. This was an administrative error. The requirement actually came into effect in December 2023, meaning that previous annual reports were not required to have been tabled in the parliament. The committee apologises, Mr Grant, and thanks you for bringing this to our attention. We do have a shared aspiration of enhanced accountability. That's a two-way street. The committee will include that correction in its next report as well. Mr Grant, would you like to make an opening statement?

Mr Grant: I would, Chair, and an apology is not necessary. We are all learning in this new space. We understand that these things happen. Thank you for that acknowledgement.

Good morning, senators. It gives me great pleasure to be back in this place, providing evidence on our work and activities as a water regulator, oversight body and Commonwealth integrity agency. A lot has happened since I last appeared before you. My strategic plan has been in place for two years now, and it continues to guide my decisions and our activities, whether I'm ensuring that things are lawful, making things visible, asking people to do something better or feeding back my experiences of being out in the basin with communities to make the rules and the system better.

There is good work being done by many across the basin to ensure that people act lawfully. I published another SDL compliance statement in July this year. I now have a signed MOU with all state regulators. From 20 September this year, New South Wales has significantly increased its maximum penalties for serious water theft offences, which are up tenfold.

I have published a self-assessment of the maturity of the inspector-general. The Australian government published a review of the Inspector-General for Water Compliance, which looked at my independence, functions, powers and regulatory maturity. In September, I released the findings of an audit that highlighted structural conflicts of interest and recommended improvement to the Commonwealth department's management of sensitive water market information.

My team and I continue to be visible and out and about, ensuring that the Australian community can see and understand outcomes in basin water management so that they can better understand the role of the independent inspector-general and be confident that there is appropriate oversight of the integrity of basin water management.

We continue to do this through our presence on the ground, engaging in meaningful, face-to-face, two-way conversation with basin industry, water licence holders, communities and governments. This complements our presence at major events and field days, exposing people to a relatively new agency and, importantly, educating hundreds of thousands of people across the basin on what we do. Further supporting this is our expanding social and digital media footprint. We share our products that, importantly, communicate and educate about who we are, what we do and what people need to know regarding our work.

Over the last three weeks, I have travelled across the northern part of the Murray-Darling Basin extensively, from Killarney, at the head of the Condamine, to Stanthorpe, Glenlyon, Goondiwindi, St George, Roma, Carnarvon National Park, Charleville, Cunnamulla, Goodooga, Bourke, Brewarrina and through to Dubbo. There is no substitute for being out and about in the basin, talking with people and, importantly, hearing from them, showing them that they have been heard. I am committed to listening, hearing and acting independently wherever necessary.

Equally, and without fear or favour, I am pursuing continuous improvement in the performance of basin water managers to embed integrity, transparency and accountability in the delivery of the Basin Plan and its outcomes. On 30 October, I announced my first inquiry, an inquiry that will look at the \$180 million Northern Basin Toolkit, a significant program designed to improve water management and environmental outcomes in the upper part of the Murray-Darling Basin.

From my first day in this role, basin communities have heard me repeat the mantra of the need to improve and build trust and confidence in water management and governance across the Murray-Darling Basin. They are now very much seeing, and will continue to see, this in action. Lawful, visible and better is what we're all about. I look forward to taking any and all of your questions.

CHAIR: Thank you. I might start with the inquiry that you launched in October. It's great to see you kick off the first one. Can you talk us through your thinking as to why you chose the Northern Basin Toolkit?

Mr Grant: Yes. The first part to that answer is that, because of the budget increase of \$28.6 million that we received in July, which is what I asked Minister Plibersek for, we were able to resource such an effort. Whilst we've had the powers since our inception, we've never had the funding or resources to do so. Why did I choose the Northern Basin Toolkit? It comes under intergovernmental agreements, which is part of our oversight role. We have in our branches a team of performance assurers. Their job is to look at the performance of a number of IGAs, as well as other water management activities. We became concerned about the lack of information, the lag in time and the fact that an extension had been granted already in 2023 for things that were to occur in 2024, which has been extended to 2026. There was very little visibility of or transparency about the progress of those projects or programs within the toolkit.

We then requested—they were voluntarily provided to us—a number of documents from the Commonwealth, as well as the New South Wales and Queensland governments, and we investigated the contents of those documents. That formed one aspect of my decision to look at the Northern Basin Toolkit.

The second driving component of it was the community. We had people coming to us at field days—firstly, at FarmFest in Toowoomba—who, because we had advertised that we would be there, had come specifically to talk to me about their concerns about the Northern Basin Toolkit. The same thing happened at AgQuip in Gunnedah. The community, who are my most trusted advisers, were asking me questions that I couldn't answer until I looked at it very thoroughly through the form of an inquiry.

The third component is that it's just good practice, in line with my mantra. It's what we should be doing, and now we have the capacity to do it.

Thanks to the funding, we have also been able to recruit our Assistant Inspector-General, Oversight, and the inquiry team is part of that. I might just invite her up. I'd like to introduce to the committee Ms Sheridan de Kruiff, whose role is to assist me in that inquiry. She joined me at the announcement on 30 October. I hope that this has answered your questions, but we're both available if you want any more detail.

CHAIR: Thank you; that's great. Welcome, Ms de Kruiff. We'll be looking forward to the progress of that. I think it's an important addition to your duties to have the resources to be able to undertake these really important inquiries. The other thing that I want to touch on is your speech to the Murray Darling Association National Conference in July. You spoke about not just the accountability in the role that you have but also how you view that in terms of information available to the general public and how the general public are perceiving the money that is being spent and the activities that are being undertaken. I was quite taken with the frame that you put around that, in terms of asking that \$13 billion question. Can you explain to us how you see your role in terms of the public? I think a lot of people look at your role and think of it as you overseeing other organisations and structures, but I'd be keen for you to explore your thoughts on the role as it relates to the public.

Mr Grant: Absolutely. We don't have a legislated or dedicated functional responsibility to be the educators of the basin community, but, as everyone is aware, we survey the community for sentiment, and the knowledge gap is immense. That's across the public generally, as well as water licence holders. We've provided that detail to you; we post that information. We're constantly encouraging all agencies and governments who are responsible for water management to continually improve their education pieces. Right from the time that I was the interim inspector-general, I found that there was a lack of trust in the information—as good and accessible as it was—that the MDBA, for example, might put out. It was excellent information in the public sphere that maybe wasn't being absorbed because there was a trust issue there. I think, because of our independence, they're leaning to us to help educate them in that regard.

Those comments in the speech came out of this very forum, when questions were asked—by Senator Hanson-Young, if I recall correctly—about where the money was being spent. We did an overview of what was available to the public to see where money had been spent in the decade or so of the Basin Plan, that investment. We contracted outside experts to help us to do that work. I want to reinforce that it was just about what the public could access or track et cetera, so we didn't use any powers to do this review. The story was stark: they could see very little.

What has happened as a consequence of that is that the department has responded and now published a series of programs and shown the quantum of money that is being spent. So that's a win. That's an improvement. That's what we were after. There is now, for that one question of the spend, part of an answer that's publicly and visibly available. There needs to be a whole lot more of that.

Everything we do is on our website. It's got to be digestible and easy to find and read. A lot of people complained that, across the water basin managers, it was so hard to extract or find information. We've been very conscious of trying to simplify that, make it more accessible and play an educated role. Even though we're not obliged to, it's still a gap and we feel an obligation to do it.

CHAIR: I think that's great, as it is a big challenge. Information that's available around the basin is very difficult to understand and digest, for people who are not eating, sleeping and breathing the technicalities of the system. Thank you; it was really great to see that. Senator Davey?

Senator DAVEY: Thank you, again, for taking time out of your basin travels to come to Canberra. Technically, Canberra is in the basin, so it's okay; you're still on the ground. I must say that you have gone to more places in the basin than the minister has done, so congratulations on having done that. I want to echo Senator Grogan's sentiments around the inquiry into the Northern Basin Toolkit. I think it is timely; it is certainly needed. I also hear from communities who wonder why we haven't seen a single fishway installed, when it was

identified years ago that it was part of the solutions-and-outcomes focus for the northern basin. I look forward to your undertaking of that inquiry and reading your report at the end of it. Hopefully, as with other areas, it might be a matter of there just being less information in the public domain but that there has been progress. I won't preempt your report, and we'll wait and see what happens.

To that end, I want to come to another report that you've made. Recently, in response to some queries raised by me, you undertook an audit to look at how the department undertook its water purchasing programs, in order to ensure that there was no misuse of information. I note that your audit found that there was no intentional misuse of information; however, it did find quite significant failings regarding processes that were in place, including that there were not adequate information barriers in place. Can you explain to people why information barriers are so important and why that formed part of your audit findings?

Mr Grant: Absolutely. They're not important; they're critical. The audit that we conducted related to a written complaint that we had received, so it wasn't something that we self-initiated. It started with the minister and an announcement, which was investigated in one part, and then the department in a second part. The audit was what we would describe as 'periodic' because it related to the complaint. The audit was done for the period between 1 July 2022 and 28 February 2023, looking at what the department had in the way of controls to protect that information and remove any conflicts of interest. It looked at the sale of water allocations in the Goulburn catchment on 23 January 2023, which were made by the Commonwealth Environmental Water Holder, and Bridging the Gap within the Murray-Darling Basin on 22 February 2023, made by the Minister for the Environment and Water, which was managed by the water division of the Commonwealth department. I emphasise, as you've pointed out, that we did not allege any criminal or illegal activity within this audit. The audit found gaps, and those gaps were very disappointing. They were gaps in the department's systems and processes to manage compliance with the Basin Plan and, as a result of that, the recommendations are fairly clear for the department. On a positive note, the audit found that the controls within the Commonwealth Environmental Water Holder were largely effective. The CEWH, as they are referred to, is a Commonwealth entity managed and overseen by the department. We had our own system in place at that time as well, so our major concern was: if the CEWH could do it and we could do it, why couldn't the department do it? That was a fundamental and reasonable question that we asked.

Our takeaway from that was that it was disappointing. But I want to acknowledge the secretary. As a result of these audit findings, he has taken the bull by the horns and leant in to make sure that the systems are now compliant, which we will check up on, as we do regularly. As part of the systems that we have in the office, we follow up and check every single audit that we do. The secretary leant in personally, and I want to acknowledge that he did a good job. Quite frankly, the stark and honest answer is that he shouldn't have had to do so, but he did, and I'm confident that they're in a better place now.

Senator DAVEY: That was going to be my next question because, just this morning, we've seen the minister announce that another tender process has closed. I know that it's not an official audit finding but, just through your conversations with the department, you are confident that this most recent tender process would have had better systems and more governance measures in place to satisfy the failures that you identified in the previous audit?

Mr Grant: That is correct. I do have that confidence, but I cannot be assured until I go back and check, which I will do. I do have every confidence, and God help them if it's not, I would suggest.

Senator DAVEY: In your letter back to me about the audit, you said that the audit experienced a number of delays during fieldwork and reporting phases, including delays caused by the accessibility of auditees to respond to the audit and timely provision of information by the auditees. Did you feel that the department was trying deliberately to block your audit, or do you just think it was disorganisation, and a matter of failing to identify the priority that this audit should have taken?

Mr Grant: There were delays on both parts. The auditors got struck down by COVID throughout the audit as well. If I thought there were any deliberate actions to delay or whatever else, I would have spoken up well before now, so I don't believe that's the case. I believe that it was symptomatic of some issues whereby that division of the department have let the secretary and the whole department down in that regard, and they needed to do better. I think they're doing better now, and they need to continue to do better because they are the leading jurisdiction for the Basin Plan implementation. For anyone to have confidence in the Murray-Darling Basin Plan, it has to be led by the Commonwealth water division.

Senator DAVEY: Just to be clear, this is a department that provides advice on water policy and water procurement, and also undertakes water procurement, under the policies that they've provided advice on, and that's why the information barriers are so desperately required.

Mr Grant: No. They're not desperately required; they are critical. They're critical to avoid criminality occurring, distortion of the market—illegality. Ultimately, it's about trust and confidence.

Senator DAVEY: As you say, the Commonwealth Environmental Water Holder have very strict processes in place that they follow, and a very transparent process. You have very good processes in place and, within the department, which is actually the overarching body, there were some failures.

Mr Grant: Yes. I want to re-emphasise that, in the period of time in which we did the audit, that was the case. I'm not saying that it's the case now.

Senator DAVEY: Absolutely, and we will not pre-empt the results of your review. I acknowledge what you've said about your conversations with the secretary; I acknowledge that they've taken your audit on board and, hopefully, implemented the recommendations.

Mr Grant: Perhaps I could say—I think it's helpful—that we didn't conduct the audit. The audit was done independently of us, again, as a demonstration of avoiding any perceptions of conflict of interest.

Senator DAVEY: Prior to your releasing that audit publicly—you put out a press release at the same time—did you have any conversations with the minister's office? Prior to that publication, was any feedback given to you by the minister's office, or was that entirely independent as well?

Mr Grant: It was entirely independent.

Senator DAVEY: I want to come to your role. Currently, the government is undertaking a review, trying to redraft and revitalise the National Water Initiative, and has published draft national water agreement principles. The Productivity Commission, in their *National water reform* interim report, identified that the inspector-general has a function of overseeing intergovernmental agreements, which you've also touched on with the Northern Basin Toolkit. Have you looked at the proposed national water agreement draft that has been put out and tried to look at how your role fits into that substantial document?

Mr Grant: Absolutely. We've been looking at it very keenly, and we've been very keenly hearing a lot of feedback in relation to it across the community. That's been a big issue and, particularly in the last couple of months, it's been raised with me directly. I've asked the deputy inspector-general, Daniel Blacker, to be my conduit in it, and he's had a number of discussions in relation to that, so I will ask him to help answer this question.

Senator DAVEY: Mr Blacker, I'm happy to hear from you.

Mr Blacker: Thank you. Yes, as the inspector-general indicated, we've been actively engaged in that process with the department. In many ways, like a lot of stakeholders do, we see drafts of what's proposed and provide feedback on those drafts, as every other stakeholder does. Obviously, we have a particular interest, in that a large part of the inspector-general's role is overseeing intergovernmental agreements. There are current agreements in and around that where we oversight the Murray-Darling Basin portion of that existing IGA, so it would be our expectation that any new IGAs come within the remit of the inspector-general, in terms of oversight functions. Certainly, the review of the inspector-general that was released mid this year looked at the issue of remit on IGAs, and it formed the view that IGAs, prior to the commencement of the inspector-general, shouldn't come under the remit of the inspector-general because it wouldn't have been envisaged by all of the parties at that point in time that it would have had that level of oversight. However, it should be an expectation of all parties going into intergovernmental agreements now that, with an inspector-general that oversights agreements, those agreements would come under the oversight. There's a 'mechanics' piece in the Water Act to allow that.

Eleven agreements are currently listed, and a couple of those large head ones, like the National Water Initiative, are now listed in those 11. If new agreements come into force, the minister can add those, by regulation, to the oversight of the inspector-general. The mechanics exist, and we've been providing feedback to let people know where we think that impacts on the inspector-general's functions, scope and activity.

Senator DAVEY: With regard to the draft NWA, when you say that you've been actively engaged with the department, was that in the development of the draft that was then published publicly or just since it was published?

Mr Blacker: No. We operate like any other stakeholder in that regard, so we are not involved in the policy development process. We are not a policy agency; that's entirely the remit of the department. But we respond to things that are of interest or have an impact on our functions, as people would expect us to do, and as all other stakeholders do.

Mr Grant: If there's any attempt to reduce our oversight or reach then the Northern Basin Toolkit, as an example, may no longer be in our purview to conduct an inquiry, if there is a weakening, a lessening or a reduction in what we are able to oversight.

Senator DAVEY: Is your feedback public? The Productivity Commission has given feedback that is quite scathing, and that's public. Is your feedback public or can you make it public?

Mr Blacker: At this point we have had a lot of officer-level feedback, but I am not sure we have had a formal submission into the department. So I'll take that on notice.

Senator DAVEY: You're a very practical agency, and you look at whether that is enforceable, how we enforce it and how we take action. I look at some of the 173 principles that are currently in the draft NWA and go, 'That's a nice vibe,' but from a practical point of view I can't follow a pathway to implementation, let alone then assessment, accountability and enforcement. Does your feedback cover that sort of theme? I ask that because I know that I can't ask you for your opinion.

Mr Grant: You have just summed up the community's feedback to us on their concerns; it is exactly that.

Mr Blacker: We have some fairly general principles that we often feed back into policy processes. One is that, where we are the enforcement agency and have our regulatory hat on, we are always asking where we can see responsibilities specific enough to allow us to assess compliance against them. So that is in terms of our regulatory functions. In our oversight space, where we look more at performance, we have slightly different criteria. So it depends on what the policy is trying to achieve and what the agreement is all about. You might have a head agreement, which is principles based, and there might be detail to come. That is a policy design and architecture question. We wouldn't get involved in providing feedback on how that should be done; we would simply provide the principles on which we need to operate and look at the document in front of us. In the space in which we operate we are looking at the Water Act, the Basin Plan, water resource plans and intergovernmental agreements. We have to look at them all together to work out the full picture; one on its own doesn't tell the whole story.

