



COMMONWEALTH OF AUSTRALIA

# Proof Committee Hansard

## SENATE

RURAL AND REGIONAL AFFAIRS AND TRANSPORT  
LEGISLATION COMMITTEE

**Estimates**

(Public)

FRIDAY, 28 MAY 2021

CANBERRA

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**SENATE**

**RURAL AND REGIONAL AFFAIRS AND TRANSPORT LEGISLATION COMMITTEE**

**Friday, 28 May 2021**

**Members in attendance:** Senators Antic, Davey, Hanson-Young, McAllister, McDonald, McKenzie, McLachlan, Patrick, Rennick, Roberts, Sheldon, Sterle, Thorpe.



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

Senator Ruston, Minister for Families and Social Services; and Minister for Women's Safety

**Department of Agriculture, Water and the Environment****Executive**

Mr Andrew Metcalfe AO, Secretary

Ms Cindy Briscoe, Deputy Secretary, Enabling Services Group

Mr Chris Locke, Deputy Secretary, Environment and Heritage Group

Mr James Tregurtha, Acting Deputy Secretary, Major Environment Reforms Group

Ms Lyn O'Connell, Deputy Secretary, Water, Climate Adaptation, Natural Disaster and Antarctic Group

Mr David Hazlehurst, Deputy Secretary, Agricultural Trade Group

Ms Rosemary Deininger, Deputy Secretary, Agriculture Policy, Research and Portfolio Strategy Group

Mr Andrew Tongue, Deputy Secretary, Biosecurity and Compliance Group

**Department of Infrastructure, Transport, Regional Development and Communications**

Mr Brendan McRandle PSM, Deputy Secretary, Water Infrastructure; Chief Executive Officer, National Water Grid Authority

**Commonwealth Environmental Water Office**

Mr Hilton Taylor, Acting Commonwealth Environmental Water Holder; and First Assistant Secretary

Mr Michael Wrathall, Assistant Secretary, Wetlands, Policy and Northern Water Use Branch

Mr Hilary Johnson, Assistant Secretary, Southern Water Use, Aquatic Science and Community Engagement Branch

**Compliance Division**

Ms Peta Lane, First Assistant Secretary

Mr Peter Timson, First Assistant Secretary

**Corporate and Business Services Division**

Mr Troy Czabania, Assistant Secretary, Governance and Parliamentary Business Branch

**Finance Division**

Mr Paul Pak Poy, Acting Chief Finance Officer

**Inspector General of Water Compliance**

The Hon. Troy Grant, Interim Inspector-General of Water Compliance

**Murray-Darling Basin Authority**

Mr Philip Glyde, Chief Executive

Mr Tim Goodes, Executive Director, Basin Plan Regulation Portfolio

Mr Andrew Reynolds, Executive Director, River Management Portfolio

Ms Annette Blyton, Chief Operating Officer, Business Services Portfolio

Ms Vicki Woodburn, Executive Director, Basin Strategy and Knowledge Portfolio

Ms Kelly Casey, General Manager, Legal and Government Relations Branch

Ms Megan Winter, General Management, Communications, Engagement and Strategic Policy Branch

Ms Jacqui Hickey, Acting General Manager Applied Science Branch

Mr Daniel Blacker, General Management, Office of Compliance

Dr Matthew Coleman, Director, Applied Science Branch

**Water Division**

Ms Rachel Connell, First Assistant Secretary

Dr Marcus Finn, Assistant Secretary, Implementation Taskforce

Ms Kirsty Bunfield, Assistant Secretary, National Water Policy Branch

Dr Peta Derham, Assistant Secretary, Healthy Rivers Branch

Ms Fiona Wright, Assistant Secretary, Inclusion, Community and Science Branch

Mr Chris Golding, Acting Director, Murray-Darling Basin Policy Branch

### Committee met at 09:02

**CHAIR (Senator McDonald):** I declare open this meeting of the Senate Rural and Regional Affairs and Transport Legislation Committee. The Senate has referred to the committee the particulars of proposed expenditure for 2021-22 and related documents for the cross-portfolio Murray-Darling Basin Plan matters.

The committee may examine the annual reports of departments and agencies appearing before it. The committee has a program listing agencies and divisions relating to matters for which senators have given notice and the proceedings today will begin with examination of the Interim Inspector-General of Water Compliance. The committee has fixed Friday 16 July 2021 as the date for the return of answers to questions taken on notice. Senators are encouraged to provide any written questions on notice to the committee secretariat by close of business Friday 25 June 2021.

Under standing order 26, the committee must take all evidence in public. This includes answers to questions on notice. I remind all witnesses that in the giving of 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. Such action may be treated by the Senate as a contempt. It is also a contempt to give false or misleading evidence to a committee.

The Senate, by resolution in 1999, endorsed the following test of relevance of questions at estimates hearings: any questions going to the operations or financial positions of the department and agencies which are seeking funds in the estimates are relevant questions for the purposes of estimates hearings. I remind officers that the Senate resolved there are no areas in connection with the expenditure of public funds where any person has a discretion to hold details or explanations from the parliament or its committees unless the parliament has expressly provided otherwise.

The Senate has resolved also that an officer of a department of the Commonwealth shall be 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 prohibits only questions asking for opinions on matters of policy and does not preclude questions asking for explanations of policies or factual questions about when and how policies were adopted. I particularly draw the attention of witnesses to an order of the Senate from 13 May 2009 specifying the process by which a claim of public interest immunity should be raised.

*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:** Witnesses are specifically reminded that a statement that information or a document is confidential or consists of advice to government is not a statement that meets the requirements of the 2009 order. Instead, witnesses are required to provide some specific indication of the harm to the public interest that could result from the disclosure of the information or the document. Senators, departments and agencies have been provided with advice on the arrangements in place to ensure the budget estimates 2021-22 hearings are conducted in a safe manner. This guidance is also available from the secretariat. The committee appreciates the cooperation of all attendees in adhering to the arrangements.

#### **Interim Inspector-General of Water Compliance**

[09:06]

**CHAIR:** I now welcome Senator the Hon. Anne Ruston, Minister for Families and Social Services and Minister for Women's Safety and The Hon. Troy Grant, interim Inspector-General of Water Compliance. Minister Ruston, do you or Mr Grant wish to make an opening statement?

**Senator Ruston:** I don't, Chair, but I don't know whether Mr Grant wants to.

**Mr Grant:** I don't, thank you, Senator.

**Senator McALLISTER:** Good morning, everybody. I want to ask about the \$1.3 billion that has been allocated to modernise irrigation infrastructure networks. Just for clarity, is this funding that was announced on 3 March last year associated with the stocktake list of off-farm projects?

**Ms O'Connell:** I think for this item we are talking about the Inspector-General of Water Compliance on the schedule at the moment. I don't think your question relates to the inspector-general.

**Senator McALLISTER:** My apologies, I actually thought we were starting with the agencies.

**Ms O'Connell:** No, first up on the schedule, 9 to 10 o'clock, is Inspector-General of Water Compliance, and Mr Troy Grant is here.

**Senator McALLISTER:** My bad, Ms O'Connell. Let me go to the relevant questions about that.

**Senator PATRICK:** If you'd like, I could start off.

**Senator McALLISTER:** You're very welcome to, Senator Patrick.

**Senator PATRICK:** The legislation has now been tabled on your role. I haven't read it, because I have been doing four days of 14-hour estimates; this is day 5. Can you just outline the fundamentals of the bill?

**Mr Grant:** Absolutely, and good morning, Senator. The Water Legislation Amendment (Inspector-General of Water Compliance and Other Measures) Bill has been scheduled, as everyone is aware, this week in parliament. The new statutory role of Inspector-General of Water Compliance brings together the Commonwealth's responsibilities into a single statutory office that I will lead. The inspector-general replaces and assumes the independent assurance functions of the non-statutory interim inspector-general role, the one I currently occupy. The inspector-general will also have the compliance and enforcement functions currently held by the Murray-Darling Basin Authority. The new Inspector-General of Water Compliance will have regulatory powers under the Commonwealth act. The inspector-general will be able to work across the whole basin to strengthen compliance,

increase transparency and improve trust. The role will provide independent oversight and monitoring of Commonwealth and basin state compliance.

A key priority for the inspector-general will be to encourage greater consistency in the guidelines and standards across the basin, and there are specific legislation sections on the powers that surround the creation of those standards. A key priority in encouraging that greater consistency in guidelines will be articulated in what I'm required to produce as an annual work plan in line with the minister's letter of expectation, which is also outlined in the legislation, and this is to ensure that all water users are all held to the same high bar. To build the standards and guidelines will require cooperation and a lot of work across all the basin states and the community of practice, being the regulators, as well.

Currently water compliance enforcement powers are conferred on the Murray-Darling Basin Authority, as they're the appropriate Commonwealth enforcement agency under the Water Act and basin plan today. The MDBA's main areas of compliance responsibility that will be transferred in are as follows: monitoring auditing of water resource plan compliance; investigating and enforcing noncompliance with sustainable diversion limits; assurance of basin state compliance and enforcement frameworks, and we do that through audits and investigations; supporting the development and implementation of standards and the methods to improve the accuracy of water measurement to increase transparency of water take across the basin; enforcing compliance with the basin plan water trading rules; and monitoring and reporting on the requirements of the basin plan and water resource plans related to the protection of planned environmental water. I can illuminate what stays with the MDBA, or is that okay?

**Senator PATRICK:** No, that's fine.

**CHAIR:** Just before you go on, Senator Patrick, we have media in the room, just alerting everybody. Please remember not to take photos of papers on desks, thank you very much.

**Senator PATRICK:** Or twisted faces. The media do that a lot.

**CHAIR:** Twisted faces?

**Senator PATRICK:** Yes, sometimes.

**CHAIR:** If there's anybody in the room who doesn't want their photo taken, Senator Patrick, could you just let us know?

**Senator PATRICK:** I'm a bit shy, but I'll let it through this time.

**CHAIR:** I know you are.

**Senator PATRICK:** Thank you, that's a good outline. I just want to go to some of the details there. Firstly you talked about a letter that the minister provides you. I presume that will be tabled in the parliament.

**Mr Grant:** It will be made available at minimum. I'd have to get back to you on notice regarding whether it's a tabled document in parliament, but it will be published.

**Senator PATRICK:** In terms of your monitoring and enforcement, it's clear you are the policeman for the MDBA. You also talked about basin states. Is that governmental bodies, and how does that work, noting the federal-state relations? Do you do any enforcement on the ground in terms of farmer B or farmer C taking water, and how do you interact at that level with state enforcement agencies?

**Mr Grant:** Sure. So the primary regulatory function remains with the states' regulatory bodies. New South Wales, for example, has NRAR, which is the Natural Resources Access Regulator. They are an independent body that do the regulation in the first instance. The legislation then provides us with the administrative arrangements to do regulatory work, but we'd be considered as the last resort in that front line when that agency is unable or unwilling to do that frontline regulatory work or we can do it in cooperation. But there won't be multiple regulators dealing with farmer A or farmer B that you talk to at the same time. There are protections in the act that you can't be regulated for the same incident by two different bodies. There's a sequencing process that occurs case by case.

**Senator PATRICK:** If you wanted to look into the operations of a state agency because you felt they weren't complying with their water-sharing plan or water resource plan, do you have powers to do that?

**Mr Grant:** Yes.

**Senator PATRICK:** And what are the natures of the powers? Do they include production of documents, entry into buildings, those sorts of powers?



**Mr Grant:** Yes, there are a number of powers that speak to those specific functions. There are a number of instruments that are currently being drafted to give us the ability to exercise those powers with the department of agriculture.