CHAIR: Senator Roberts.

Senator ROBERTS: Thank you for being here again, Mr Grant.

Mr Grant: Great to see you again, Senator.

Senator ROBERTS: Thank you. This issue may be under the Murray-Darling Basin Authority, but I am pretty sure that it is under your remit; you can tell me if I'm wrong. I would like to ask some questions about the issue of contaminated water flows and also some questions about your statement. I'll start with contaminated water flows. We have water flows with chemicals added which cause blue-green algae flows that affect the quality of the Condamine River. This is an issue for you because the Queensland state government has failed to perform its duties properly. It is my understanding—correct me if I am wrong—that, when a state does not honour its obligations under the plan, the inspector-general can step in, specifically on water allocations and water usage; is that right?

Mr Grant: I'll get the deputy inspector to answer that for us.

Mr Blacker: There are a few pieces to that. It is probably the Murray-Darling Basin Authority where there is an obligation, a function or a power which needs to be discharged under the Basin Plan but which is not discharged. But the Basin Plan doesn't cover all of Queensland water management or operations.

Senator ROBERTS: No. This is the Murray-Darling Basin.

Mr Blacker: Yes, definitely in terms of geography, but a lot of the water quality issues in the Basin Plan may be principles based. The water resource plans may have some elements of water quality in them. We are the compliance agency for those, but they are very limited in terms of what is in a water resource plan. There is a much bigger issue here, which is water quality. We only have a small component of that—where there is a particular rule in either the Basin Plan or a water resource plan which we would assess compliance with. Broadly, water quality tends to be more in the MDBA's sphere.

Senator ROBERTS: If I'm heading down the track with the wrong agency, let me know.

Mr Blacker: I would refer that to the MDBA.

Mr Grant: Yes. For your information, on our website is an audit into the water resource plan of the Condamine-Balonne, which we did some time ago. That may be helpful if there is a specific issue you are concerned about that falls into our remit as part of that audit. Otherwise, the deputy is right in saying that the majority of that question sits with the MDBA.

Senator ROBERTS: Let's start. If I am heading down the wrong track, I'll ask the questions of the Murray-Darling Basin Authority. The meatworks at Oakey are 100 per cent owned by NH Foods of Japan. Between mid-March and mid-June of 2022, which is before your appointment, NH Foods released 175 megalitres of heavily contaminated abattoir run-off into Oakey Creek, which flows into the Condamine-Balonne system. The water release was 175 megalitres, which is enormous. So a large body of water was contaminated with ammonium nitrate at 102 milligrams per litre, and *E. coli* at 14,000 MPNs per hundred millilitres. I am sure you know that 100 millilitres is considered a high-risk concentration; it was above that.

The source of the water was a holding pond on the grounds of the abattoir, which was contaminated at the level of 460,000 MPNs per hundred millilitres for *E. coli*, an astronomical number; 151 milligrams per litre of ammonium nitrate; and phosphorus at 29 milligrams per litre. Taken together, these things caused a particularly toxic blue-green algae outbreak. I have seen photos of that outbreak in the holding pond, which was observed in the site prior to the release. The release occurred during heavy rain, which is why the concentration in the water was lower than it was in the dam. The timing of the release coincided with the blue-green algae outbreak in the Darling in July 2023. This is about the health of the Darling system. Are you aware of any of these facts?

Mr Blacker: I am not aware. Largely, that sits outside the remit of the inspector-general. It is possible that, if we look at the specifics—we are happy to do that—there is a connection with water resource plan compliance, but it is highly unlikely. Based on what you have just told us, it is more likely that it sits within river operations as the remit of the Murray-Darling Basin Authority and/or an EPA, potentially Queensland.

Senator ROBERTS: I'll leave it for them, then.

Mr Grant: But you are welcome to write to us on that issue. We can pull out of there what we may be responsible for and refer anything else to the appropriate agency. Just as we do for everyone, we are happy to take any and all complaints and ensure that they get to the right water manager or responsible party.

Senator ROBERTS: Thank you. Your opening statement was nice and short, and clear. In your second paragraph you referred to 'making things visible' and said that you are 'sharing your experiences of being out in the basin'. From my experience, that is exactly what is needed across the whole of the basin. That is what people are crying out for. You have said that you have now signed an MOU with all state regulators. Is that satisfying? Are you happy with that?

Mr Grant: Yes, I am. To your point about visibility, to prove that was working was one of our major concerns. When I was interim inspector-general I remember having conversations about the visibility issue. There was a lack of faith in the state regulators about consistency and compliance and whether they were holding people to account. So, after Des Pearson did that review for us, we established the Regulatory Leaders Forum. That forum was the first time that the heads of each of the basin jurisdiction regulators had ever worked together; we have 10 or 11 meetings under our belt now. It is genuinely collegiate, where there is information sharing and cooperation across projects and borders. The metering report card is a joint artefact that we own. I am responsible for collating, producing, and publishing it et cetera, but, equally, they are all contributors with the narrative.

We are working on a second piece that will give even greater visibility to the regulators' activities in each of the jurisdictions—the compliance performance report, which will have a lovely little dashboard on it. On our site you will be able to click on each jurisdiction and look at how many prosecutions they have undertaken, how many infringement notices and penalties they have issued and all that sort of stuff. That has been the mechanism by which we have had significant improvement. Out in the community the number of people asking me about the compliance aspect has reduced significantly, which is a good sign. People are now talking to me about oversight, performance and improvement.

Senator ROBERTS: That's good, because I picked up a lot of finger-pointing all across the Murray-Darling Basin: 'It's them over there; it's the Murray-Darling Basin Authority.' It is significant that the Murray-Darling Basin Commission, which preceded the Water Act of 2007, was seen to be working well. It didn't have a lot of power and so it had to work with people and with the states. The Murray-Darling Basin Authority seems to have run roughshod over the states. If you are working collegiately, it will have a better outcome eventually.

Mr Grant: Yes. Without having knowledge of the commission and the other references you made, how we work in the RLF is absolutely collegiate. It is no secret that every basin jurisdiction has its own priorities and its own way of doing things.

Senator ROBERTS: As it should be.

Mr Grant: Yes—and they have their own localised interests and nuances because the basin is very diverse; that's acknowledged. But in layman's terms we have been able to navigate a way to explain much more clearly the old oranges/mandarins analogy which we often refer to. You call that car a Holden and I call it a Commodore, but

it's the same thing. We are not perfect, by any stretch. It is still a work in progress, and it will always take time. But it has been the most significant step forward, which is having a positive ripple effect in the community. When I am out and about, people aren't whingeing about the state regulators. The visibility on the metering report card has really helped. I think they have lifted their game because they are part of something bigger and connected. Whenever you have an independent body, there is a natural reaction to step up and lift your game. The jurisdictions have all done that, and I congratulate each of them. We are a good, positive collegiate.

Senator ROBERTS: Especially when you add the work, which is repeated in your statement, of listening and actually hearing, which are two different things. I know it is not easy. I am not belittling the challenges that the Murray-Darling Basin Authority faces. You have a seasonal climate down at the southern part of the basin and a highly variable climate in the northern part of the basin, and it is very difficult to align and manage the two.

Mr Grant: I saw that firsthand this last week. I was at the headwaters of the most northern part of the basin—

Senator ROBERTS: You were in Killarney.

Mr Grant: near Mount Moffatt there, where the Maranoa starts. The perception from the south is that a body of water is available there with the capacity of Hume Dam which everyone is pinching from the north and won't let flow south. It is a water stream about this wide; I could nearly jump across it. If you pivot, it is dry because it runs underground. Unless you get 400 millilitres to 600 millilitres of rain in that section, there is not much inflow going into the top of the Maranoa, which then feeds part of the Warrego. From the Maranoa east branch, it goes underground into the Warrego, which then goes down to Toorale and then into the Darling. I know my rivers, Minister.

Senator McAllister: I love talking about rivers.

Mr Grant: So we've been out there. When I go out and engage, we have the capacity to take my internal media team with us, so we are capturing these images; that is what we are producing to educate people and debunk myths so that they don't get a misconception about how it works. So you couldn't be more accurate in saying that the seasonal-to-intermittent rainfalls dramatically affect how the systems work north to south. I've seen a lot less finger-pointing, which is positive. Everyone, when they have an agenda or a case to push, is going to do so—that is human nature and just the way it works—but it has decreased significantly, in my observation.

Senator ROBERTS: Generally, myths come from ignorance or from the hiding of corruption, so I am pleased you are onto that. You say in your fourth paragraph: 'I released the findings of an audit that highlighted structural conflicts of interest.' Is that an audit of your operations?

Mr Grant: No. That was an audit of the water division systems of the Department of Climate Change, Energy, the Environment and Water.

Senator ROBERTS: It's a mouthful, isn't it?

Mr Grant: Yes, at times. That was an audit of water systems in relation to declarations of conflict of interest and the protection of information so that people don't get advance notice or warning when they've got a conflict of water announcements, given that, as Senator Davey articulated, they're not only—

Senator ROBERTS: Insider trading.

Mr Grant: Yes, that type of example, in loose terms. So that they don't use it to their advantage or someone else's advantage, it's imperative that those systems are tight. The audit was conducted by an independent group that we commissioned. Because my staff are employees of the department, I didn't want any accusations or perceptions of any conflicts of interest, so we engaged independent auditors to go in and do that audit.

Senator ROBERTS: You have been in the police force before you came here!

CHAIR: Senator McLachlan.

Senator McLACHLAN: When we last spoke, I think your average time for closing a case was about 148 days, and I notice that your webpage indicates that 44 per cent of cases are closed within three months or less. Do we have an average figure?

Mr Blacker: I don't think we do. I think we've got a breakdown by time. I'm happy to get you an average figure, on notice.

Senator McLACHLAN: That's fine. Please take that on notice. How are you measuring performance? From your web page they look like good numbers but, as a lawyer, I'm reflecting in another context. Are you happy with the turnover of the cases, or do you think there's room for improvement? I appreciate that's 'how long is a piece of string' and it goes to the complexity of the investigations. I'm just asking from a high-level perspective.

Mr Grant: Absolutely. I'll get the deputy inspector-general to elaborate and, potentially, my assistant for regulatory, Tara, who is behind us, to join us; you may have a more detailed question, and she's in charge of the audit investigation team. As an office, the frustration that we have is that we can investigate something, but we can't find noncompliance because the legislation is poor and/or there's no consequence. So we can do a thousand investigations and they can be for this long or that long—it depends on the 'piece of string' argument—but, ultimately, if there are no consequences or something that we can't pursue further, potentially, some will always be shorter and others will be longer. It distorts it, so it's difficult to give you a—

Senator McLACHLAN: I appreciate that. Because you're a fairly new entity, I'm really feeling what your thinking is at the moment, and obviously that will evolve.

Mr Blacker: Just to add to that, we have three main tools in the kit, if you like. Investigations is one of those, but we also have audits and inquiries. So we tend to look at the problem first and then at what is the right tool. Sometimes a problem will come in and it might look as though an investigation is needed, or you do an investigation first. That might lead not to an enforcement action but to our understanding of something that we then audit or inquire into, so certainly there's a pathway there. As for whether we are happy with that, I'd probably also reflect on a change in attitude at the macro level that we're seeing. Enforcement is part of the story, but I would say that there has been a really clear shift in our three years about how people respond to us now and what we find when we get there and start talking to people. So information is a lot more readily available, people respond quicker, we're getting access to things and people are working with us to provide us with the information so that we can work through the issue. There are many aspects to a lot of the things that we tend to investigate, and they are very complicated. Some of our work is shifting, and that means more audits or more inquiries.

In terms of the review of the inspector-general, we looked at that issue as well. Essentially, it said that a lot of the work that we do is probably aligned heavily to the audit inquiries' tool, and the investigation tool is really more about trade noncompliance as an enforcement of trade rules, where there is really clear responsibility in a rule and a consequence associated with that. So, for us, it's a balancing act about where we put our resources and what we focus on.

Senator McLACHLAN: I appreciate the answer. It's an evolution of how we measure the efficiency of your organisation.

Mr Blacker: Yes.

Senator McLACHLAN: I'll continue to ask that, but I thought I'd mark a moment in time.

Mr Grant: Do you like how we've put the stuff on our website?

Senator McLACHLAN: Yes, I do. I used to sit on an oversight committee of ICAC in a state parliament, and the debate was similar in that it was about how to measure efficiency.

Mr Grant: Is that working? Do we need to do it any better or differently?

Senator McLACHLAN: No, it's the same difficulty. Maybe they have more powers of compulsion and so can make themselves more efficient. Whilst we're on this topic, from some of my reading and looking at some academic analysis—I can give you the references to the papers; I don't intend to put to you the propositions that are in the papers, otherwise I would have tabled them and given you some notice—there's a concept of estimating the real penalty value of water theft, and I'm not sure whether you've turned your mind to that. It involves sufficient penalties, sufficient data and sufficient auditing, generally, which are many of the themes of your papers. Are we going to get to a place where we measure or, as legislators, are we not doing enough in order to give the penalties, or is that a state issue?

Mr Grant: That's a great question.

Senator McLACHLAN: Also, at the moment, which legal lever should we, as legislators, be looking at?

Mr Grant: That's a great question. Have we turned our mind to it? Absolutely. Even from the time I was the interim, it was one of the No. 1 complaints from the basin community. So, through the Pearson report, we explored the penalties and found that there was very little that we could do because each jurisdiction had its own penalty regimes, and they were all linked and all that sort of stuff. But we've also started to work on another body of work, in order to put a value on the environmental harm that could be considered as an option for penalty in sentencing et cetera, and my general counsel is working with the jurisdictions on that. Daniel, do you want to elaborate?

Mr Blacker: I'll probably just start by noting the increase in penalties in New South Wales, and that's really an action that reflects the underlying proposition of your question. New South Wales has just increased the maximum penalties for serious water theft, for example. For an individual, the penalty infringement notice that

could be issued by the Natural Resources Access Regulator, NRAR, was set at \$750; that's now gone up to \$7,500, so there's been a tenfold increase. For corporations, it's up from \$1,500 to \$15,400. It's similar for unauthorised works, which are up from \$750 to \$3,000 for an individual and \$1,500 to \$6,000 for a corporation. There are also similar offences for metering and licence breaches, so they're all increasing. When you look at the underlying rationale for the New South Wales government's decision there with NRAR, it's all about addressing whether this is an effective deterrent and significant enough, when you look at the economics of breaking the law, to deter people from doing so. So that's a really positive step in terms of New South Wales addressing that issue.

But we're coming at this from a broader perspective. So, in the first version of that compliance performance report, which the inspector-general referenced earlier, we've gathered all of the activity metrics together; that is, how many audits and investigations are you doing and what do they lead to in the way of penalties, enforcement actions and all of those activities? But the broader picture where we're heading is being able to put outcome measures to that so that we can see inputs, activities, outputs, short-term outcomes and long-term outcomes. We'll get the first report of the activity stuff out within a couple of weeks. Then, beyond that, we're heading into that outcomes territory so that we can get an effective measure about not only seeing how many things have been done but also whether they're working and shifting the dial in terms of effectiveness.

Mr Grant: I've referenced the environmental harm component of it. That's also going to be project No. 3 of the Regulatory Leaders Forum, so they're all leaning into that from their perspective. Then, after that's completed, we will take that through to the bulk and others.

Senator McLACHLAN: I am very interested in some excellent work being done at Flinders University by Sarah Wheeler.

Mr Blacker: We've read it. There are a number of them at the moment. We're aware of two or three that have come out recently thinking about the same issues.

Senator McLACHLAN: Whilst we're talking about New South Wales, in August we had some public comment about your difficulties with New South Wales and the water resource plans. Can we just have an update on where you're at with that?

Mr Grant: I can give you one, but that's a question that the MDBA own.

Senator McLACHLAN: Yes, they own it, but I'm asking you from your perspective.

Mr Grant: Yes. On 29 October, I spoke to Minister Jackson personally for an update and regular contact. They've got a commitment to submit the final four to surface-water to groundwater by December, and they're working towards that. Also, they've got some engagement with the Gamilaraay people, I think, to finalise that sort of process.

Senator McLACHLAN: I was just coming from the perspective that, in terms of your ability to do your job, that was frustrating. So we're still in—

Mr Grant: Yes, frustration remains.

Senator McLACHLAN: Just touching on the media point raised by the chair and my fellow senators, there's also academic work around the role of the media and the frustrations with the community holding different views, and I appreciate your great work in trying to get some clarity of thought and rational debate about the plan. Are you thinking about measuring your media impacts and, at some point, being able to assist us with 'there's your spend' and thinking about whether you're getting what you need from it? I know that it's difficult to measure, as I had to do that in a previous life, but there are ways.

Mr Grant: Yes. We've got our *Water's Edge* podcast series and we do get results on that. Under the category of government podcasts, or something like that, I think we're like Taylor Swift; we're on top of the charts, so we're going really well there. Instagram is very new. We're using that because it's the type of forum to have pictures with purpose. We use that to have great graphics to then direct people into other areas with better information. Then there is LinkedIn. We are in the process of measuring all that sort of stuff.

Senator McLACHLAN: Could you take on notice to give us some KPIs. I don't need them today, but I'd just like to make those as part of the ongoing discourse regarding how much market penetration you're getting with your messages. I'm asking for them simply in that context.

Mr Blacker: We're happy to take it on notice to provide those. To give you a really quick example, with respect to Henty field days, we do spend and use a 'cost per mil', otherwise known as a 'cost per thousand' and calculate that. So, for us, the cost per person across a thousand people is 30c, for example, in that space.

Senator McLACHLAN: I was coming from the point of not just the return on investment but also market penetration because of your work. I don't want to reach into hypotheticals and annoy the minister, but there is

some discussion in the media about certain areas, particularly in my own state, being declared critically endangered. If or when something is declared 'critically endangered', does that impact your work or trigger any considerations by your office under your statutory obligations? You can take that on notice. It is just a thought.

Mr Blacker: I think we'll take that on notice. I'm not aware of a specific trigger, but there might be implicit triggers within specific rules, so I'll take that on notice.

Senator McLACHLAN: It may be on the nature of the declaration and any conditions on that declaration, but I am interested from a technical perspective.

Mr Grant: We'll find out and get back to you with an answer.

CHAIR: Senator Davey.

Senator DAVEY: I also want to note the work that you've done regarding educating people. Something identified by your predecessor, Mick Keelty, in the oft-referenced Keelty report, was that, when it comes to water knowledge, while individuals might have great knowledge of how water operates in their own region, the understanding of other regions was not there. Having lived on farms at the top of the basin and now in the middle of the basin, I find the difference in water accounting, water allocating and also then how individuals manage their businesses is quite stark. So I think that the work you're doing is really important. Also, I do agree that there seems to be a calming of the finger pointing—long may it hold up—but we might wait until the next drought before we start congratulating ourselves.

I want to come back to the proposed water market rules about price transparency that are to come into place, and the current way water market information is being utilised and released. For example, with the Bridging the Gap tender, which concluded in May last year, I think, some of those are being registered only this month on the public registers. Do you think that lag time is appropriate?

Mr Grant: I think we've answered this a few times before. Daniel, you lead in this area, on my behalf.

Mr Blacker: Yes. In terms of rule effectiveness, I note that we've just been through a review of the inspector-general which highlighted that, noting that we're not a policy agency, the effectiveness of rules is not necessarily our domain. I would say that there's no specific rule that would fall within the inspector-general's scope that would make DCCEEW have to report their trades in a faster time frame. There isn't anything in place that would require that. Given that it's not a requirement or an obligation, there's no specific compliance or enforcement component to that. I think we've talked about this in previous sessions. Where there is a delay, the water markets data standards are looking to collect new data and information. One of the key pieces that's proposed to be collected in that space is strike dates. When that information does come through, you can see the point in time at which that occurred. It's not looking as if it's all relevant on the date that it's reported; you can see the date that the trade occurred, noting that there is a lag. I think we previously stepped through why there's a lag, but there is no particular rule there for us, as a compliance or enforcement body, to pursue in relation to time.

Senator DAVEY: I guess the actual enforcement of those rules, once they come into place, will fall to the ACCC.

Mr Blacker: It will be a mix. We have some obligations around price reporting that came in on 1 July this year. There are additional obligations that come in for us in mid-2026 and a number of obligations that come in for the ACCC in mid-2026 as well.

Senator DAVEY: I have a lot of questions. Being cognisant of time, I might put some of them on notice. I note that we've just had the close of one tender process. Before that closed, an EOI process opened. The EOI process requires non-disclosure agreements, yet this is for a tender that may occur into the future. I wonder how that feeds into market transparency.

Mr Blacker: There are probably a couple of different aspects to that. There's a question about policy design, which is a matter for others. In terms of compliance, we don't monitor in real time every document that goes into the public domain, but we are certainly monitoring some aspects of that. We have had a look. At the moment, in relation to documents, we haven't seen anything that specifically causes us concern around a risk to noncompliance.

Senator DAVEY: I will turn to metering. You produce the metering reports every year, and I thank you for that. As we've already discussed and you've highlighted, it has long been my concern that we're comparing apples to oranges. You've done a lot of work to try to turn those oranges into apples so that we're talking the same language. I note that a report released by DCCEEW at the end of October—we found this only last night—entitled *Implementation of the water market reform roadmap—2 years on* breaks down all the water market

reform progress into what's happening. It says that the Australian standard series for non-urban water meters, AS4747, has been revised. Were you aware of the revisions of AS4747?

Mr Grant: There's a MAF3 process that's still underway.

Mr Blacker: Yes. That's not led by us. I can't think of the name of the agency in the Commonwealth that leads that one, off the top of my head, but there is an AS4747 review underway. I don't think it's complete. It is still in progress. That would be my understanding, but I'm happy to be corrected. Also, as the inspector-general said, there's a technical standard that sits alongside that 4747 standard, and that's referred to as MAF3, because I think it's version 3 of the Metrological Assurance Framework. Again, that's not our document and not our process, but it certainly has impact in our space. We refer to it regularly, as do the states in their metering implementation.

Senator DAVEY: Yes. I understand that it's not you revising or doing it, but I ask what that means for you. Also, I note that, as it stands, not all states are currently AS4747 compliant. For example, South Australia has grandfathering clauses in place. I'm trying to work out what this revision means. A lot of people have gone and spent a lot of money buying meters that are currently AS4747 compliant, and they aren't even aware that this is being reviewed or revised. Going forward, what will the implications be? Will states need to introduce grandfathering clauses for those meters? Practically, how will this work with meter compliance?

Mr Blacker: The National Measurement Institute is the body that leads that review. They own the Australian standards. In terms of awareness, I know that there is a process and that they have engaged broadly. Certainly, they've engaged with us, as a stakeholder, on the way through. As for what it might mean, that will depend on whether the changes are substantive or significant, or indeed if there are any changes. Not leading that process, I don't think we could draw any conclusions about what may or may not come from changes that they haven't—

Mr Grant: Each jurisdiction has different journey points and different priorities. South Australia are working hard on a project in relation to their telemetry. It's a major focus in that jurisdiction. New South Wales have had a big review that I think has just been completed and is under consideration.

Mr Blacker: Yes.

Mr Grant: I think it is with the minister at the moment. So it largely sits with the basin jurisdictions, but, as the deputy said, it would depend on what those changes were before we could comment on what the impacts might be. That's all the stuff that we talk about at RLF as well. They share that information. If there are any changes, that will then better inform our report cards, going forward.

Senator DAVEY: That brings me to your report. It's my understanding that, under the national non-urban metering standards, every basin state must have compliant meters by mid-next year.

Mr Grant: That's under the compliance compact.

Senator DAVEY: Yes, or grandfathering so that they can maintain those grandfathered meters.

Mr Grant: Yes. A review of that compliance compact will be conducted by us.

Senator DAVEY: When will that review be conducted—post-2025?

Mr Blacker: The compliance compact concludes in 2025, and we will review it after its conclusion. We will then look at what the commitments are under that. There are about five major themes: water resource plans, metering and measurement and those sorts of things. We'll take a look at that. That's one of the intergovernmental agreements that we were talking about earlier that's listed in the Water Act, in terms of the inspector-general's oversight. We've already talked to the jurisdictions about our intention to have a detailed look at that. With regard to progress on metering and measurement implementation, the report card in front of you covers the 2022-23 period. At the moment, we're working on collecting the data for the 2023-24 period. We've got the data requests out with the states already. They're busy compiling that data to provide back. We expect it before Christmas or the other side of Christmas, or thereabouts. Depending on the delivery of that data, we aim to get that report out around February-March next year. That will give a picture of the 2023-24 water year. Then there will be another year after that, which will give the full picture of the compliance compact.

Senator DAVEY: Are you confident that grandfathered meters are compliant enough?

Mr Blacker: It's done differently in every jurisdiction, which is the joy of our world. They run different processes and programs to give assurance around the accuracy of those meters. Some of them are highly accurate and others do sample testing and different assurance methods. Largely, it appears economically sensible to us to replace meters upon their—

Senator DAVEY: At end of life.

Mr Blacker: Yes. Essentially, the grandfathering principle is that those meters will stay in place until they reach end of life and then are replaced with AS4747-compliant meters.

Senator DAVEY: Or whatever the standard may look like at that point.

Mr Blacker: Yes. However—we noted this in the last report card—we are somewhat concerned about the timeliness of that implementation. The report cards reflect that there's still a big job to be done, and that deadline is coming. The New South Wales government recognise the challenges in their implementation program and have recently conducted a review. The government's response to that, I think, was published recently as well.

Senator DAVEY: In the past, we've talked about Queensland providing timely and adequate information. Are we getting better information from Queensland, and are they likely to meet the 2025 deadlines?

Mr Grant: They're on the most positive trajectory of all the jurisdictions in improvement. I'm not going foreshadow whether they are, but they know that they're under the pump. Because I've given them praise, they know that they're under the double pump to do as well as they can. They've acknowledged that, and we're working closely with them to ensure that they come from a long way back to getting up to what's acceptable.

CHAIR: Senator Roberts.

Senator ROBERTS: I have a few brief questions on your opening statement. I'm not asking for your opinion, but do you have any feedback on how people across the Murray-Darling Basin are taking the government's announcement that it would like to take more water off irrigators?

Mr Grant: Yes; it's a concern that they raise with us.

Senator ROBERTS: Across the whole basin?

Mr Grant: Mostly in New South Wales, which is technically the south.

Senator ROBERTS: We've already discussed the fact that you're in the great state of Queensland. You've said that hearing, not just listening to, people is important. That's the key to effective policing, isn't it, to engage people?

Mr Grant: It's the key to effective everything; yes. I'm sorry if that was an opinion, but that's also a fact.

Senator ROBERTS: It's a fact as much as an opinion.

Mr Grant: Yes.

Senator ROBERTS: You say in the statement, at the bottom of page 2:

Equally, and without fear or favour, I am pursuing continuous improvement in the performance of basin water managers ...

How is that going with basin water managers?

Mr Grant: I gave one example of the water division performing very poorly in relation to the spend of money on projects. They now have it on a website; that's more transparent, so that's an improvement. There's still a long way to go regarding a lot of aspects of basin management improvement. Everyone can improve. We can always improve as well; we're not immune to that. I think there have been upward trajectories and improvements. But when we started this journey, there was a lot of work to do; so there's still a long way to go.

Senator ROBERTS: You've already told us that you've had improvements from working together with all of the states in the same room.

Mr Grant: Yes, definitely.

Senator ROBERTS: On the last page, in the top paragraph, you state, 'On 30 October, I announced my first inquiry, an inquiry that will look at the \$180 million Northern Basin Toolkit, a significant program.' Could you give us some more details about that, such as when it's going to start, end, what you'll cover and who's involved.

Mr Grant: I will ask my assistant inspector-general, Sheridan de Kruiff, to give you the precise details. She's assisting me with the operations of that inquiry, so perhaps she can help.

Ms de Kruiff: The inspector-general announced the inquiry into the Northern Basin Toolkit on 30 October. We're currently receiving submissions on the inquiry, and that process will close on 29 November. We'll then assess that information and undertake further evidence gathering. I'd note that the inspector-general does have the power to compel the provision of information. At this stage we anticipate providing a report to the minister in mid-2025.

Senator ROBERTS: Can you tell me about the scope of the inquiry and some specifics about the basin toolkit? I'm not familiar with everything.

Ms de Kruiff: Yes, I can answer some of those questions; then I'll hand over to Daniel Blacker. Essentially, the toolkit has six measures designed to improve environmental outcomes in the northern basin. Essentially, under

the six measures, there's a series of projects, all with environmental outcomes as their objective. The program has an upper envelope funding limit of \$180 million. Originally, the programs were due to be delivered in June 2024, and that has been extended to 2026. The inquiry will look at the status of the projects, including when they're likely to be delivered and the reason for those delays.

Senator ROBERTS: Does it include not just technical aspects of the projects but also commercial and community?

Mr Blacker: I'll give you a sense of the six core pieces of the toolkit; then I'll touch on the terms of reference, regarding that last follow-up. Of the six measures, the first one is about targeted water recovery in the northern basin; measure 2 is about protection of environmental flows; measure 3 is about event-based mechanisms for the Commonwealth Environmental Water Holder; measure 4 is about planning for and delivery of environmental water across the northern basin; measure 5 is all about the Gwydir Constraints Measures Project; and measure 6 is about environmental work, which is fishways, fish screens and those sorts of things.

Mr Grant: The last part of your question was about the community. I have the ability to hold hearings and to compel people to give evidence at those hearings, in addition to the compel powers for documentation. In relation to your question about the community, community members may be called to provide information at those hearings.

Senator ROBERTS: As I heard those six topics, and as I understand it, they are to do with environmental flows. Do you consider the impacts on the community and economics?

Mr Blacker: Yes. The common theme there is environmental outcomes—you're quite right—and, in regard to the terms of reference, we'll be looking at things like the governance of the program and the progress against all of those programs and projects, such as what has been implemented, what work is left to do and any issues around non-delivery. We're also looking at the amount of money that has been spent and the effectiveness of the intergovernmental agreements. There is a broad range of issues for us to look at.

Senator ROBERTS: What about the impact on the community and the economics of farming and of small industry?

Mr Grant: We will get that from the community, when they come to hearings, I imagine.

Senator DAVEY: Perhaps I can ask a quick follow-up question on that. I note that it's a review into the Northern Basin Toolkit, but some of those terms of reference could apply equally to some areas in the southern basin. Have you thought about expanding the review, or are you open to hearing that sort of feedback through the process?

Mr Grant: Submissions are not limited, and we'll take them on board, but we're only a small team. We were only funded in July, it's October, and we already have our first inquiry underway; I don't imagine it will be the last.

Senator ROBERTS: You mention in your closing paragraph 'building trust' and you finish with the words 'lawful', 'visible' and 'better'. That's very encouraging. People across the basin will let us know, so all I can do is wish you success.

Mr Grant: Thank you, Senator.

CHAIR: Thank you very much. We really appreciate you coming in, spending some time with us and telling us about some of the great work that you're doing; that's very helpful, so thank you. We will release you now and see you again in February.

Department of Climate Change, Energy, the Environment and Water

[10:24]

CHAIR: We are dealing with cross-portfolio Murray-Darling Basin Plan matters. We now have at the table Mr Fredericks, the Secretary of the Department of Climate Change, Energy, the Environment and Water, and Mr Andrew McConville, Chief Executive of the Murray-Darling Basin Authority. Would anybody care to make an opening statement?

Mr Fredericks: Yes. I would like to make some observations about the evidence that was given in relation to the inquiry by the IGWC into my department. I know that Senator Davey will give the department the opportunity to provide evidence in detail about what we, as a department, have done in relation to the subject matter of that inquiry. Before too much time elapses between the evidence that was provided and our opportunity to do that, I would like to make a couple of points. I think it's very important to provide one piece of context, which I'm not sure that I heard strongly in the discussion. The period of time in which the activities of the department were subject to the review was from July 2022 to February 2023. We are talking about the activities of the department

between 20 and 30 months ago, which is around two years. I think that's an important context now for two reasons. One is that it reflects the fact that it's important for everyone to understand that the activities of the department that were considered related to what was the department as of around two years ago. The other is that, very usefully, it does show the period of time in which the department has had the opportunity to deal with the issues that were ultimately raised in that inquiry.

Senator Davey, I know that you'll give my departmental officers an opportunity to provide detailed evidence about what we've done since, and I'm grateful to you for that. But I can give the assurance—I was very grateful to the inspector-general for saying as much—that not just I but the department as a whole have learnt in throughout that entire 20-month period on a program of continuous improvement. That program of continuous improvement was launched 20 months ago; so, in many ways, we were able to accept a lot of the recommendations that the inspector-general ultimately made in September 2024, not just because they were good advice but because we had already well and truly started the process of attending to those issues.

We certainly welcomed the report. As a department, I welcome audit reports; they're good things for us and give us advice on how we can do things better. Perhaps I can emphasise, though, that we also understand where we can do things better. The people who sit behind me and those who sit in my department reporting to them are diligent, conscientious and professional public servants who devote their professional career to the service of the Australian public. It's very nice of the inspector-general to express confidence in me, but can I say that my confidence is built on the confidence that I have in my staff, and I'm looking forward to the opportunity for my department to reflect that today.