**Senator PATRICK:** But does that apply to the states?

**Mr Grant:** Yes.

**Senator PATRICK:** There's some ceding-of-power agreement with the states that sits behind this legislation?

**Mr Grant:** Yes, there are cooperation and information-sharing arrangements that are being put in place with the state bodies as well.

**Senator PATRICK:** Is it possible to see the correspondence related to that—I don't know if that's a question for you or the minister—just in relation to what the states have and haven't agreed to?

**Mr Grant:** That's a question for the department, Senator. I can't answer.

**Senator RUSTON:** We're happy to take it on notice. I wouldn't be aware without speaking to the minister.

**Senator PATRICK:** Okay. So with all these functions, what does your organisation look like in terms of FTE and the constitution of different skills within your organisation?

**Mr Grant:** Sure. We've just about finalised the structure of the office. There are a couple of last-minute machinery-of-government arrangements that we have to go through to complete that work, but essentially 21 staff from the current office of compliance from the MDBA will be moving across. We have five currently attached to the interim inspector-general's role that will remain, and we are recruiting for five currently. The advertisement went out for five what we've described as field officer positions that will be located one in each state and regionally based. That gives us 31.

**Senator PATRICK:** So you're co-located in an office somewhere in South Australia, for example?

**Mr Grant:** We will have our own independent space. At some locations if there's just one person or EFT they may have an office or a desk located in the compliance section, co-located there, but we're separate from the MDBA and anyone that we are regulating.

**Senator PATRICK:** Are you happy to take over again, Senator McAllister?

**Senator McALLISTER:** Yes.

**Senator PATRICK:** I just I thought I'd get that start-off to give you a bit of a chance.

**Senator STERLE:** Soften him up for us, did you, Senator Patrick?

**Senator PATRICK:** Something like that.

**Senator McALLISTER:** Thanks very much, and apologies. We ordinarily start with the department, so I had not understood, Mr Grant, that we were starting with you today. Sorry about that.

**Mr Grant:** That's fine, thank you.

**Senator McALLISTER:** May I ask about the process of your appointment? Were you approached by anyone in government? How was this initiated? How have you come to be in this position?

**Mr Grant:** I answered this question at the last Senate estimates a few weeks ago and provided additional information on notice, so I can refer you to those answers or repeat them.

**Senator McALLISTER:** Perhaps you could just give me the precis.

**Mr Grant:** Sure. So I received a phone call initially from Gerard McManus from Minister Pitt's office—I don't have the specific date in front of me, but I have provided that to the Senate with my answers on notice on the last occasion—to canvas my interest in the potential taking-over of the role from Mick Keelty, who had held the role. I then had a follow-up phone call with Mick Keelty, who informed me that he had recommended me to the minister for the role, and I considered that, was asked to provide a CV and then was contacted by a member of the department of agriculture to send through that same CV. I think from memory it was around August 2020, but I've provided the accurate date in my last answers. I would then receive a phone call late December 2020 asking if I would accept the position, saying that there'd been a process gone through, and I accepted the position. I think it was about 23 December that that was announced.

**Senator McALLISTER:** Right, so there was no process of interview, Mr Grant?

**Mr Grant:** I didn't go through a formal interview process, no.

**Ms O'Connell:** Senator, could I just clarify a couple of points, given we were talking earlier about the new legislation for the inspector-general? The appointment that Mr Grant is talking about is his appointment as interim

inspector-general. Until the passage of legislation there isn't an appointment of the permanent inspector-general under that statutory appointment process. So Mr Grant is talking about his appointment as interim inspector-general, not an appointment under the legislation as the permanent inspector-general. The minister announced his appointment as interim inspector-general on 16 December last year, but again it's the interim inspector-general role.

**Senator STERLE:** Are you still interim?

**Mr Grant:** Yes.

**Ms O'Connell:** Yes, the legislation has not passed and the process to appoint permanently has not been undertaken yet.

**Mr Metcalfe:** Senator, this was the role originally performed by Mr Keelty

**Senator McALLISTER:** Yes, I know.

**Mr Metcalfe:** His term came to an end, and Mr Grant has replaced him as interim inspector-general.

**Senator McALLISTER:** 'Came to an end', that's how we describe it. Since the interim position was established, how many cases of water theft have been referred to the interim inspector-general, Mr Grant?

**Mr Grant:** Again I answered this question in previous committee hearings. I don't have that data; I can take that on notice and provide that to you once again.

**Senator McALLISTER:** At the last estimates 30 cases had been referred. I'm trying to understand if there's an update to that number.

**Mr Grant:** From that point forward? Direct water thefts, no new ones. We have had other referrals of complaints in relation to bodies such as water corporations and activities in that regard, but they are old matters that have already been through a number of processes that they have asked us to have a look at again. I'd have to get you the exact figures on notice, if I could.

**Senator McALLISTER:** I think Mr Keelty investigated three matters during his period as interim inspector-general.

**Mr Grant:** There was a total I think of 32 matters that came in him. In a number of those he didn't have jurisdiction and/or providence, so he then referred those to the appropriate bodies.

**Senator McALLISTER:** Has that circumstance changed in any way? You still don't have any powers.

**Mr Grant:** That's correct. The situation is the same until legislation creates us as a statutory body.

**Senator McALLISTER:** I don't ask this in a smart way, but what are you doing if you don't have any powers?

**Mr Grant:** Absolutely. That's a legitimate question. So we're doing significant engagement across the basin to make sure that we are building the inspector-general's office with the right capability and functional alignment to meet the legislative requirements. We are developing and have completed a work plan that we will be required under statute to publish and work to and report against. We have also started to scope and prepare a number of audits and environmental scans and bodies of work that have been garnered by intelligence we've received from the community. That goes to the heart of what the role is about as restoring trust and confidence in the Murray-Darling Basin Plan and strategies in relation to the communication of our work. That has all been in the build, and I've been leading the working group for the machinery-of-government transition from the office of compliance into the new inspector-general's office. We've been quite busy.