We look forward to the opportunity for the inspector-general to come back and review us again; that's a good thing. Currently, the ANAO is doing a review, a proper review—it's publicly known—into the procurement that we did on bridging the gap in 2023, and I welcome that. We engage constructively with the ANAO. I'm extremely grateful to the inspector-general and his staff for how constructively they engage with us as well. As I say, the result is the system working well, with our department understanding that it needs to do better and doing that of its own volition, and an independent review, explaining further how we can do better and our leaning into that. This is government functioning well, and I'm very proud of it, as I think all senators here should be.

CHAIR: Mr Fredericks, it is great to see the opportunity for unpacking what's going on and system improvement. Thank you very much for that statement. I would also like to welcome Dr Simon Banks, the Commonwealth Environmental Water Holder, who is on some documents and not others. My apologies for that. We will clarify matters when we come back after morning tea. For now, we will go straight to questions.

Senator DAVEY: I appreciate your opening comments, Secretary, and you're right; I will be unpicking this further. As you can imagine, and as you have articulated, the findings of the audit for the inspector-general were concerning and very disappointing. When you read the audit, upon reflection did you accept and agree with those findings?

Mr Fredericks: We formally accepted all of the recommendations of the IGWC. I am happy for my officers to give you detail on this. In a number of respects, the implementation of those recommendations was already in train before the inspector-general released his report. That was because, through the auditing process we received good visibility from him and his staff about what issues were of concern to them. We didn't wait. This activity occurred through a peak between June 2022 and February 2023. The inspector-general reported and said a few things in September 2024. As a diligent department, we didn't wait for that report. We used the ensuing period to lean in and start to address the issues that we knew he was going to formally raise. By the time the inspector-general announced his report, we accepted all recommendations. Just to be clear, I did that constructively because it is the right thing to do. We were already on a process of continuous improvement, and we wanted to keep doing it.

Senator DAVEY: You are confident that changes had been made prior to the opening of the last tender round, which has just closed?

Mr Fredericks: I need you to be clear on which tender round you are talking about.

Senator DAVEY: The 70-gig tender that was opened this year.

Ms O'Connell: That 70-gig tender closed mid-September. That is the one you are referring to?

Senator DAVEY: Yes.

Ms O'Connell: We accepted the recommendations from the inspector-general. We are happy to go through them and talk through our implementation of them.

Senator DAVEY: I want to be clear. That tender round closed in September and the inspector-general's audit report was published in September. The secretary has just said that you were already implementing changes. So you were confident that, when that tender round opened, you had already taken action that will satisfy the recommendations of the report?

Ms O'Connell: Yes.

Mr Fredericks: The answer to your question is yes, in two respects. The first is because of all the activity that I have described to you that has happened over the 20 months since the period I describe and, secondly—my officials can give you evidence about this—all of the probity processes that we have put in place as well, built on those learnings for the procurement you are talking about.

Senator DAVEY: A couple of examples from that audit report. That audit revealed that, at the time of the Bridging the Gap announcement, 25 out of 26 officials working on that announcement had failed to lodge a declaration of interest. In the whole branch, 17 out of 93 employees had also failed to complete conflict declarations in a timely manner. Had that been resolved prior to the opening of this year's tender round?

Ms Wall: Yes, that was resolved. I will step you through some of the actions that the department took since the audit was undertaken, and well and truly before the 70-gigalitre program you are talking about was opened in July. I echo the secretary's comment: we welcome these findings, which we have accepted. We have implemented, and continue to implement, improvements in our system to strengthen it. I put on record that it is a requirement of the Public Service Code of Conduct that all employees must handle information obtained or generated in connection with the APS with due care. This principle is central to all of our operations in undertaking our water purchase. We have reinforced this through our annual training programs and emphasised a risk-averse approach to information handling. In the context of these existing arrangements we have institutionalised a number of new requirements.

In April 2024 we formalised the arrangements in a governance framework for water purchasing. This comprehensive framework addresses many of the issues identified in the audit, and covers key areas such as probity, privacy, procurement principles, risks, and record management. It ensures that our staff have a thorough understanding of relevant policies and procedures in their individual organisations.

In regard to information management, one of the critical updates that we have undertaken includes a revision of our information management procedures, with new controls to ensure robust information barriers and tight control access measures.

In response to the inspector-general's findings which related to one departmental system, which was our parliamentary system, PDMS—you might not be aware of that system—we have implemented new procedures and developed guidelines to instruct staff on how to implement new access controls for this system. We have also updated our training programs to include additional guidance on using information barriers when handling market-sensitive information.

The audit highlighted a key finding regarding the information barriers within PDMS, which I noted before. I stress that there were six documents stored in this system with potentially sensitive information accessible to public servants within my division, rather than being just locked down to the branch that was doing the water purchase. The CEWH, who is not part of the division, did not have access to this information. That is really important because of the nature of who has access to sensitive information as they are making decisions in regard to their water program. We have undertaken a review of who accesses those documents. We did not identify that anyone who shouldn't have accessed them.

Senator DAVEY: That is pleasing to hear, but the point of the inspector-general was that someone who shouldn't have accessed them, could have.

Ms Wall: That's right.

Senator DAVEY: So you have now rectified that.

Ms Wall: We have rectified it. We have also checked that no-one did access them, other than the people who should have.

Senator DAVEY: I want to pick you up on the training issue. You have an annual training program; most departments have. A lot of it is standard training across the departments. When I read the audit report, you had a water compliance training session—which is good, and really important—but only 22 of 26 staff directly involved in the Bridging the Gap tender attended. So it appears it wasn't mandatory. You also had a probity training seminar, which is good, but only 13 of the 26 staff attended that. Why such poor attendance? Why was it not

mandatory for staff who were going to be involved in a tender process to attend what I would consider to be fundamental training when dealing with such a sensitive tender process? That tender alone is worth \$205 million.

Mr Southwell: As you are aware, I was involved in this at the time. We recognise that it is important that staff attend these training events. Part of the challenge at the time was keeping accurate records for us. We have rectified that. It is our expectation that all staff attend probity training and also the water compliance training. As my colleague Ms Wall outlined, we have put in place measures to ensure that, for all future procurements and current procurements, staff attend that, and we keep clear records of their attendance. My colleague Ms Solomon will add to that. She has looked after a number of the training elements.

Ms Solomon: I can advise that, including February 2023, from that date, we have had 13 training sessions: 10 this year and three in 2023. That has covered staff from the water purchasing team, the water reform task force, and staff across all divisions, including staff who are involved in the AWEP, the Aboriginal Water Entitlements Program. We have been really broad in the kind of outreach we give the training to. We have also updated the training.

Senator DAVEY: We all want to move on, and we all want to make sure that the results have been heard. The inspector-general highlighted in his response to me regarding the audit that he experienced a number of delays during field work and reporting phases, including delays caused by the accessibility of auditees, the response to the audit and the timely provision of information. He said this morning that COVID was involved in that. He made it clear that he didn't think there were malicious delays. Have you now put in place protocols so that future audits or future events like this don't experience the same delays?

Ms O'Connell: Yes.

Mr Fredericks: We have put in place my expectations, the strongest possible expectations, that my staff will engage constructively with the inspector-general and his office. I can comfortably say to you that is the posture we are already taking in relation to the ANAO report and to the early stages of the Northern Basin Toolkit report. I have to take that posture because I would be a hypocrite if I did not. These are important reports that I want to learn from. My expectation is that my staff will engage strongly with them, and they do.

Senator DAVEY: As a result of the audit, have any actions been taken against any staff?

Mr Fredericks: None whatsoever.

Senator DAVEY: I am happy to put my ACCC question on notice.

CHAIR: I thank the ACCC for their attendance, and we now release you.

Senator McLACHLAN: I have a couple of short questions on the audit. It may allow the staff to move on from this unhappy chapter. The audit, as audits do, find gaps in procedure. This one is for you, secretary. There is a difference between finding gaps in procedure and adverse consequences. Were there any adverse consequences because of the lack of procedures?

Mr Fredericks: No.

Senator McLACHLAN: I wanted to give you the opportunity to make that clear because it wasn't clear from your opening statement. That is not a criticism.

Mr Fredericks: I do appreciate that. To be fair to the inspector-general, the importance of his evidence was to answer your question.

Senator McLACHLAN: That's how I read it. I wanted to give you that opportunity.

Mr Fredericks: Thank you, Senator.

Senator McLACHLAN: One of your responses talks about a conflict of interest register for consultants. I assume that has been rectified?

Mr Fredericks: Yes.

Senator McLACHLAN: Now that the register has been rectified, were there consultants who had conflicts of interest?

Mr Fredericks: I'll ask Ms O'Connell to deal with that.

Senator McLACHLAN: You can take that on notice. I am interested in who the consultants were and whether they raised conflicts when the register was rectified?

Mr Southwell: Senator, I can take this question. I apologise that I am running off memory. All the consultants who were engaged to advise us on the Bridging the Gap tender were required to complete conflicts of interest declarations as part of their procurement process. No conflicts were identified, to the best of my recollection.

Senator McLACHLAN: That followed on from my adverse consequences. I don't have anything further on that topic.

CHAIR: Senator Roberts.

Senator ROBERTS: I'll ask the questions that I started asking of the inspector-general; I was advised that they were more appropriate for the Murray-Darling Basin. The Oakey meatworks is 100 per cent owned by NH Foods of Japan. Between mid-March and mid-June 2022, NH Foods released 175 megalitres of highly contaminated abattoir run-off into Oakey Creek, which flows into the Condamine-Balonne system. The water released was 175 megalitres—massive. It was a large body of water, which was contaminated with ammonium nitrate at 102 milligrams per litre and *E. coli* at 14,000 MPN per 100 millilitres. I am sure you know that 100 MPN per 100 millilitres is considered a high-risk concentration. The source of the water was a holding pond, which was contaminated at the level of 460,000 MPN per 100 millilitres—an astronomical number for *E. coli*—151 milligrams per litre of ammonium nitrate and phosphorus at 29 milligrams per litre. The volume and the high-concentration toxicity taken together are likely to cause a particularly large toxic blue-green algae outbreak, which was observed at the site prior to the release. The release occurred during heavy rain, which is why the concentration in the waterway was lower than in the dam. The timing of the release coincides with a blue-green algae outbreak in the Darling in July of 2023. My question is: are you aware of these facts already?

Mr McConville: Environmental regulation in Queensland is the responsibility of its Department of Environment, Science and Innovation. The MDBA doesn't have any compliance or regulatory functions with regard to the issues that you've raised. In respect of the issues regarding water quality in the Darling, yes, Dr Banks and I can talk in more detail to some of those issues, but not in relation to this.

Senator ROBERTS: So did the Queensland EPA investigate.

Mr McConville: I am not in a position to comment.

Senator ROBERTS: That wasn't a question, Mr McConville. The Queensland EPA investigated, concluded that a breach of Queensland environmental laws had occurred and a fine was issued. The maximum fine for this offence is \$1.3 million per offence. The Queensland government chose to fine the facility \$13,500: one per cent of the maximum. Local residents tell me that the abattoir, which has a long history of industrial accidents and fines, has a habit of building up pollutants in their holding dam and then releasing it under cover of heavy rain. Has either the Murray-Darling Basin Authority or the department investigated the Oakey meat processing plant sending pollutants into the Murray-Darling Basin?

Mr McConville: Once again, I state that the MDBA doesn't have any compliance, regulatory or investigative responsibilities. Those responsibilities would sit with regulatory agencies in Queensland.

Senator ROBERTS: Am I to interpret, Mr McConville, that you're saying, 'Nothing to look at here', or do you raise it and deal with it in another way? Did you know about it and what's your response?

Mr McConville: No, Senator, I didn't know about this specific instance. We continue to engage on an ongoing basis with Queensland, and indeed all other states, on issues of water quality. We have been very engaged with WaterNSW in relation to the issues of water quality in the Lower Darling in particular. But no, I have not been engaged on that issue in Queensland.

Senator ROBERTS: What's your level of engagement with the Queensland government and the Queensland EPA in particular?

Mr McConville: We don't engage directly. There isn't an EPA in Queensland; it's the Department of Environment, Science & Innovation. We don't engage directly with them. We do engage on a very continuous and ongoing basis with the water agencies in Queensland as we look at all of the issues that relate to their responsibilities in implementing the basin plan.

Senator ROBERTS: Given your concern about the water quality of the Darling River, will you be engaging with the Queensland water authorities now on this specifically?

Mr McConville: I am happy to have a conversation with them. I would reinforce that we don't have any compliance or regulatory functions in relation to environmental incident management in Queensland.

Senator ROBERTS: Will you raise this with them as a concern?

Mr McConville: I am happy to have a conversation with them, as I do on an ongoing basis.

Senator ROBERTS: Could you let us know when you do?

Mr McConville: Certainly, Senator.

Senator ROBERTS: Minister, does \$13,500 seem a fair fine for a foreign multinational food company? This is 175 megalitres of heavily contaminated water disposed of into the connected basin for just \$13,500. That's a very cheap way of getting rid of pollution. That's a bargain! Why do anything legally when you can just dump dangerous levels of pollution into the basin? Any thoughts on that?

Senator McAllister: The officials have explained to you that the Murray-Darling Basin arrangements respect the role of the states and territories in managing certain functions in terms of environmental management, but require coordination on other questions. The official has said to you that this is a question for the Queensland government. The fines that they levy and the approach they take to compliance and enforcement really is a job for which they are responsible. We don't seek to take on every responsibility that exists for a state and territory. We respect the role of states and territories in managing their own affairs.

Senator ROBERTS: That's pleasing to hear, in a way, because as you know I believe in competitive federalism and as much power to the states as possible and limited central power. But who is concerned? It doesn't seem like anyone is concerned about the health of the Darling River?

Senator McAllister: Everybody is interested in the health of the Murray-Darling Basin.

Senator ROBERTS: Queensland is not.

Senator McAllister: Senator, I invite you to take that up with the Queensland government.

Senator ROBERTS: Who's interested in the health of the Darling River?

Senator McAllister: You can ask any number of the officials here, who spent a lot of time thinking about the health of the Darling, about the steps that are in place under the Murray-Darling Basin Plan to improve the health of the river systems within the basin.

Senator ROBERTS: I accept that what is done is done. The purpose of sharing this is to bring it to your attention and hopefully to procure an undertaking that the Murray-Darling Basin Authority or the Department of the Environment, Science and Innovation will monitor run-off from the Oakey meatworks in a heavy-rain event to prevent them from doing this again. Is that something that is reasonable?

Mr McConville: We don't have a compliance or regulatory function, so it's not our task to monitor run-off from any particular site or facility. That would sit with the Queensland state department. As I have said, I am very happy to engage with Queensland and to make inquiries in that regard; again, that function sits with the state environmental regulatory agencies.

Senator ROBERTS: Will your inquiries include any request or suggestion that they actively monitor water releases from this abattoir?

Mr McConville: Again, that is for the state authorities to determine how they would do that.

Senator ROBERTS: But would you hint to it or request it? They can tell you to 'go to hell'.

Mr McConville: I need to be very mindful of where my remit exists and where it doesn't. I am very happy to engage with departmental officials in Queensland in relation to water quality generally. The specific response, again, would sit with the state departments.

Senator ROBERTS: There are two points that I would like to raise. The second is the most important. The first one I just mention for completeness. The Queensland branch of the Australasian Meat Industry Employees Union has made multiple donations to the Queensland ALP, totalling \$66,000 across the period the abattoir has been a really bad corporate citizen. Maybe it's something to do with the uncertain future of that meatworks and a factor in imposing such a small fine. The second point is directly to a federal responsibility. The uncertainty of that meatworks has been increased dramatically by the PFAS contamination in the groundwater off the Oakey air base. What is the government doing to manage and treat that PFAS contamination and prevent it growing?

Senator McAllister: There are a couple of things. First, as you have had explained to you on a number of occasions, we are not responsible for the Queensland government. We can't in this forum answer questions about the way in which the Queensland government executes its responsibilities. Clearly, this is the Australian Senate. Senators are here for the purpose of interrogating the expenditure of public money in this portfolio. We are simply not in a position to answer questions about the Queensland administrative arrangements. Secondly, you asked me about the adequacy of penalties. I will say that a bill is in the Senate now to increase penalties from around \$15 million in the Commonwealth's environmental legislation to \$780 million. That is legislation that you may vote for. I understand it is not your intention to do so, but we are trying to increase penalties in relation to offences that are relevant for the Australian government.

Thirdly, in relation to PFAS, I can tell you generally that Australian government agencies, particularly in Defence, are very engaged with this where there is a relationship with the use of PFAS in defence sites. The

officials at this table aren't involved in those processes, but they may be able to assist you about any particular Murray-Darling Basin related matters. You may have needed to ask that in another committee.

CHAIR: We will now break for morning tea.

Proceedings suspended from 10:58 to 11:16

CHAIR: We will resume with Murray-Darling Basin Plan cross-portfolio matters.

Senator ROBERTS: I will cover a number of issues. In the last 12 months, how many overseas trips have been taken by Murray-Darling Basin Authority members?