**Senator McALLISTER:** You indicated in response to a question from Senator Patrick you have received a letter of expectation from the minister.

**Mr Grant:** No, I said we will receive a letter of expectation which will help inform the work plan that we will produce.

**Senator McALLISTER:** This is anticipated under the legislation?

**Mr Grant:** Yes, it coincides with the legislation.

**Senator McALLISTER:** May I ask you about your interim role, not the prospective role? Has the minister communicated formally to you his expectations about your function as interim inspector-general?

**Mr Grant:** Yes, I received a letter from him which I'm happy to provide.

**Senator McALLISTER:** Yes, if you could table that, that would be appreciated. I think you were responding to questions from Senator Patrick about your office and the co-location in some instances of staff with the MDBA. Where will you be physically located, Mr Grant?

**Mr Grant:** I've chosen not to be physically located; I've chosen to be mobile. I see my role as needing to be out and about in the community across the basin, so I haven't established an office for myself.

**Senator McALLISTER:** Will there be a sort of headquarters for the office of compliance?

**Mr Grant:** We will have a number of offices. We have one for administrative staff and those based here in Canberra. We have workspaces in Brisbane, Toowoomba and Narromine which are not yet secured but in the process of being secured, Mildura, Loxton in South Australia, Adelaide, Murray Bridge and Albury. I think that's the lot, but I will double-check and give you a full list, if that's okay.

**Senator McALLISTER:** Yes, that's fine, thank you. And how many staff are you anticipating?

**Mr Grant:** Thirty-one in total once the office of compliance staff move across, the interim inspector-general staff are added to that and the five recruitments are completed for the field officer roles.

**Senator McALLISTER:** Right, so it will be 31 in total which comprises those three groups.

**Mr Grant:** As a combined workforce and EFT for the Inspector-General of Water Compliance's office going forward, yes. Sorry, Goondiwindi was another location.

**Senator McALLISTER:** We've been talking about the legislation. Were you consulted prior to its introduction?

**Mr Grant:** Yes, I was.

**Senator McALLISTER:** Have you been in contact with the states about that legislation?

**Mr Grant:** Yes, I have.

**Senator McALLISTER:** What's the nature of that engagement?

**Mr Grant:** It has been various. I've been in contact with federally the shadow spokesman, Terri Butler, and a number of federal members and ministers who represent electorates in the basin and also senators. I've had one-on-one meetings, including with Senator Patrick and Senator Davey, who are here today, as examples; the minister for environment in South Australia, for example; ministers in the New South Wales parliament; and then at the regulatory level as well for each of the states.

**Senator McALLISTER:** So has that been a specific consultation about the scope and nature of the legislation?

**Mr Grant:** It has been in a holistic fashion. It has been legislation, it has been expectation, it has been functionality, it has been arrangements that we'd like to see in place between departments, for example, and it has been about how to make the office work effectively and efficiently for everybody and get outcomes.

**Mr Metcalfe:** Senator, just back to your original question, the formal consultation between the Commonwealth and the states has been handled by the department because of the need for the states to agree to various things occurring, and if you'd like more detail, we can provide that.

**Senator McALLISTER:** Is that your responsibility, Ms O'Connell?

**Mr Metcalfe:** Yes, effectively the department has responsibility for developing the legislation, and our legal division has been involved in the technical aspects. The policy aspects fall under Ms O'Connell and Ms Connell, and the inspector-general has of course been part of that process as well. But Ms O'Connell's group is the people who've taken that forward.

**Ms O'Connell:** Senator, the method of consulting is through the Basin Officials Committee which I chair.

**Senator McALLISTER:** Thanks, Ms O'Connell. Just a few final questions to you, Mr Grant, about your approach to the role. Do you support implementation of the plan in full?

**Mr Grant:** Yes.

**Senator McALLISTER:** Do you think that the basin plan, based on what you've seen so far, is on track to be implemented on time for the 2024 deadline?

**Mr Grant:** There are significant issues that need to be addressed, without question, and that is largely what has driven the lack of confidence in the plan and I would suggest has been the reason for the creation of the office of inspector-general, to have an independent body there to ensure compliance with all aspects of water management and water take. Obviously for that to occur will only help meet the basin plan in its totality.

**Senator McALLISTER:** For your position in particular are arrangements in place to manage conflicts of interest?

**Mr Grant:** Yes. There are standard departmental guidelines and processes that we've adopted, so I've made a number of declarations et cetera to the department within their processes.

**Senator McALLISTER:** Mr Metcalfe, can you clarify in general terms those process Mr Grant is referring to?

**Ms O'Connell:** Sorry, which processes?

**Senator McALLISTER:** I asked Mr Grant about the arrangements in place for his position in particular to appropriately manage any conflicts of interest. I'm not asserting anything; I'm just interested in the administrative arrangements for managing such declarations. Can you tell me what they are?

**Ms O'Connell:** Senator, I will have to rely on one of my colleagues to come forward to outline those processes for conflicts of interest for the interim inspector-general.

**Mr Grant:** If I can assist, there's an electronic process that I entered data into, and you get to update that if there are any changes in your circumstances.

**Senator McALLISTER:** Right, so you've made the necessary declarations through such a process?

**Mr Grant:** Yes, for example I was deputy chairman of the International Rugby League in an unpaid position that I declared. I've since become chairman of that, so I updated that, for example. I was a director of an ASX-listed company which I then resigned from, so I updated that, for example. So it's an efficient and transparent system.

**Senator McALLISTER:** Thanks very much, Mr Grant. Do you personally own any water entitlements?

**Mr Grant:** No, I do not.

**Senator McALLISTER:** Have you had any briefings on the establishment of a national integrity commission?

**Mr Grant:** No. I've been asked before, and I hadn't at that time and not since.

Thanks for being here today.

**Mr Grant:** You're welcome.

**Senator ROBERTS:** Have you made contact with the New South Wales Natural Resources Access Regulator specifically in connection with unapproved water storages, including in the northern basin?

**Mr Grant:** I've had a number of contacts with Grant Barnes, the CEO of the Natural Resources Access Regulator, and the chairman, Craig Knowles, not on that specific issue; more on general issues about our establishment, about metering and a little bit about the water-sharing plan on our last meeting.

**Senator ROBERTS:** I'm not having a criticism at all of you, but are you aware of how much concern there is about water theft in the northern basin from people in the other areas of the Murray-Darling Basin?

**Mr Grant:** Oh, without question.

**Senator ROBERTS:** That's very reassuring. So is there a time frame for getting to the bottom of the question of how much water is being extracted in the northern basin against the amount allowed by the plan?

**Mr Grant:** Our work plan will, once we are legislated, enact a number of assurance checks and auditing processes to get to answer a lot of those questions and then hopefully be able to work off a benchmark so that we can then answer those questions specifically.

**Senator ROBERTS:** So I understand the legislation that enables your position is in the lower house now?

**Mr Grant:** That's correct.

**Senator ROBERTS:** So once that's passed, how long do you think it will be before you have a good handle on that? Three months? Six months?

**Mr Grant:** I can't speculate on the parliamentary process or the assent from the Governor-General.

**Senator ROBERTS:** No, sorry. Once your position is created, legislated, how long will it take you to get a good handle on the northern basin?

**Mr Grant:** We've already got a handle. We've made preparations with the scoping of a number of bodies of work that will be part of our work plan to start day one.

**Senator ROBERTS:** And to get to the bottom of the issues and come up with some conclusions, how long roughly do you think?

**Mr Grant:** There are different time lines for different projects within that work plan, but they will all be transparently published on our website so everyone will understand the work that we're doing and the projects we're doing and the time frames.

**Senator ROBERTS:** Wonderful. When will that be available? I know it's subject to passage of the legislation.

**Mr Grant:** The day we are enacted it will be published.

**Senator ROBERTS:** There will be a lot of people pleased to hear that, so we'll be looking forward to it. If the enabling legislation passes as presented, what tools do you have at your disposal to decide who is and who is not cheating on the basin plan, and what strategies will you be following?

**Mr Grant:** It's a difficult question to answer because there are case-by-case or holistic views. If you are talking about a regional issue, like you referenced with the northern basin, the legislation would allow us to potentially conduct an inquiry to get through some potential broader systematic issues that may be there. We have the ability through audit and compelling of information to inform potential river operation arrangements and how that's measured and modelled and things like that. There are a number of different mechanisms depending on what the scope of the actual inquiry is, so your question is very large, broad.

**Senator ROBERTS:** So you can work at that level, but you can also work at the property level.

**Mr Grant:** Absolutely, exactly right. The property level would be less regular. We are a regulator of last resort in that instance, but there would be circumstances where we would do that. Legislation allows us to have authorised officers to conduct that work, but yes, it's a tiered ability from an inquiry through to audit and assurance checking and through to individual investigations.

**Senator ROBERTS:** And you will also have the authority to appoint people to do that work for you?

**Mr Grant:** Yes.

**Senator ROBERTS:** So you're going to have foot soldiers for you?

**Mr Grant:** Yes, I will have under the statute the ability to—I'm not sure of the exact word—create the authorised officer or officers.

**Senator ROBERTS:** So you will have all that's needed today enforce the Murray-Darling Basin Plan to make sure there's no favouritism to any area.

**Mr Grant:** Yes, and part of the MoG arrangements is making sure that each of those authorised officers have the appropriate training and skill sets to allow me to approve them as Commonwealth investigators, as authorised officers.

**Senator ROBERTS:** Because there's a lot of concern about cheating on the plan, as you know.

**Mr Grant:** I've heard that loud and clear, Senator.

**Senator ROBERTS:** What other matters are you investigating right now?

**Mr Grant:** We don't have powers to formally investigate.

**Senator ROBERTS:** Sorry, yes. What are you evaluating right now, and what will you be investigating soon?

**Mr Grant:** We're scoping and canvassing everything from trying to understand benchmark standards, because the inconsistency from valley to valley, state to state, north to south basin is significant, so we are canvassing that and have a body of work prepared for that; river operations; metering; and trade, which there's specific legislation in relation to. There's specific legislation that allows me to create standards and benchmarks. That's done in cooperation with the basin states, obviously, because a lot of the state legislation may need adjustment depending on what agreed standards and benchmarks are created as well. So it's a variant scale of work, to answer your question.

**Senator ROBERTS:** I'm very pleased to hear that you've used the word 'variation', because there is enormous variation, particularly between the north and south, that makes it very difficult for people in those areas to understand the other areas. But what specific topics are on your radar, what issues?

**Mr Grant:** Senator, all of them, to be frank, because a lot of them are interrelated. There's a lot of misinformation out there as well, so we have a role to be a myth-buster and independent communicator of truth and make sure that the data that people rely on and the modelling that's relied on has an independent validation as well. There's a componentry role that we'll play there. It's a very broad role: metering and measurement through to water operations through to environmental water and outcomes. It's everything.

**Senator ROBERTS:** Trading?

**Mr Grant:** Yes, I have powers under the act in relation to trading but limited resources and am mindful of the recent ACCC's work and recommendations which are currently under consideration by all states and the federal government.

**Senator ROBERTS:** And what about making recommendations and changing systems to enable you to better oversee the trading and any breaches of trading regulations?

**Mr Grant:** Yes.

**Senator ROBERTS:** You've got the ability and the support to be able to make changes?

**Mr Grant:** I won't have the power, but I will recommend up through Basin Officials Committee into MinCo for those.

**Senator ROBERTS:** Because it seems at the moment trading is something that is difficult to enforce for a variety of reasons, but you will be able to get through that.