Mr McConville: In the last 12 months—I may have to double-check—two trips, one by me. I travelled to France for the International Network of Basin Organisations triennial general assembly. Tim Goodes, Executive Director, Basin Plan, recently travelled to the United States to attend the Colorado River Basin and a series of other meetings and attended a course at Harvard University. I believe they are the only two.

Senator ROBERTS: Colorado River Basin would be pretty significant.

Mr McConville: Indeed.

Senator ROBERTS: Could you please provide details, including cost.

Mr McConville: I will have to take that on notice. I am happy to.

Senator ROBERTS: Thank you. My staff would like to compliment your new system view page—very well done.

Mr McConville: Thank you.

Senator ROBERTS: They think it is excellent. When will you be likely to add a page on the measurement of to-sea flow from the barrages?

Mr McConville: I don't know. Again, I am happy to take that on notice, if I may.

Senator ROBERTS: Sure. South Australia's water data export for water over the barrages, which is, I believe, the sea flow, totalled around 2,200 gicalitres to the sea in the last 12 months. Does that seem about right?

Mr McConville: Again, I couldn't speculate. I am happy to come back to you on data flows and information.

Senator ROBERTS: This is your data, apparently. It is laid out for many pages and totals 2,201 gicalitres, which is a lot of water.

Mr McConville: Yes.

Senator ROBERTS: From your new and excellent system view page, the value of the flow to South Australia over the last 12 months is 3,707 gicalitres. That's from your data total there. Is that correct?

Mr McConville: I wouldn't know, off the top of my head. I am happy to confirm that.

Senator ROBERTS: What is the figure for South Australian flow to guarantee the health of the Murray River through South Australia, and how much must the to-sea flow be to carry out the salt and pollutants to keep the river healthy?

Mr McConville: I might ask Jacqui Hickey, our director of river operations, to come up and address those questions in relation to the flows and the barrages.

Ms Hickey: Can you repeat your question for me.

Senator ROBERTS: What is the figure for the South Australian flow to guarantee the health of the Murray River through South Australia? How much must the to-sea flow be to carry out the salt and pollutants to keep the river healthy? We are after flow into South Australia and flow into the sea.

Ms Hickey: Chapter 8 of the Basin Plan sets out what we think the flow should be over the barrages, if we can achieve that. On a three-year rolling average, for 95 per cent of the time, that number is about 2,000 gicalitres over the barrages, with a minimum—

Senator ROBERTS: It is 2,200 gicalitres.

Ms Hickey: Per year, on a three-year rolling average, for 95 per cent of the time over the long term. That is set out in the Basin Plan.

Senator ROBERTS: Where is it?

Ms Hickey: That is in chapter 8, section 8.13. Regarding your questions on flows recently to South Australia, in the 2023-24 water year, the total flow across the SA border was 7,780 gicalitres. Of that, 5,470 gicalitres went across the barrages.

Senator ROBERTS: That's over what period?

Ms Hickey: The 2023-24 water year.

Senator ROBERTS: One year of floods.

Ms Hickey: Coming off some wet periods.

Senator ROBERTS: My understanding is that, during the last drought, in the debate about the water flows around 2019, the figure as to how much is needed to go out to sea to discharge pollutants and salt was about 800 to 1,000 gigalitres. Is that roughly correct?

Ms Hickey: I'd have to take that one on notice. I don't have with me the long-term figures for barrage releases.

Senator ROBERTS: The target for over-the-border flows is about 4,000 gigalitres. That's the top end. Is that about right?

Ms Hickey: It varies from year to year. The flow to South Australia, as you know, is made up of the SA entitlement flow, which is the consumptive entitlement and the dilution and loss. That's what we have to provide each—

Senator ROBERTS: That is domestic and irrigators?

Ms Hickey: It is. It is South Australia's state entitlement. That includes some water for local environmental uses. We also provide environmental water that has been delivered through the system. When additional dilution flows are triggered, that is also provided, if that is not already met through unregulated flows. Any trade to or from South Australia provides a net adjustment of the total flow across the SA border.

Senator ROBERTS: The message I get from you is that it's not simple. It's complex. There are other factors. I am trying to simplify it. I don't want to mislead anyone; I don't want to put words in your mouth. My understanding is that the annual inflow to the Murray-Darling Basin is about 12,000 gigalitres and South Australia gets about a third of that, which is about 4,000 gigalitres.

Ms Hickey: I can't answer those numbers. I don't have the analysis in front of me.

Senator ROBERTS: South Australia is only one-quarter of the basin. It seems to me that South Australia is getting plenty of water.

CHAIR: Said the Queenslander!

Senator ROBERTS: My understanding is that, during the last drought, as I said, around 2019, the debate was about a need in South Australia to discharge to the sea 800 to 1,000 gigalitres. We're sending down 2,201 gigalitres to the sea. Why are we wasting water—and now the government wants another 450 gigalitres—when you have more than enough, Minister?

Senator McAllister: I think your question misunderstands quite a lot about the way the water arrangements work in the basin. The goal of the Murray-Darling Basin Plan is to generate a healthy working river and to support farming activities, communities and the natural environment within the basin area. Your approach looks at a single metric: the amount of water flowing over the barrages. It makes an assumption that water flowing at the end of the system represents a waste. That's not the way that the scientists tell us we should manage water in the system. We've got broader goals. We want to see healthy rivers right across the basin, including in the north of the basin. We want to make sure that the systems aren't overallocated, so that irrigators and water users have certainty about what they can use each year. We also want to make sure that we're not extracting more water out of those systems than can be sustained in the long term from an environmental perspective. The truth is that communities and agriculturalists and environmentalists all need us to return to some kind of sustainable take out of that system.

Senator ROBERTS: Just looking at the figures that I shared with Mr McConville, from the Murray-Darling Basin Authority's own data, the flow into South Australia in the last 12 months was 3,777 gigalitres. The flow out from South Australia into the sea was 2,200 gigalitres. That is about 1,600 gigalitres consumed in South Australia. Town water and irrigation are about 400. That leaves about 1,200 for river seepage and evaporation of the lower lakes. That seems like a lot.

Ms Hickey: Maybe we can issue you with some updated numbers. What happens is that, when we get the information from our flow recording sites across the basin, every now and again we do hydrometric updates and we do find that there are some adjustments to those figures. You are talking about the 2023-24 water year?

Senator ROBERTS: I am talking about the last 12 months.

Ms Hickey: I have only got it per water year. There is the flow into South Australia, minus the amount that's used for irrigation purposes, aligned with South Australia's allocation. Then there are additional inflows that come into the lower part of the River Murray from other small tributary inflows as well.

Senator ROBERTS: Is that from the south-east?

Ms Hickey: No. That is from the Mount Lofty Ranges and other local catchment areas. Obviously, when the lakes are higher, there is more evaporation loss, but wind and temperature do play a big factor in evaporation losses at the lakes.

Senator ROBERTS: Thank you. That is the end of my questions.

Senator DAVEY: I will move away from the MDBA, just to keep things interesting. I want to ask about where we are at with the draft national water agreement. When did drafting of this agreement start? When did the process start? I know it was one of the key five-point commitments of the government, prior to the election in 2022.

Ms O'Connell: It has a long history. As you are probably aware, the original agreement was in 2004 and it was called the National Water Initiative. A Productivity Commission review report in 2017 recommended that agreement be refreshed. Officials across the Commonwealth and the states then looked at the agreement and started the work to refresh it. At the beginning of this year, we produced several consultation documents on it. There have been three rounds of consultation. The last one we produced in August of this year. We've had some extensive feedback on that. We're in the process of taking account of all of that feedback.

Senator DAVEY: We've heard that the government is very keen to have this signed off by all state governments by the end of the year. Given the feedback that you've had since the publication of the August draft document, do you think that it's still on track to be agreed by all state governments by the end of this year?

Ms O'Connell: I am not in a position to say when it will be agreed. We are taking account of all of the comments and feedback that we've had on the document. We will be publishing a revised version to take account of the comments and feedback.

Senator DAVEY: When would we expect to see that publication of the revised version?

Ms O'Connell: I would say soon.

Senator DAVEY: Given it needs to be signed off by all states, does that require a meeting of all jurisdictional water ministers?

Ms O'Connell: No, Senator. The way these agreements are traditionally done is that, basically, not all people sign on, on exactly the same date and at the same time. Jurisdictions will sign on, as and when they've gone through their processes of necessary approvals.

Senator DAVEY: It's fair to say that the Productivity Commission's feedback on the August discussion paper was quite robust, to be polite. I note that, in the Productivity Commission's 2021 advice regarding the proposed architecture of a new national water agreement, their proposal was to really ratchet it down into overarching principles, key elements and agreed outcomes. How did we then end up with a document that had 173 principles under 62 outcomes? From my reading, the Productivity Commission recommended a 'keep it simple', and we have anything but that.

Mr Southwell: As Ms O'Connell said, the August version that was put out was a consultation draft of the objectives and principles that wanted to do a couple of things, which included picking up the important elements of the 2004 National Water Initiative and, like the PC said, building on that to include objectives and principles around climate change and its impact on water resources and First Nations people. We are now taking the feedback from that August version, and we have also heard the feedback from the Productivity Commission. We actually agree with a number of points that the PC made. The key things, in taking that feedback that we heard, are that we will retain the important reforms that were done in 2004, and the agreement will be simpler, clearer and shorter. That's what we are dealing with in the feedback now.

Senator DAVEY: Simpler, clearer and shorter?

Ms O'Connell: There will be fewer principles in the next version; so, yes.

Senator DAVEY: I asked the inspector-general about it, in terms of his responsibility under his agency for having oversight of intergovernmental agreements, which this will become, once it's signed on to by all jurisdictions. When you're looking at the principles, it's about looking at whether they are practical, implementable and enforceable. Are we running that lens over the 173 principles that you're now wading through?

Mr Southwell: Yes. We are putting that lens across it to ensure that those principles are clear, short, concise and able to be implemented. We are working with states and territories in the National Water Reform Committee. We are cognisant of the importance of independent review. The agreement will have a requirement for annual reporting, which is part of the transparency elements. It will also retain that element of independent reporting every three years that the Productivity Commission currently does.

Senator DAVEY: One of the key principles of the National Water Initiative was a pricing principle, and the requirement that states needed to recover costs of running and managing systems. I can't really see that in the August document, but what has been raised with me is alarm by a lot of stakeholders that implementing some of the principles that were identified in the August document would increase the costs of water management and operations. Has any consideration been given to that flow-on impact of potential changes to the NWA?

Mr Southwell: It is important to reinforce that this is picking up the important water reforms that were made in 2004. We're not losing any of those important reforms; we're retaining the pricing elements. We're adding some flexibility around that, and recognising that, for remote communities and small communities, cost recovery isn't always practical. It adds additional clarity regarding the requirements around when cost recovery is needed, including the principle of full transparency in any subsidies that are made.

Senator DAVEY: Another question that has been raised with me is that one of the principles in the document involves recognising a river as a living entity, which, in other countries, has led to it having legal personhood status. Is this just an open invitation for environmental lawfare?

Mr Southwell: It is important to put on the record that the Productivity Commission, through its three reviews, in 2017, 2021 and 2024, in all cases called for an elevation and recognition of Aboriginal and Torres Strait Islanders' water rights. The draft that we consulted on in August did include some clauses around that. We will review those, as we put forward a revised draft. It is not the intent that changes any legal frameworks.

Senator DAVEY: We won't see what we've seen in other countries, where a committee is created to be the representative person for legal purposes? In some other countries, where legal personhood status has been declared, committees are set up to be the responsible custodian.

Mr Southwell: The implementation of the agreement is up to each jurisdiction, to be frank. As I said, it is not the intent that this changes the legal frameworks around water management.

Senator DAVEY: While the implementation is up to the state jurisdictions, one of the concerns that's raised is that, once the states sign on to this, the implication is that they will then implement it; and, if someone decides that they don't believe the state is doing enough to implement it and to recognise a river as a living entity with legal personhood status, what are the chances that someone takes it to court? The concern is that we will end up getting wrapped up in environmental lawfare over issues because states have innocently signed on to an agreement and don't follow through with implementing it in the way other people may have interpreted 'implementation' should look like.

Ms Hedges: I am a Walbunja woman. Living entities, from an Aboriginal and Torres Strait Islander perspective, relate to how Aboriginal people see our spiritual and cultural obligations in that reciprocal relationship that we have with waters. This is about basing living entities on our beliefs, Aboriginal people's beliefs. It doesn't provide a legal personhood by having that within this NWA. It recognises the cultural and spiritual values that we put towards living entities. Acknowledging rivers as a living entity within the national water agreement doesn't have any legally enforceable rights or obligations under Australian law. We are providing a definition of legal entities in the NWA which will go towards explaining that a bit further as well.

Senator DAVEY: There will be a definition?

Ms O'Connell: That is one of the areas that was raised in terms of consultation. We are taking that feedback on board, and it will be clearer.

Senator DAVEY: There's also a lot in this document about free, prior and informed consent. I understand that is a UNDRIP acknowledged process, and that's all good. It's about how it works in practice. We have recently seen the issue at the McPhillamys goldmine, where free, prior and informed consent was sought through the New South Wales Aboriginal heritage act. Approvals were granted; then, through the federal act, a section 10 declaration was made, because of a different group's position. Some would say, 'Free, prior and informed consent was sought across the board from all parties involved,' and, through one process, one party's position was accepted and, through another process, there was a separate party's position—two opposing positions. The concern is that, with the Murray-Darling Basin, you have 50 nations, and you have, within those nations, different groups as well. How do we ensure that we are giving due respect to the process, to the free, prior and informed consent, as well as landing in the right place and seeing progress rather than inhibition?

Senator McAllister: Senator Davey, I will offer a headline response; then I'll ask officials to talk you through the work that is going on in this particular agreement. I want to observe that you characterised the sequence of events and the regulatory processes that were undertaken in relation to the McPhillamys decision in a particular way. I don't think that's the way we would characterise what occurred. I understand that some of these questions were ventilated and explored earlier in the week, when the relevant officials were here. I don't intend that you and I should have a second conversation about that, because we don't have the officials here. However, Ms O'Connell and her team are able to talk to you about some of the feedback that we've received from First Nations communities about the approach that we might take, as well as some of the feedback we hear from other water users and system participants, who can talk about how they think about these questions. I wanted to draw a bit of a line under your preamble around McPhillamys, because this really isn't the place to discuss that.

Senator DAVEY: To make it clear, I was only using that as an example.

Senator McAllister: I understand.

Senator DAVEY: I do not intend to interrogate that issue any further.

Senator McAllister: Very good.

Ms Hedges: Free, prior and informed consent doesn't really trump anybody else's right to have decisions that affect themselves. It's about offering the opportunity for First Nations people to make decisions about matters that impact them. In relation to the national water agreement, anything that is to do with free, prior and informed consent is not a right of veto against other things. That's really important, because it's about having information available for First Nations people about what they want, in order to be able to make decisions that impact their lives.

CHAIR: We will go to Senator McLachlan.

Senator McLACHLAN: I have a question on this topic. I am very familiar culturally and quite attracted to the idea of the river being a personality in its own right. That is consistent with my own cultural upbringing. You may not be able to answer this; if not, take it on notice. Are there any models where the approach of river management comes from the river, as the river itself, first, as a legal personality? I'm searching; it's a slightly different approach, and other regulatory matters hang off that.

Ms Hedges: There is in New Zealand, which is where it does have that legal personhood, and it does create a right for the river to talk across itself. As the senator mentioned before, there is the Yarra River, which has committees established. That is a legal entity down there. As far as I know, within Australia, that isn't put forward in that respect.

Senator McLACHLAN: If there are any readings that come across your desk of a public nature, I would appreciate it if you would forward them.

Ms Hedges: I am happy to do so.

Senator DARMANIN: My questions are for the Commonwealth Environmental Water Holder. I understand that the 450-gigalitre framework is the subject of some controversy and that it won't achieve environmental outcomes. What is your view on the additional water entity, or portfolio, to help flush salt from the basin and reduce salinity in the Coorong and lower lakes?

Dr Banks: The 450 framework is a matter for my colleagues. In terms of environmental outcomes, I can talk about what we have done with the existing water we have been managing—for example, the conversation earlier around flows into South Australia. Over 1,000 gigalitres of environmental water flowed into South Australia last water year. That was to benefit native fish but also to flush salt, keeping salinity levels lower in the Coorong. It is important that we continue to flush salt out of the system. Whatever is recovered under the 450-gigalitre recovery program will entitle the Commonwealth's water holdings to a greater share of water in any particular year. We will continue to do what we currently do, which is to plan for the use of that water carefully, thinking through the demands. It depends on the conditions and how much water we have available, which is all subject to state allocation frameworks. Then we'll achieve good outcomes as a result of whatever water we have in a particular year. We have had a science program running for 10 years that has demonstrated the sorts of outcomes we can achieve from the use of Commonwealth environmental water. That includes estimates of the amount of salt that we export from the system each year.