**Mr Grant:** Well, I'll be able to assist the ministerial council and Basin Officials Committee.

**Senator ROBERTS:** I appreciate your direct answers, thank you.

**Mr Grant:** You're welcome, Senator.

**Mr Metcalfe:** Could I just add to those answers by saying that the relevant bill was introduced to the House of Representatives this week. The explanatory materials, the minister's second reading speech and the explanatory memorandum, outline many of the issues that the inspector-general has just been talking about, and I have just reacquainted myself with the explanatory memorandum. It's written in a very good style and it outlines the proposed powers of the inspector-general, the offence provisions and the various other issues that have been outlined here, so I would commend that to the attention of the committee.

**Senator ROBERTS:** Will Mr Grant then have the ability, for things that are not defined in the regulations or in the legislation, to actually go and talk to someone to make sure that they're covered somehow?

**Mr Metcalfe:** Mr Grant or the inspector-general, once appointed, would certainly be charged with the administration of those aspects of compliance, and Mr Grant as interim inspector-general has indicated the work that is underway at the moment but also the very detailed preparations that've been put in place to ensure that when and if the legislation is passed, the inspector-general will be able to hit the ground running.

**Senator ROBERTS:** Apart from variation, another word that keeps cropping up is complexity in the Murray-Darling Basin Plan and the work of the authority. Mr Grant is human, and he has already had some input into the legislation, as I understand it. Is that correct?

**Mr Grant:** Yes.

**Senator ROBERTS:** You mentioned that at last estimates, I think. But he's human, so he won't be able to understand everything quickly. So there'll be need for changes of his approach or maybe changes that he couldn't foresee a few months ago.

**Mr Metcalfe:** Certainly Mr Grant has outlined the fact that the inspector-general and the staff of the inspector-general will be a cop on the beat, that they will have staff, quite a significant resourcing, out there in the basin working on a daily basis on these issues, and of course if there are views that arrangements are not working properly, as Mr Grant has explained, there's a sort of loop back through the Basin Officials Committee, given this is a shared space between the Commonwealth and the states and the ACT, to consider whether adjustments need to be made. So the fact that there will be an on-the-ground presence will be a particularly powerful way of ensuring that things are actually working, and if they need improvements then things can be done about it.

**Senator DAVEY:** Mr Metcalfe, you are probably the best person to answer my first question. We've had the bill introduced to the House of Representatives. My understanding is in order for the office of the inspector-general to be fully operational as envisaged there is referral of powers from the states. How is the progress going with the states introducing their complementary legislation? Where are we up to in that process?

**Mr Metcalfe:** Thanks, Senator. I will ask Ms O'Connell to respond.

**Ms O'Connell:** It sounds like a technical answer in terms of referral of powers, but it's important. The referral of powers has already happened by the states under the current set of arrangements, but what needs to happen is an agreement by first ministers to modify that referral power. So we're not seeking a new referral power; what we need to seek under the intergovernmental arrangements is agreement from first ministers to modify the referral power, and the modification is quite straightforward. It's modifying the current referral which refers powers to the Murray-Darling Basin Authority to now refer the powers to the new Inspector-General of Water Compliance. So there's not a need to have legislation passed in the jurisdictions; it's an agreement by first ministers that's required in order to modify the existing referral power. So that means it's on a much shorter time frame than it would be if it required introduction of legislation in each jurisdiction, and we already have that agreement from a number of jurisdictions. We've had extensive consultation through basin officials about that requirement and what's needed. So at this point we don't see that that's a major impediment to getting the legislation, as you say, through and passed, but it becomes enlivened, if you like, when all of those agreements are in place.

**Senator DAVEY:** So we don't envisage any hold-ups or problems of an interjurisdictional nature?

**Ms O'Connell:** No, there has been extensive consultation and a very good shared understanding of what is actually required here.

**Senator DAVEY:** Great. And Mr Grant, you said that your office are charged with bringing together all the Commonwealth responsibilities, holding all water users to the same consistent bar and also being a last resort for the front-line regulatory work. Does that mean that you will effectively be operating as an ombudsman so that where there are concerns in compliance operations—obviously as a New South Welshman my first port of call should be the NRAR, but if I still hold concerns—I can come to you as a final call?

**Mr Grant:** There's no legislative framework to perform any functions like an ombudsman, but there's already a natural evidence that people within the basin see this role going forward, because of its independence, along that same sort of sentiment of an ombudsman. A lot of the written material that we receive, as per my earlier answer, is all about historical matters that they would like to be re-examined and/or, if they've had frustration at different levels of contact with state bodies, then we've already played a facilitator's role to get everyone around the table in order to get a better outcome, which has been successful. We've been successful in those endeavours, so I imagine once our role is more clearly defined, once it is established, that the inspector-general's office will no doubt get a wave of correspondence and questions and bodies of work and referrals in addition to the proactive work we're doing as articulated in the work plan.

**Senator DAVEY:** Currently the MDBA produces an annual compliance compact where it reviews where each state is at. Will that be transferred to your office?

**Mr Grant:** Yes, it will

**Senator DAVEY:** And one of the areas of concern that have been raised with me even in that compliance compact is that the states are still reporting against different standards. So will you be looking at that compliance compact and trying to bring consistent standards for them so that we can see clearly what they're all reporting against? Because at the moment when you read the metering section there's green, green, green—except the ACT, I've noticed, have a few reds under there—but then when you read it, different states are saying, 'Yes, we'll be compliant to AS4747 by 2025.' Other states haven't got telemetry and have no plans or processes in place. So they're all saying they're compliant, but they're compliant to different standards.

**Mr Grant:** Yes, it's not an apples-to-apples comparison. It needs significant change. I met with the general manager for office of compliance from the MDBA yesterday on this exact issue, and it will be getting an absolute overhaul because it currently provides no value to properly assess what is occurring in that compact.

**Senator DAVEY:** And were you also saying that you'll be looking at improving the standards and accuracy of measurements and water take. I note at the moment that some states are very firm that water must be in your account before you take it. Other states have quarterly reporting, so you only have to report your take at the end of the quarter, about which I will be also asking the MDBA, when they come in here, how they can proactively monitor and report on water in the system. Will you be trying to bring all states to the same level on when they report water take and compliance as far as water in accounts instead of people being able to play the market, so to speak, and balance their accounts in arrears, which occurs in one state that shall remain nameless.