We have also demonstrated that we have been able to induce our native fish to move and breed. It helps them if they are in a better condition for breeding and movement. In relation to the lower end, over the last couple of years we have seen a fair level of water in the system. We are heading into dry conditions. Getting out and around the basin, my observations are that there has been a lot less rain in many parts of the basin, so it is drying. In the

southern end of the system, down in the lower lakes, it is similar; the area looks like it is drying. During those dry years we need a greater share of water to ensure that critical thresholds are achieved; that is important. As an example, for four out of the seven years between 2014 and 2021, the lake levels were reliant on Commonwealth environmental water to hold them above a critical threshold. If we have an additional share of the water, that enables us to maintain the lakes above those critical thresholds. We only need to go back to the millennium drought to know what happens in the lower lakes when the lakes drop below those critical thresholds. That is just one example. There is another example: Senator Roberts was referring to water going out to the sea. During 2014 to 2021, Commonwealth environmental water was critical to maintaining the barrages open. That provides for fish movement but is also critically important for exporting salt.

Senator DARMANIN: Thank you. You covered off some of the specifics I was going to ask about. I don't know if this is informed by your science program, but how would additional water support things like waterbird breeding? You talked about native fish. The other matter is the internationally significant Ramsar wetlands and waterways.

Dr Banks: Whatever water comes through the water recovery programs means that I would receive a greater share of the water available. That will be important particularly in the dry times, to support waterbirds by providing habitat for them to forage in. It is also about building the health of the wetland systems. That goes to some of our internationally important Ramsar sites. The Macquarie Marshes, the Coorong and the lower lakes are internationally important Ramsar sites which I referred to earlier in terms of what we have achieved there. That share of water will be critical. Looking through a lens where there has been plenty of water, the last couple of years has been good, but it is when we get into those medium and dry years that our role really kicks in: to maintain the critical core areas of our Ramsar sites and provide habitat for waterbirds. There are other things, like the provision of connectivity down the river system. In the dry years, the rivers can dry back to a series of pools. If we have water available, we are able to use it to connect those pools and freshen them up, which is good for native fish and important for basin communities, as well.

Senator McAllister: This goes to the discussion Senator Roberts initiated earlier. The metric for success in the Murray-Darling Basin isn't simply the amount of money that passes to sea at the end of the system. It is also about our ability to apply water to all the kinds of places Dr Banks is speaking to you about. Thinking about the big wetland systems in the northern part of the basin, about connectivity, and about protecting and supporting places where fish, birds, and other kinds of reptile breed is about the biodiversity right across the basin but also about having healthy rivers that can sustain agricultural activity right across the basin.

Senator DARMANIN: In terms of environmental outcomes, if the proposed 450 program is delivered in full, are you confident that we can achieve the things you have outlined?

Dr Banks: Yes. It will provide us a greater share of water in any particular year, which means we have better capability to deliver the enhanced environmental outcomes articulated in the act. A small, but good, example is the Southern Bell Frog, which is a nationally vulnerable species. Prior to the recent floods, due to Commonwealth environmental water as well as state-held environmental water, we saw that species recover in the Murrumbidgee to its former range, which is fantastic. Then the floods came, and that species has extended its range. When we move into droughts, we expect that will contract. If we hold water, subject to the conditions at the time we can ensure that those key refuge areas are protected.

Senator DAVEY: So it is not relying on rice fields anymore.

Dr Banks: No.

Senator RUSTON: Can I ask for an update on water purchases? How oversubscribed was the first round?

Ms O'Connell: Are you talking about the Bridging the Gap purchase or the 70-gigalitre tender that closed in September?

Senator RUSTON: No, I will ask you about that tender in a minute. When you went for the recent Bridging the Gap water purchase, what quantity of water were you looking for in that? Was it 40?

Ms Wall: We were after 46 gigalitres of surface water and 3.2 gigalitres of groundwater.

Senator RUSTON: After you had gone out for tender, what quantum of water came back from those who were prepared to sell?

Ms Wall: We received 251 responses. Those responses were offering approximately 90 gigalitres across the six catchments.

Senator RUSTON: Eventually what did you accept? Did you find the full 46?

Ms Wall: Around 26 gigalitres was purchased from willing sellers.

Senator RUSTON: I assume that was because of a price cap; those who were offering it had a price?

Ms Wall: It is more that we had undertaken a value-for-money assessment. That value-for-money assessment determines if the water that is being offered is value for money for the Australian government.

Senator RUSTON: When you say 'value for money for the Australian government', obviously you are talking about a long-term average yield when you are buying the water. What other elements would be considered in the value-for-money assessment outside the actual value of the water?

Ms Wall: As set out in our tender documentation, we take into consideration the contribution to the Basin Plan. We take into consideration the environmental utility of the water. We also take into consideration market costs and other financial factors.

Senator RUSTON: Can I take it from that there was not a uniform price for the water? I am assuming you pay per megalitre. So some megalitres were at different prices once you have turned them into an equivalent product?

Ms Wall: It was an open, competitive tender. Applicants would put in a price that they were after. So yes, you would see variations in prices being offered.

Senator RUSTON: What was the total amount that the government spent on the 26 gigalitres?

Ms Wall: It is approximately \$180 million, which is an average of 4.3 per megalitre.

Senator RUSTON: So \$4,300 per megalitre. Can you give the top and bottom prices?

Ms Wall: I'll see if I have that. It is important to note that it was across a number of catchments.

Senator RUSTON: I understand. In terms of that 26 gigalitres, have you got a map or something that would show you the amount of water that was taken out of each of those catchments?

Ms Wall: Not a map. On our website we have quite a lot of detail in regard to the volumes offered by catchment and the average price.

Senator RUSTON: For volumes offered or volumes purchased?

Ms Wall: Both.

Senator RUSTON: Has the department or the MDBA done any modelling on the economic impact on the communities that the water has come from about what the permanent removal of that water will do to production in those communities?

Ms Wall: We have done a lot of work on economic impact as part of the 450, and also work on the act that has gone through. In regard to whether we have done economic activity on the specific purchases for Bridging the Gap, no we haven't.

Senator RUSTON: You have X amount of water coming out of a community. These amounts are sold in parcels, and you made some comment about the value for money. You told me there was a contribution to the Basin Plan, and that the environmental utility of the water market and other costs are considered as well as the actual cost of the water. Nowhere did you comment that you considered the impact on the community from which the water was removed as one of the determining factors of your decisions around purchasing that water. Obviously, you can't, because you haven't done it. I am trying to understand what the motivation is here whereby we would not regard the economic impact of the water on that community.

Ms Wall: Bridging the Gap was bridging SDLs that have a long history. That work was undertaken.

Senator RUSTON: I know exactly what they are. You gave a series of things that you considered in determining whether you would accept an offer that had been put forward to purchase. The one thing that I have been saying for the last 40 years and since we started talking about water reform is there is the need to consider the impact on the individual community, yet we don't seem to have done that here. I am interested to know whether it is an omission by accident or an omission by purpose?

Ms O'Connell: It's where it is taken into account in the overarching framework. I will ask Mr Southwell to speak on that.

Mr Southwell: There are a couple of things to put on the record. I recall at last estimates that we did deal with these questions around Bridging the Gap. Bridging the Gap relates to sustainable diversion limits. The economic component of that was considered as part of the Basin Plan in 2012. These are longstanding targets. It's different to the 450. As I think I've said in previous evidence, it is impractical to consider individual socio-economic impacts at an individual purchasing decision level; it is considered at a program level. The economic components of Bridging the Gap relate back to SDLs, which was considered as part of the regulation impact statement for the 2012 Basin Plan.

Ms O'Connell: It is taken into account not at the point of purchasing from person X or person Y but before that.

Mr Southwell: It is important to contrast that with obviously the target around 450, which requires the minister to consider the socio-economic impacts before approving a purchase program for the 450 program.

Senator RUSTON: How do you provide the minister with the advice around the socio-economic impacts of a water purchase if you haven't actually modelled the impact of that purchase in the community?

Senator McAllister: I think the point the official is making to you is that the sustainable diversion limits were set some time ago. The consideration of the impacts of all those decisions, which were adopted in the Basin Plan, was undertaken at that time. These are very longstanding targets, which your government also supported, as I understood it; you just didn't make very much progress on them.

Senator RUSTON: I don't mean to be disrespectful. You're clearly not understanding the question I am asking here. I am asking about the impact on the communities. We are talking about Bridging the Gap here, not the 450 gigalitres, by the way. Individual communities have been crying out throughout this whole process to make sure that their impact was taken into consideration. Clearly, if you are to ask the minister to take that into consideration you need to know what it is. That is my question. If you don't model it, how can you give the minister that advice?

Mr Coates: That advice for consideration of socio-economic impacts, as my colleagues have said, relates to the 450 gigalitre program. If we're talking in the context of Bridging the Gap and the overall Basin Plan, a range of reviews and assessments of impacts have been undertaken since 2012 subsequent to the regulation impact statement, which was done at the time. The department has released an addendum to the regulation impact statement, which draws upon multiple lines of evidence on impacts on communities. A key input to that was the independent Sefton review into social and economic conditions in the basin.

Senator RUSTON: Mr Southwell said—or maybe it was Ms O'Connell—that you don't do it at an individual purchase level. What is the level that you would do it to? Have you done any socio-economic impact analysis of this 26 gigalitres, or are we still relying on the decision?

Mr Coates: Not for the 26 gigalitres for Bridging the Gap. What would be more meaningful for those communities would be the cumulative impact of water recovery under the Basin Plan. That's what was assessed through the regulation impact statement, the addendum that was completed to that and the Sefton review, amongst others.

Senator RUSTON: I will remain completely unconvinced. You've recently sought expressions for another round of water, is that correct?

Ms O'Connell: Yes, for the 450 gigalitres. If you're talking about the recent tender for 70 gigalitres that closed in mid-September, I want also to point out that, as well as the voluntary water purchase tender, an infrastructure program is also open and available. A number of projects have been approved under that infrastructure program that will go to gigalitres delivered to that 450.

Senator RUSTON: You've got 26 of the 46 plus the 3.2 that you needed. I am assuming that would have finished your Bridging the Gap water. That was what was remaining in Bridging the Gap—the 46 plus 3.2?

Ms Wall: Sorry for the confusion.

Senator RUSTON: Sorry; I'm going back to my previous question. Ignore the 70 for the time being. You went out to 46 and 3.2. You bought 26. Is that correct?

Ms Wall: Yes, that's correct.

Senator RUSTON: You have the 46 plus the 3.2. If you'd been successful in getting the whole 46, what was remaining to bridge the gap?

Ms Wall: To be successful to bridge the gap we were after 49.2.

Senator RUSTON: Which is what you went out for.

Ms Wall: Yes.

Senator RUSTON: And you got 26, so we're still sitting with 23.2.

Ms Wall: We still have gaps to bridge.

Senator RUSTON: That hasn't gone out to tender yet?

Ms Wall: Yes; a tender is open at the moment.

Senator RUSTON: For that?

Ms Wall: Not for all of it. We have tenders open in the New South Wales Border Rivers and also the Condamine-Balonne.

Senator RUSTON: When is that due to close?

Ms Wall: That is due to close on 13 November.

Senator RUSTON: It's not too far away. Sorry; I jumped around a bit there.

Senator DAVEY: Can I just clarify? You said, 'That's not for all of it'. Where are the remaining gaps?

Ms Wall: I can run you through where the gaps are.

Ms MacRae: We currently have open a tender in the Condamine-Balonne and the Border Rivers. However, we still have gaps remaining. This is on our website as well. We have gaps remaining in the New South Wales Barwon-Darling, in the New South Wales, Namoi, and we also have a gap remaining in the Condamine-Balonne groundwater, which we are currently not out to tender for.

Senator DAVEY: Is there a reason why the tenders haven't been opened in those areas?

Ms MacRae: Yes, there is. In our addendum to our trading strategy for Bridging the Gap, which we released earlier this year, we talk to the recent water resource plan accreditation process that is ongoing in New South Wales, indicating that those water resource plans, particularly in the Barwon-Darling and the Namoi, may lead to a change in long-term diversion limit equivalents, which may then lead to a change in the gap. We haven't received advice on the nature of that change. The decision was taken that we would wait to approach the market until that information was provided.

Senator RUSTON: Back to the 70 gigalitres that's open at the moment. Where is the money for that water purchase currently held? Is it coming from WESA?

Ms MacRae: Yes, that is currently coming from the Water for the Environment Special Account, yes.

Senator RUSTON: How much is in that account at the moment?

Ms MacRae: I don't have that information to hand. I believe one of my colleagues may do.

Mr Southwell: The total amount of money that is available for water purchase is not for publication, so that we don't skew the market in terms of—

Senator RUSTON: We knew what was in the WESA to start with. Isn't that a matter of public record on the finance statements? I am not asking you how much you are going to use of it. I am just asking you how much is in the account? What is actually in the WESA? I wasn't asking you how much of that account you were going to spend, which I understand would be commercially somewhat silly—just how much money is still remaining in that account.

Ms Martin: As at 30 June 2024 the balance of the account was \$1.327 billion. That's reflected in the department's financial statements.

Senator RUSTON: Once again, in the process of taking this money, what modelling, if any, is being considered within the decision-making process for this water around the impacts on communities?

Ms O'Connell: I'd also say that some of the legislative changes put in place at the end of last calendar year set out some new obligations in terms of statements around socio-economic impacts. We are happy to take you through those. That information is also available publicly.

Mr Coates: Advice on considerations for socio-economic impacts has been published online. It was provided ahead of the approval of the 70-gigalitre program. That drew on a number of sources, but new modelling was commissioned from ABARES to support the consideration of that impact. That looked at impacts on the irrigated agriculture sector as a result of further water recovery in the southern basin. We also commissioned an additional piece of research, which updated work from the 2012 Basin Plan regulation impact statement, looking at the relative exposure of different communities across the basin to socio-economic impacts for the water recovery.

Senator RUSTON: Will there be transparency in terms of the purchase, as to the consideration of those economic impacts in the community? I'm thinking that if you took a significant amount of water out of a community, it's going to have a completely different impact than if you took a little bit here, there and everywhere. Equally, they're both going to have an impact. Will that be transparent? What consideration has been taken in that decision-making?

Ms O'Connell: Yes, it is.

Mr Coates: It's available.

Ms O'Connell: It's available. It's on the website.

Senator RUSTON: No. When you make the decision. We've got community X that has had eight gigalitres of water taken out of it. Will it be transparent as to what consideration was given to that in relation to the economic impact on that community? And not just the broad, 'We need to take that into consideration', but the actual impact on that community. I agree that you can't go down to the actual individual level, but, surely, if you are taking a significant amount of water out of a community, you will consider the individual impact on that community.

Mr Coates: You are not talking after the fact, once that is rolled through.

Senator RUSTON: It will be transparent. The community will know.

Mr Coates: What the modelling we've commissioned from ABARES does is use a southern basin trade model. That picks up on the fact that precisely where water trade may happen might not exactly match up with the impact. You can have the impacts of water trade across the southern-connected basin. Some who participate in that Voluntary Water Purchase Program will continue their operations, may re-scale or adapt, and some may cease. It isn't as simple as saying precisely that the impact will be felt where that sale or that purchase has occurred. Obviously, there will be transparency after the fact as to the results of the procurement process. The requirements for socio-economic consideration under the act are ongoing. There is an annual reporting requirement, and a requirement to provide for consideration of socio-economic impacts before any further Voluntary Water Purchase Program. That will pick up what's happened to date as well—

Senator RUSTON: Instead of somewhat a little bit late after the damage has been done. I accept you won't do any more damage, but it's a bit late after the damage is done.

Ms O'Connell: There's new statutory obligations. That's what we're complying with, and have done so prior to opening the tender. There is information out there now on the socio-economic in relation to that specific tender and there are further obligations, as Mr Coates outlined.

Ms Wall: I'd also add that's why we're taking a considered staged approach to purchasing, so that information can—

Senator RUSTON: Do you still require that there is no socioeconomic detriment, or is that gone?

Mr Coates: That still applies to infrastructure projects.

Senator RUSTON: What about the 450?

Mr Coates: For voluntary water purchase—

Senator RUSTON: No, the 450.

Senator McAllister: Perhaps we could allow the witness to answer. Perhaps Senator Ruston could clarify her question, and then she could allow the witness to answer without interrupting him. There was a significant debate in the Senate chamber and I think you were there, Senator Ruston—we were there together. We talked a lot about this particular issue. The official can talk you through it in detail, but maybe you could clarify what you want to ask and then he could answer without interruption.

Senator RUSTON: Were you previously a schoolteacher? My question was: are you still required to consider socioeconomic detrimental impact in the purchase of the 450?

Mr Coates: The framework for delivering the 450 refers to three guiding principles: achieving value for money, minimising socioeconomic impact and achieving enhanced environmental outcomes. That test that was in the legislation which previously applied for voluntary water purchase doesn't apply in the same way now under the new legislation. But that's why we have the principle for minimising socioeconomic impacts and the protections around that, which include the provision of funding for community adjustment assistance associated with the program.