**Mr Grant:** Your example speaks to the very complex nature of the plan and the way that the inconsistencies are there. There are strong foundations as to why it operates state by state on that basis, but there's an absolute opportunity to get better consistency. That's not a body of work that I'll play a dictatorial role in; that'll definitely be a body of work that I'll play in partnership with each of the states to achieve as much consistency as possible and make sure it's practical as well.

**Senator PATRICK:** Just some follow-up questions: do you have a draft work plan that's published?

**Mr Grant:** No, I've got a draft work plan that's not published.

**Senator PATRICK:** Is there any difficulty in publishing that? I note that the act would require to you publish a work plan once enacted, but consistent with that principle outlaid in the act.

**Mr Grant:** The interim inspector-general doesn't have a work plan.

**Senator PATRICK:** No, I understand that. I understand the difference between a statutory work plan and the work plan that you're doing now.

**Mr Grant:** So the work plan that we have is a combination of what is currently already published, a body of work from the office of compliance, that will continue to form part of what I would describe as our hybrid work plan in the first instance. The work plans are produced and published on an annual basis at the financial year, so depending on when we commence, which I can only assume would not be before 30 June, there will be the

MDBA's work plan, and then our commencement will take X amount in draft form as well as our new body of work once we have that requirement and ability to insert the inspector-general's components of the work plan to have a whole work plan. Does that make sense?

**Senator PATRICK:** All I'm saying is right now you are working to a work plan that is not in the public domain.

**Mr Grant:** No, we have developed a work plan—

**Senator PATRICK:** Okay. Can you please table that?

**Mr Grant:** which is for publication and adoption once we become a statutory body.

**Senator PATRICK:** Okay, I understand it's a draft. Can you please provide that to the committee?

**Mr Grant:** I'll have to seek advice on that, Senator, because part of that I don't have authority over.

**Senator PATRICK:** Sure, so could you see any problem with that?

**Mr Metcalfe:** We'll take it on notice, Senator.

**Mr Grant:** I'll just have to take advice.

**Senator PATRICK:** I've just been moved by previous commitments to openness and transparency which otherwise undermine the plan.

**Mr Grant:** What you're asking for is already published in part; what we're proposing to add, for want of a better word, is only in draft consideration and may change. The reason it's not published is it's not required by the minister's letter of expectation in the legislation to help inform that.

**Senator PATRICK:** And if you mark it draft, there's no issue; it just gives us an idea of what you're thinking about. The role of the Senate is oversight of the entire operations, including in your circumstances where you don't have legislative powers. Just in relation to the agreements, you said that some states have already agreed. Which states have not agreed for the referral of power or for the alteration to the referral of power?

**Ms O'Connell:** To the amendment of the referral so that it refers to the new Inspector-General of Water Compliance rather than the Murray-Darling Basin Authority? There are two states who've not yet given the formal authority. They're not suggesting that there's any impediment; it's just a procedural process thing. So the two states who've not yet given that approval are Queensland and Victoria.

**Senator PATRICK:** Okay. But you're expecting that to occur?

**Ms O'Connell:** We're expecting it. We're in constant discussions with officials, yes.

**Senator PATRICK:** I realise the request I made before is potentially quite broad about agreements between the states. I'm trying to assist in narrowing the scope of what it is that I might be after. You say these agreements effectively have been reached through the Basin Officials Committee, is that right?

**Ms O'Connell:** No, Senator. There's an existing underpinning, so there is already a referral of power in place from the states to the Murray-Darling Basin Authority. There's then a cross-government agreement struck some time ago where it said any variations to those referrals need to be agreed by first ministers, and so the only amendment that we're seeking is that instead of the referral referring the powers to the Murray-Darling Basin Authority, just changing that referral to be a referral to the new Inspector-General of Water Compliance, because the compliance function of the MDBA moves into the inspector-general. So it's pretty much the existing referral but just a name change from Murray-Darling to inspector-general.

**Senator PATRICK:** So that's the only thing that has been discussed on a state to federal level in relation to the inspector-general?

**Ms O'Connell:** That's one thing that has been discussed in relation to the legislation, how we give effect to that approval. There have also been consultations, and we covered this earlier, that I've led as the chair of the Basin Officials Committee, on the actual legislation and the content of the proposed legislation. So this is the new legislation introduced this week. There has been consultation through basin officials on the form of the legislation, nature and contents.

**Senator PATRICK:** So that's sitting in a room or has that just been through correspondence, or both?

**Ms O'Connell:** It has been through Teams meetings, virtually sitting in a room, so actual committee meetings. But there have also been follow-up phone discussions, bilateral discussions and so on, on concerns that states may have had on the legislation.

**Senator PATRICK:** But basically where we've landed everyone agrees with?

**Ms O'Connell:** Yes, that's my understanding, Senator.



**Senator PATRICK:** Thank you very much. It's probably not necessary then to tender anything if you're saying everyone has agreed and there are no issues, so I might withdraw that request. Interim inspector-general, I was just quickly speed-reading the act whilst others were asking questions\*\*♦\*\*well, you looked at me, Minister, like I'd failed to do my job, so I thought I'd better have a crack at it.

**Mr Metcalfe:** Senator, the act or the bill?

**Senator PATRICK:** The bill, sorry. I just noted that there are powers in relation to orders for production of documents but also warrants. Are those warrants intended to be around trading-related compliance and noncompliance at the individual level, or is it anticipated that at some stage you might issue a warrant on a state government to get access to information or to inspect documents on a premises? The act says person. I just don't know what a person is for the purpose of the act and whether that includes a state government entity.