Mr Southwell: It's really important to add that as part of the program of the 450 and the delivery of that target, there are three key components. There's the infrastructure component, there's water purchase and there's the Sustainable Communities Program.

Senator RUSTON: Thank you. Dr Banks, there was a media release from the South Australian water minister. It was reasonably recently, just in the last week or so—or two weeks. In the release, it talks about 1,650 gigalitres of environmental water going across the South Australian border last year. It says:

The water was provided by a range of water holders, most notably the Commonwealth Environmental Water Holder and *The Living Murray* program.

Are you aware or is the department aware what that 1,650 gigalitres was made up of? How much was CEWH water? How much was Living Murray water? Who were the 'range of water holders' that made up the remainder of it?

Dr Banks: I know how much Commonwealth water was part of that, which was about 1,090 gigalitres of that 1,650. I don't know how much was from TLM or other environmental water holders. It could be the Victorian Environmental Water Holder, for example, returned flows. A large portion of the water that does contribute to that volume is what we call returned flows, which is water that has been used in a local sense in the Goulburn River, for example, or the Murrumbidgee and then it's recognised and protected down the system to contribute to the flows in South Australia.

Senator RUSTON: So 1,090. How much water have you currently got available for environmental flows and how much did you use in that year?

Dr Banks: How much we've got available?

Senator RUSTON: How much did you have available in 2023-24 year?

Dr Banks: That's a good question. I might have to take on notice how much we had available last year. We used overall, across the basin, 1,798 gigalitres. This water year we've got 1,946 gigalitres available for use across the basin.

Senator RUSTON: So of your 1,798, 1,090 went across the border into South Australia?

Dr Banks: Sorry?

Senator RUSTON: Of your 1,798 you had available last year—

Dr Banks: Sorry, no—

Senator RUSTON: that you used, 1,090 went across the border into South Australia?

Dr Banks: It gets complicated because of those return flows, which is just recognising water that has been used in a particular system that then passes down.

Senator RUSTON: So it can sometimes be double-counted, can it?

Dr Banks: I don't know. Potentially.

Senator RUSTON: I won't go into that. That sounds way too confusing. Do we know how much TLM water would have been included in that?

Mr McConville: Yes, Senator. I can ask Ms Hickey to come up and give you the specifics of TLM water. But you're right, it was, I think, 1,090 for the CEWH and then the remaining water is Living Murray and also some of the state environmental water holders.

Senator RUSTON: So the reference to 'a range of water holders' would have been the states?

Mr McConville: And it would include the Living Murray as well. I can get you the specific number.

Dr Banks: Sorry, but just on the amount of water we had available last year, it was about 2,550 gigalitres in 2023—

Senator RUSTON: But you used 1,798 of it.

Dr Banks: Yes.

Senator RUSTON: No problem. Do you have anything else on that one?

Senator DAVEY: If I may, can I have a couple of follow-up questions on that?

CHAIR: Absolutely.

Senator DAVEY: The 2,550 was available across the whole basin or just the southern basin?

Dr Banks: Across the whole basin.

Senator DAVEY: Do you have a breakdown of how much of that was in the southern basin?

Dr Banks: No, I don't. Not with me here.

Senator DAVEY: The 1,798 used, whole basin or—

Dr Banks: Whole basin.

Senator DAVEY: If my maths is correct, 60 per cent of that 1,798 floated across the South Australian border. Now we've got to accept that some of that 1,798 is from the northern basin. You've now done a shepherding trial, so I don't know how much of the northern basin water would have flowed through Menindee Lakes. Have you got—

Dr Banks: At the current moment, when water that's protected through the northern basin hits Menindee it's resocialised—

Senator DAVEY: It's still resocialised?

Dr Banks: That's correct.

Senator DAVEY: So none of that 1,090 of yours that flowed to South Australia came from the north?

Dr Banks: That's correct.

Senator DAVEY: Okay. If we worked out how much from the north—so, the 60 per cent figure is going to be far higher from southern basin water available that flowed to South Australia. I acknowledge you say 'returned flows' come into it, so some of the water you use in, say, the Barmah-Millewa forest, but that is a lot of your volume of water that is going to South Australia and people in other areas, such as around the Barmah-Millewa, the lower Darling and Hattah Lakes, are wondering, 'Well, what is the figure of return flows?' We get a lot of press releases from the CEWH to say, 'We've done this wonderful watering program at an environmental site.' And then we're reading that over 60 per cent of the water is going to South Australia. People want to add up the sums and they haven't got a line of sight. They don't know what the return flows are. Certainly, I hope they're not one for one—one meg in, one meg out.

Dr Banks: No.

Senator DAVEY: Can we start to get that sort of accountability and transparency? We know when farmers use water because it goes through their metres, and if they exceed it then they get fined. We heard that this morning. People have no transparency and accountability of what this environmental water is. The fact that we've had to interrogate you just to break down a media release by the South Australian government to try and get a sense of where that water comes from, you can understand why there is a lack of trust and confidence in the system.

Dr Banks: As I mentioned, 1,798 gigalitres was our total use last year, and 1,542 gigalitres of that water was in the southern connected basin. I understand that, of the portion that went to South Australia, about 720 gigalitres was returned flows. Again, that's just talking about Commonwealth environmental water. I'm not sure what other components were included in that broader figure that was in the media release you were referring to, but, as Senator Ruston mentioned, I'd expect TLM would be part of that.

Senator DAVEY: But of your water that flowed across the border, nearly 71 per cent of all your southern basin water flowed across the border. You acknowledge return flows. So 1,542 and 720 was—

Dr Banks: Return flows.

Senator DAVEY: That's 50 per cent.

Dr Banks: Yes.

Senator DAVEY: Basically, for every megalitre that goes into the Barmah-Millewa forest you're assuming half a megalitre comes out?

Dr Banks: I think that will vary in different parts of the system, and it will be measured based on knowing how much water has been released from a storage—for example, Eildon—and then they'll know how much water comes out at the end of that system. We will wear the losses, because the losses are important in contributing to the environmental outcomes that we're seeking within the Goulburn River.

We're actually focused on the Goulburn River, as a good example, trying to generate a spawning event for native fish or trying to introduce flow variability to reduce the risk of erosion in that system. The focus is on the local, but then we recognise that there is a certain amount of water, because of our use, that comes out the end of that system, and that's accounted for by the water river operators and that's recognised for going further down the system.

Senator DAVEY: So are there plans to develop a more transparent system of reporting that sort of information to give confidence to the—

Dr Banks: Transparency is really important. We certainly try to publish information about our water use. We have a map on our website that's updated on a fortnightly basis to show where we're using water.

We also have obligations to report to parliament at the end of the year, as part of the department's annual report, on our water use. There are clear requirements within there about our reporting. There are always ways to improve how we report those, and we work with other water holders to continue to improve the transparency associated with our water use.

CHAIR: I think Senator Bilyk still has a couple questions. I'm conscious that we've got half an hour and I just want to make sure you've got the time you need.

Senator BILYK: I've just got a couple.

CHAIR: Can you go as quickly as you can?

Senator BILYK: Do you want me to go now?

CHAIR: Yes, thank you.

Senator BILYK: It's been indicated to us, in response to Senator Darmanin's questions, that additional water would allow you to achieve better environmental outcomes. Can you please explain to me about what the Commonwealth Environmental Water Office Environmental Activities Framework is and how it also helps to achieve better environmental outcomes?

Dr Banks: The Commonwealth Environmental Water Holder Environmental Activities Framework is about how we utilise the proceeds of trade. As the Commonwealth Environmental Water Holder, I can sell allocations, and the proceeds of trade, as a result of the sale, can either be used to purchase additional water or to pay for environmental activities. To date, as of 30 September, we've funded about 11 different environmental activities to the tune of about \$7.4 million. That is focused on works to improve fish passage. It's about installing fish screens on irrigation pumps. We're doing that in the Lachlan catchment. We're improving the distribution of Commonwealth environmental water by removing some block banks in the Macquarie Marshes. The activities that we fund are about how do we achieve a longer term outcome as a result of the proceeds of the trade.

Another good example is in the Ovens River. We supported the reconstruction of the Tea Gardens weir through supporting the North East Catchment Management Authority. That opened up hundreds of kilometres of that river to native fish. It's a system we use environmental water in. The outcome was longer term, which was about supporting the movement of native fish. Similarly, near the Loddon River, we supported the funding of a fishway on the Taylors weir. We helped help the local catchment management authority construct a fishway on that, again increasing the movement and supporting the movement of native fish, which ultimately supports the outcomes that we get from the use of Commonwealth environmental water.

Senator BILYK: Thank you. You've answered three of my other questions there, so that's very helpful. Can I just clarify, though, the \$7.4 million—that was from sales, from proceeds of trade? Is that correct?

Dr Banks: That's correct. The Commonwealth Environmental Water Holder has traded on five different occasions. That's generated about \$18.6 million. A portion of that was pre amendments to the Water Act in 2016 that can only be used for acquisition of more allocation—so more water. And post the 2016 amendments it opened up the opportunity to invest in those longer term outcomes.

Senator BILYK: I presume you're going to invest in other projects in the future?

Dr Banks: Absolutely. We've got a number of projects underway. A good example is up on the Barwon-Darling. We've funded the New South Wales fisheries effectively to resnag part of that system. So, again, it's recognising that habitat for native fishes is a really important part of achieving outcomes. We're supporting New South Wales DPI Fisheries to resnag, which is effectively putting logs and other woody timber back into the river that was removed many years ago to provide for passage of vessels. So it's a really good example. It's important to native fish, like the Murray cod.

Senator BILYK: How are projects identified and assessed? What's the process?

Dr Banks: We have a range of conversations with our partner agencies about the sorts of projects that there's an interest in funding. Then my team assess those projects. They've got to be consistent with achieving those longer term outcomes from the use of environmental water. So we go through an internal process while, again, considering the various pieces of legislation and other requirements, making sure that we've got good projects that will contribute to those longer term outcomes.

Senator BILYK: Great. That's lovely. Thank you for that.

Senator RUSTON: Can I just ask about South Australia, specifically the fish kill that occurred in the Coorong in June. I'm just interested in whether we have done any investigation around that to determine the cause of that fish kill?

Dr Banks: We haven't done an investigation of what caused that fish kill. But I do understand that, in the southern Coorong, there are still challenges around salinity levels and eutrophication in that system, which possibly is a cause. I don't know the actual cause.

Senator RUSTON: So whose responsibility would it be to understand that?

Dr Banks: I think it would be the South Australian government.

Senator RUSTON: No problem. So, to date, they haven't advised you of any investigations or results of investigations they might have undertaken?

Dr Banks: No.

Senator RUSTON: Okay. We as a federal government partnered with the South Australian government around the Healthy Coorong, Healthy Basin funding around activities around getting the Coorong back on track. I think it was about \$70 million. Was that \$70 million from the Commonwealth or \$70 million in total.

Dr Banks: It was \$70 million from the Commonwealth. I can get my colleague Mr MacGregor to provide further details.

Senator RUSTON: I'm just interested, Mr MacGregor, in how much of that \$70 million has been spent or the various stages of how you would acquire it. Has it gone to the South Australian government? Do we know if it's been spent on anything?

Mr MacGregor: In 2018, the Commonwealth committed \$70 million to the Healthy Coorong, Healthy Basin program. South Australia are providing an additional 10 per cent, taking the program total to \$77.8 million. To date, the Commonwealth has approved and contracted \$46.4 million of that \$70 million for a total contract value of \$51 million, and \$33.6 million has been paid to South Australia as of 30 September. Just recently, the Commonwealth did approve phase 2 of funding, so the remaining \$23.5 million Commonwealth contribution or \$26.1 million total. So the full \$77.8 million has now been approved and committed. We're working through contract negotiations with South Australia to get that final \$26 million in place.

Senator RUSTON: So the South Australian government, through the processes, has put \$46.4 million on the ground, equating to \$51 million. Is that what you just said? So we actually have \$46.4 million contracted on the ground for works?

Mr MacGregor: So \$51.6 million total has been approved and contracted to date.

Senator RUSTON: Is there a list somewhere on the department's website where I could actually see what that has been spent on?

Mr MacGregor: There's a high-level summary of what has been funded. You'll probably find a bit more detail on the South Australian website. To date, phase 1 of the program has included an unprecedented investment in scientific trials and investigations to inform long-term management solutions for the Coorong, with a particular focus on the South Lagoon. There have been improvements to water resource optimisation. A water forecasting tool has been developed by South Australia. There's been a lot of modelling to support water delivery to the system as well. There's been a significant investment and, indeed, delivery to date on on-ground works. So there's a recognition from South Australia that long-term management solutions for the South Lagoon and the Coorong are going to take many, many years to implement. So there's a strong drive and focus to work on short- to medium-term solutions. So small-scale wetland restoration projects have been funded. To a certain degree, they've been completed. Wetland regulators have been completed at Teringie wetlands on the shores of Lake Alexandrina. There's construction that's commenced just recently on Lake Hawdon North.

Senator RUSTON: We'll get to that.

Mr MacGregor: This summer, infrastructure works are commencing at Tolderol Game Reserve as well.

Senator RUSTON: In terms of the fish kill, Dr Banks indicated that it possibly could be in relation to water quality, but we don't have that definitely. We've spent \$50 million trying to deal with the challenges of, particularly, the southern part of the Coorong and yet we've seen a massive fish kill. I mean, I'm keen to understand where the plan is around actually improving the situation there. We've had huge flows into South Australia over the last few years. They've been great years in terms of the River Murray flows. And yet we've seen this catastrophic fish kill in June. I'm trying to equate what's been going on in terms of the Healthy Coorong works if we've actually seen this.

Dr Banks: The habitat in the Coorong for native fish is one part of it, but the Coorong is really important to waterbirds as well. So the sorts of works that Mr MacGregor was talking about at Teringie wetlands, for example, will provide habitat not only for native fish but also for waterbirds. That's similar to the Lake Hawdon project. It will be about restoration of really important habitat for migratory waders and other waterbirds in that system. So it's just one part of it. It's not all about native fish. It's about a healthier system across the board, and that includes the wetlands and provision of habitat more broadly for waterbirds.

Senator RUSTON: But I suppose I'm suggesting that the water quality probably should be the most fundamental thing that we're seeking to achieve. A waterbird doesn't want yucky water.

Dr Banks: Yes. Water quality is absolutely important. That goes to what we try and do with Commonwealth environmental water, which is about the way they can operate the barrages to freshen up the system down there, which is dependent on a whole range of factors. But it does play an important role in improving water quality,

particularly in the northern Coorong. Again, we've got good scientific evidence that shows we've improved salinity levels as a result of use of water.

Senator RUSTON: But not in the southern Coorong.

Dr Banks: The southern Coorong is a more challenging because of the landscape down there.

Senator RUSTON: Sure. I completely understand that. It's just that we've got \$70 million and most of it's out the door and we've still got a toxic environment in the southern Coorong. In a letter from the South Australian minister to the CEO of the MDBA. She actually indicates that it will take three years to develop a business case in relation to activities that the South Australian government is undertaking under this program. I'm just keen to understand. Do you guys think it is an acceptable timeframe, given this money was made available in 2018, for the minister this year to be saying it's going to take another three years to come up with a business case to try and deal with this issue as we're seeing dead fish lying in, particularly, the southern part of the Coorong? That's just this year after four amazing years of water flow. Is this the bureaucracy getting in the way of delivering an outcome?

Dr Banks: As I understand it, feasibility studies have been done. But, again, I might ask Mr MacGregor to provide more details. It is a complex system. The options to try and resolve those issues in the southern Coorong are complicated. There's a range of options.

Mr MacGregor: Under the Healthy Coorong, Healthy Basin investment to date, there has been significant work into the feasibility of long-term management solutions. All of that work has been published. Most recently, the South Australian government has released a Coorong Restoration Roadmap, which has drawn on the scientific trials and investigations that have been undertaken in the program. It really unpacks in quite an accessible way the current state of the lagoons, the desired future state and then options for how we get there, informed by the science and the reality around the feasibility investigations that have been developed to date. The management interventions that South Australia have proposed are quite significant. So taking a couple of years to further run those to ground and undertake detailed design is probably quite realistic. But that is also why the South Australian government is prioritising these short- to medium-term on-ground activities. Again, it's focusing on investing and developing complementary habitat for migratory shorebirds that use the Coorong to support those critical species while those longer term solutions are worked on.

Senator RUSTON: You mentioned Lake Hawdon. The last time I saw Lake Hawdon, it didn't appear to be in the Murray-Darling Basin. So I'm just keen to understand what the policy is in relation to the expenditure of Murray-Darling Basin Plan funds outside of the Murray-Darling Basin. You've made some comments around looking after waterbirds temporarily while somebody works out what we're actually going to do in the longer term. But I'm keen to understand. Is this a broader policy change in relation to the expenditure of these sorts of funds that are allocated? If a bird happens to drop into the Coorong or drop into some other wetland throughout the Murray-Darling Basin and head off somewhere else then could wherever it heads off to be eligible for funding under this? It seems quite odd that Lake Hawdon would be considered for funding under this program.

Dr Banks: My colleagues might be able to comment on the policy side of it, but from an environmental outcomes perspective that whole area beyond the basin is really important to migratory waders and other waterbirds. Having options for those animals to move around the landscape is fundamentally important because there might not be resources for them in one part of the basin and so having that option to be able to move to other areas is really important.

Senator RUSTON: So this is my—

Senator DAVEY: With all due respect, Dr Banks, Lake Eyre is also a really important environment for migratory waterbirds. We're not spending Murray-Darling Basin money in Lake Eyre.

Dr Banks: This lake is within the broader Coorong-Southern Coorong area. It's not actually too far. I was only down there a couple of weeks ago.

Senator RUSTON: My question wasn't actually specifically about that. It was more around what is the determination? Have we expanded the scope of the expenditure of Murray-Darling Basin funds outside of the basin? This seems to be a change in policy. Has there been a policy decision that we can spend money outside of the basin, and what are the parameters around that? You make a compelling case about these birds, but equally Senator Davey makes exactly the same. You could make the same case. What is the policy rationale and change that has enabled this money to be spent outside of it?

Mr MacGregor: It's not a change in policy position. The Coorong-Lower Lakes-Murray Mouth funding, which dates back to 2008, has always funded on-ground activities that can show an ecological connection to the Coorong.

Senator RUSTON: So it's just the Coorong one?

Mr MacGregor: Yes, it's a unique funding agreement.

Senator RUSTON: So the whole south-east range scheme area could reasonably be considered for funding from the Murray-Darling Basin?

Mr MacGregor: The South East Flows Restoration Project was originally funded under the Coorong, Lower Lakes and Murray Mouth Recovery Project, yes.

Senator RUSTON: I'm sorry, I should accede to my—

CHAIR: Thank you.

Senator McLACHLAN: I'd like someone to give me an update on the work of the Goolwa River research institute. My interest is around how the institute is going from the perspective of the department, the expense of money and the time of the reports. Does that give you enough to go on?

Dr Finn: The Goolwa institute, or the Goyder Institute for Water Research Coorong, Lower Lakes and Murray Mouth Research Centre—big long name!—is an \$8 million investment over four years, as you well know. The work of that program now is almost halfway through. I was down there probably about two weeks ago at the institute itself at a Commonwealth steering committee meeting that we chaired. In terms of how the institute's going in terms of financial payments—

Senator McLACHLAN: Both that and the performance indicators that you're aware of.

Dr Finn: We've now given delivery of milestones—\$5 million of the \$8 million program based on the milestones met. The institute itself has invested really heavily in a ground-up build of the research program over the first couple of years of the program. My view on that, if I can put it like this—I think this is what you're actually asking—is that, after that steering committee, I think they've done a really impressive job of connecting with the community and First Nations communities in the build of that program.

They released their own annual report over the last year of activities, about a month ago. That characterises a lot of the work that they've done, but I think they've engaged with over a thousand people in building their research program. They list over a hundred institutions that they've engaged with. The research plan and the program has now been approved. And I think the institute, under their own governance, has approved 25 of the 26 research projects that they intend to launch on.

Senator McLACHLAN: Are we still on track to have a mid-term review mid next year? Is that still the plan? I think that was raised at the last estimates.

Dr Finn: Yes, I did have a conversation with the director of the institute only this week about that. We'll likely go into that early next year. I think last time evidence was given, it was characterised as early next year. You asked which estimates you might ask at. I think we'll start that towards the middle of next year. In that conversation, what I would say is that the research institute itself—and we would support this—are really keen to engage in that mid-term review in a way that isn't administratively burdensome. They do a lot of reports back to us and provide a lot of information. So, yes, we're in discussions about how to build that together, and we'll make sure that it's as streamlined as possible.

Senator McLACHLAN: This is a process question. Is that the junction point for discussions of further funding? I appreciate it's a government decision regarding funding, but is that where the assessment of future funding needs takes place—in that review?

Dr Finn: My expectation is, as we go into that review, it would be to check the current progress of the program. So it's a really good time to think about whether the desired outcomes are likely to be met in the timeline that's given. That's about the time, rather than the funding. But I'm also aware, for example, that the Goyder institute are very interested in an extension of the program. I know they're involved in discussions with others and not just us. And, like you said, that will ultimately be a matter for government as to whether that's funded.

Senator McLACHLAN: Thank you for that. Could you just pass on that, in my meanderings with the community, there is great respect and gratitude for Dr Rolston and Ms French. If you could pass that on to them—

Dr Finn: I will.

Senator McLACHLAN: They come up in conversation in a positive way time and time again. That's me done on that particular issue. I get asked about dredging, and it's been put to me by a variety of community members—I know I asked in a question on notice, and we have we have a dredge and it's working well, so my question doesn't necessarily come from that perspective. There was some angst about—and this comes from keeping the mouth open—whether there's consideration of a second dredge if summer proves to be even harsher than expected. Is

there any sort of modelling or frameworks for deciding on dredging? I'm channelling a variety of conversations on the streets of Goolwa.

Mr McConville: Senator, I appreciate that and I might ask Mr Paton, who manages our assets, to address that for you.

Mr Paton: With the dredging, we've got a new dredge there. Its capacity is more than the previous two dredges together. Being a new contract, we were concerned about reliability, particularly just having the one dredge, so we have got one of the old standby dredges in place in case we need it.

Senator McLACHLAN: Is there a decision framework that you go through based on flows or the build-up of sand in the mouth? Is there a formal process or is it a case-by-case basis? I'm not asking from a negative perspective—

Mr Paton: It's a mixture. There are performance criteria that the dredging has to meet, and that's based on the diurnal tide ratio between the Goolwa Channel and the Tauwitchere Channel compared to—I think what they monitor against this is Victor Harbor. They've got targets they have to meet there, so they monitor that. The other thing they do is bathymetric survey in the mouth and in the Goolwa and Tauwitchere channels, and have a look at the silt level build-up—the sand build-up—and base the decisions on both of those as to whether they increase the dredging or not. Certainly, recently, they have increased the number of hours that the dredge has operated to keep the channels open.

Senator McLACHLAN: Thank you for that. I think that will satisfy many of the queries that I can't possibly answer. I don't profess to be a dredging expert; I will leave that to you. I have one which is probably more a high-level question for the authority. If you revisit the objects of the Water Act, there is a particular subsection which talks about protecting, restoring and providing for the ecological values and the ecosystem of the basin. It talks about lakes, wetlands and groundwater. I'm thinking here of the mouth of the river—the southern lakes. How do I assess, as a citizen of South Australia, the indicators that would tell me about the river flows—I think they're easier to assess given the information available—in terms of the improvement in or denigration of waterbirds, vegetation condition, declining fish kills, improved nitrogen, phosphorus concentrations, cold water pollution, which are the key things that tell us whether we're winning in the battle for improving the environment? That's a big range, but where does someone like me go to ask, 'Are we making gains in improving the biodiversity or are we treading water and we need to do other things'?

Mr McConville: There are a number of decision points or review points built into the basin plan, which provide some of that. There's a five-yearly evaluation process, and we are in the midst of completing the evaluation, which will be released in 2025. That's probably really one of the key points, and that looks at social, cultural, environmental and economic indicators. There are a number of matter reports that states and the Commonwealth have delivered, which will underpin that, and then as we move through, there's a component part, which is what we call a sustainable rivers audit, which we were funded by the Commonwealth to do, which takes at a rear look at some of those environmental, economic and social indicators feeding into the Basin Plan evaluation. Then we're also looking at: how does that translate into the Basin Plan, going forward? So they are probably your best points of reference. One of the challenges, of course, is collecting that data over a meaningful timeframe. It's not something you can do annually, hence the five-year process of evaluation and review. That's really where we see: whether the original intent of the Basin Plan is being met in terms of those outcomes being delivered. So that's probably the best indicator, and that will be released in the middle of next year.

Senator McLACHLAN: This is more of a structural question. When you're doing the review, we'll be able to see the clear trade-offs? I appreciate there are other parts of the objectives which are socioeconomic, right? But the way the review will be structured, if someone like me was interested on the environment, that will be clear?

Mr McConville: Yes.

Senator McLACHLAN: Will that take into account academic research outside the authority?

Mr McConville: Very much so. It's built on streams of work. In addition to that, there's the Basin Condition Monitoring Program, which is an ongoing program of works, and each time a stream of work is completed under the BCMP, they are posted publicly. There's also the Murray-Darling Water Environment Research Program. That's a \$20 million program. That's all being done by external research agencies. Again, we are nearing the completion of that. All of those pieces are being published as they are completed. They are all done by agencies external to the Murray-Darling Basin Authority.

Senator McLACHLAN: I look forward to your report. I have no further questions.

CHAIR: Thank you. Senator Davey.

Senator DAVEY: I have some questions on the budget, which is quite sensible because its budget estimates. I've asked before about the funding in the national water grid and the remaining funds there. I note that, in response to a question on notice that I sent in, the response was basically that it is on the website. It was question on notice 663. I was quite specific in my questions about how much funding has been allocated to the national water grid in 2022-23 and how much was cut in October 2022-23. I asked about what projects had been cut and deferred. I got a what I would call a substandard response, saying that projects are on the website and allocations are in the budget. So my question is specifically: when I want to know how much funding is remaining in the national water grid, which budget paper do I look at? Can you tell me how much is remaining?

Mr Darrough: In the budget papers, you'll find the amounts for the National Water Grid Fund are in Budget Paper No. 3. There's the FFA infrastructure for the National Water Grid Fund, which has all of the funding that's available for the Commonwealth state relations over the forward estimates. In the department's portfolio budget statements, you'll find a line that is National Water Grid funds, which includes administered funding that's managed by the department for some science projects and also for \$5 million, that was provided by the government, for complementary activities to support First Nations water infrastructure investments.

Senator DAVEY: Right. So for anyone who follows proceedings—and there are quite a number of people who follow proceedings—when they see a response that says, 'Australian government funding allocations for the National Water Grid Fund are in the budget papers,' it's not as simple as that, is it? You've got to be going from Budget Paper No. 3 to the department portfolio budget papers. There's no clear and concise, 'Here's a table of how much is left in the National Water Grid Fund.'

Mr Darrough: Yes, but I can take you through what we have uncommitted, if that would help now.

Senator DAVEY: I would like to know what is uncommitted, yes, thank you.

Mr Darrough: At the end of September, the uncommitted amount of funding was \$392.9 million.

Senator DAVEY: My understanding is that in the March 2022-23 budget there was somewhere in the vicinity of \$6 billion.

Mr Darrough: That included funding that the former government committed towards projects like \$5.4 billion for Hells Gates Dam and other projects that were the commitments of the former government. That was the March 2022-23 budget. In the October 2022-23 budget, you'll then find that the budget reviewed a number of those projects, deferring projects with an uncertain future, cancelling the commitment to Hells Gates with that funding directed to other government properties.

In subsequent budgets, projects have either been further deferred—in the case of Hughenden, the funding remains available but has been further deferred while, say, the gulf water plan is reviewed by Queensland. That funding sits as a commitment that's in addition to the—that doesn't form part of that uncommitted funding.

Senator DAVEY: I'm glad you mentioned Hughenden, and the other deferred is \$600 million for Paradise Dam.

Mr Darrough: Correct.

Senator DAVEY: So Hughenden and Paradise have \$770 million, all up, that is committed. So I can safely say that still sits within the National Water Grid Fund.

Mr Darrough: Correct.

Senator DAVEY: Right. My question, in SQ24663, 'How much funding has been cut from the National Water Grid Authority's budget in each of the three budgets from October 2022-23' could have been answered. Instead of just directing me to budget papers, you could have come back with, 'This much was cut that year,' and with the line, 'and this much has been deferred.' I found the response quite—

CHAIR: Is that a question?

Senator DAVEY: We'll make it a statement. You pointed me to the website to find out what projects had funding. I've been to the website. It's quite comprehensive but it's also really hard to follow the bouncing ball. On one page it says there are 92 business cases and feasibility studies being funded. On another page, it says there are 63 feasibility and business case projects being funded. This is all on the one website. Which one's correct?

Mr Darrough: If it's the number of business case projects, the number is 93.

Senator DAVEY: It is 93?

Mr Darrough: The website clearly needs a review for that figure. It does get reviewed regularly. We now have 280 projects, including those projects that the National Water Grid Authority took over five years ago. We will review that website for that issue.

Senator DAVEY: Of the 280, some are business case feasibility and some are science projects, and would I be safe to say some are infrastructure projects that are—

Mr Darrugh: Yes. In terms of construction projects, across the regular National Water Grid Fund projects we have 44 projects. We had a pathway within the funds, which was the connections pathway, that had 35 projects. We also have First Nations water infrastructure projects of 25 and we have another stream for smaller projects, which has a further 23. Plus there are science projects and business case projects on top of that.

Senator DAVEY: Which is there. I'm not fast enough to do my sums in the amount of time we've got remaining. Thank you for that. I quickly want to ask, just at a high level, Ms O'Connell, about the \$13 billion Murray-Darling Basin plan in total. At the end of the Murray-Darling Basin, will we have exceeded the \$13 billion or are we sticking to that as a total budget? This is given that, I notice, in some of the budget commentary papers, some funds from the National Water Grid Fund were diverted back into the Basin Plan.

Ms O'Connell: That's asking me to project into the future.

Senator DAVEY: Don't you have a crystal ball?

Ms O'Connell: Unfortunately not.

Senator DAVEY: Is the aim to maintain the \$30 billion budget?

Ms O'Connell: The budget papers do set out the future funding but also set out a number of areas where it's not for publication, due to commercially sensitive arrangements.

Senator DAVEY: As we heard before, with a question from my colleague, we know how much is in the Water for the Environment Special Account. We're not breaking that down into what is going out for tenders. We keep hearing this is a \$13 billion plan. I think the public want to know, because they're used to \$13 billion—they'll wear \$13 billion but will they wear \$23 billion?

Ms O'Connell: There's been no suggestion of a figure like \$23 billion or any other figure.

Senator DAVEY: I'm really conscious that I'm pushing my luck here. I quickly want to ask the MDBA, as the constraints roadmap is due next month, how it's going?

Mr McConville: It's going well. We've been through a process of very extensive consultation with the community, with more than 30 separate meetings. We've had seven or eight workshops with the states. We're in the process of drafting and looking to work through those recommendations and put them forward to the authority. So we're well placed, at this stage.

Senator DAVEY: I note that part of developing that road map includes a \$600,000 tender awarded to Alluvium Consulting.

Mr McConville: I'll just have to check. I'll ask Ms Hickey to come forward, if I could.

Ms Hickey: You are correct. It does include a contract of up to around \$600,000 with Alluvium Consulting. We brought Alluvium Consulting onboard to help us understand some of the technical challenges that have been plaguing the delivery of constraints projects to date.

Senator DAVEY: What does their contract cover? What information are they bringing back?

Ms Hickey: They have been working very closely with us. We are using them less now. Their contract has involved helping to facilitate the many meetings that we've had with the various inter-jurisdictional officials involved in the constraints projects, understanding the challenges that those projects have faced, in terms of their delivery. They've also been assisting us in exploring where there needs to be better coordination of collective action, particularly on the Murray, on how to move some of these projects forward.

Senator DAVEY: I note that New South Wales is currently doing a round of consultations on their Reconnecting River Country Program, which is their project to deliver on constraints. There are various opinions as to how that is tracking. But is that feeding into your road map as well?

Ms Hickey: Yes, it is. We've been meeting regularly with the state officials, including those New South Wales officials that have been driving the delivery of the reconnecting river country work. We've been getting regular updates on how that work is going, including on some of the work that they're doing in consultation on the Landowner Negotiation Scheme.

Senator DAVEY: While I have you, Ms Hickey, I want to also get—it might not be you, actually, but you run the river. There has been a \$66 million contract awarded to PwC for the Integrated River Modelling Uplift program, which is consolidating what were 26 individual river models and putting them together. Is that—

Mr McConville: The contract with PwC is part of the project is around \$27 million. It's not \$66 million. That's the entire project spend.

Senator DAVEY: So the contract with PwC was—

Mr McConville: Yes, there are a number of other contractors that go to building the front and the back end.

Senator DAVEY: My understanding is that the integration of river models was meant to have been integrated by July. How did that go?

Mr McConville: We've met all of the deadlines that have been set out to date. We're about to launch phase 3 of that process. Phases 1 and 2 have been met. So we are on track and under budget at the present point in time, Senator.

Senator DAVEY: Questions for next test.

CHAIR: Thank you, Senator Davey. That concludes today's hearing. Thank you to all of the witnesses who have appeared and to Hansard and broadcasting for their assistance. I will remind senators that the committee has agreed that written questions on notice should be lodged with the secretariat by 14 November 2024, and the committee stands adjourned.

Committee adjourned at 13:14