**Mr Grant:** It's more for the regulator of last resort, so it would be a warrant that would be consistent with warrants that are used by the state regulatory bodies. The ability to get information out of state bodies, regulators or other departments is contained elsewhere in the act, in other powers. So we're getting the instrument that allows us to have a warrant under Commonwealth law. That's currently in development, but that will be more for the regulatory function that we play for our authorised officers to have as a legal instrument.

**CHAIR:** That brings us to an end for the acting Inspector-General of Water Compliance. Please, go with the committee's thanks. We'll see you at the next estimates.

**Mr Grant:** Thank you, Chair; thank you, Senators.

**Department of Agriculture, Water and the Environment**  
**Department of Infrastructure, Transport, Regional Development and Communications**  
**National Water Grid Authority**  
**Murray-Darling Basin Authority**

[09:58]

**CHAIR:** We will now move to the Department of Agriculture, Water and the Environment, the Department of Infrastructure, Transport, Regional Development and Communications, the National Water Grid Authority and the Murray-Darling Basin Authority. I am hoping that we can try and keep our questions grouped to areas, so we will try. Senator McAllister, if you start, where would you like to start within those, so that the right people come forward first?

**Senator McALLISTER:** I was hoping to talk about the off-farm efficiency projects.

**CHAIR:** Just while we're doing that, we have an opening statement from the Murray-Darling Basin Authority being circulated. Are there any other opening statements to be circulated, or is that the only one?

**Mr Metcalfe:** Nothing from the department.

**CHAIR:** Okay, so just the one.

**Mr Metcalfe:** Would you like Mr Glyde at the table to read that opening statement, Chair?

**CHAIR:** I don't think so. In the interests of time I think we can all read that, and I am sure he will draw to our attention anything pertinent from it. So do we have the right people from the department for the water efficiency programs that Senator McAllister is going to ask about?

**Mr Metcalfe:** We do, Chair.

**Senator McALLISTER:** It might help if we just clarify some of the terminology, so I don't end up talking about things and you think I'm talking about something else. On 3 March the minister indicated that the water efficiency program was being terminated and a new set of activities was being undertaken off farm. A program name isn't identified in the media release. As far as I can tell there's no 'capital letters' name for this project. What will we call it, so we're all talking about the same thing?

**Ms Connell:** There will be two components: the off-farm efficiency program and an on-farm state-led subcomponent.

**Senator McALLISTER:** Okay. So if I talk about the off-farm efficiency program, we'll all know that we're talking about the same thing?

**Ms Connell:** Yes.

**Senator McALLISTER:** Terrific. And for further clarity, the stocktake and the list of projects associated with the stocktake on the department's website relate to the off-farm efficiency program? I think you've confirmed that before.

**Ms Connell:** The stocktake was undertaken for a broad range of purposes, and the ministerial council communique for June 2020 sets out the range of projects that was sought as part of that stocktake. So they were projects that could contribute to water recovery, projects that could contribute to agricultural productivity and projects that might be able to, being mindful that this is June 2020, contribute to regional economic stimulus.

**Senator McALLISTER:** Right, okay. And Ms Connell, these projects by the sound of it address a wide range of objectives, as you've just described. Are they all in scope to be funded from the off-farm efficiency program or only those that relate to water efficiency?

**Ms Connell:** No, the off-farm water efficiency program will utilise funds from the environment special account, and the Water Act is very clear about what that money can be used for. There are essentially two main components that you can use what we call WESA funds for, and they are for water recovery from infrastructure projects and also from constraints projects, so removing impediments to the flow of water through the system.

**Senator McALLISTER:** Right, so in the minister's media release when he says:

Through the new Off-farm Efficiency Program we will make \$1.33 billion available for state-led off-farm projects—that is only for projects that address constraints or water efficiency?

**Ms Connell:** The \$1.3 billion is only for projects that address water efficiency in infrastructure projects.

**Senator McALLISTER:** Water efficiency from infrastructure?

**Ms Connell:** That's correct. The requirements are set out in section I think 86A-D of the Water Act about how you can use that money.

**Senator McALLISTER:** So it essentially needs to be consistent with the funding constraints on the WESA account?

**Ms Connell:** So there are two main programs that the WESA money is used for: off-farm and on-farm infrastructure projects, and also constraints projects. The minister's announcement on 3 March focused on the infrastructure component.

**Senator McALLISTER:** So of those stocktake projects that are listed, I can only see a handful that actually identify water savings. What is the intended source of funding for the balance of the projects?

**Ms Connell:** One of the things the ministerial council asked basin states and the Commonwealth to identify were alternative sources of funding for projects that couldn't be funded out of the WESA account. At the Commonwealth level, the National Water Grid funding arrangements would be an obvious opportunity for funding. The states were reluctant to put forward funding sources from within their area of operations. I understand New South Wales is examining the opportunity to fund infrastructure projects to improve water supply from the Snowy Hydro legacy fund.

**Senator McALLISTER:** Of the projects identified in the stocktake, how many proposals do identify water savings?

**Ms Connell:** I'd have to take that specifically on notice. We can get you that information this morning. The purpose of the stocktake was essentially to do a sweep of all possibilities. Some of the projects are shovel-ready or close to shovel-ready, other projects will require feasibility studies to be undertaken, and, as part of that process, they would need to identify what the water recovery component could be.

**Senator McALLISTER:** The minister said that there were 10 projects that, at the time, he expected would be ready in three to 12 months. I understand that that's been revised downwards and there are now only nine.

**Ms Connell:** That's correct. I think we provided that information in a question on notice.

**Senator McALLISTER:** Thank you. It's been about three months since that announcement in March—how many of those nine projects will be commencing in the next week or two?

**Ms Connell:** None of them will be commencing in the next week or two. Given they'll be state led, the first arrangement that we need to get in place is a schedule under the Federal Financial Relations framework. The funding will pass from the Commonwealth to the state essentially under a National Partnerships arrangement. We are working with the New South Wales government in terms of how that arrangement might be put in place. We're also supporting them in discussions with the proponents of those projects.

**Senator McALLISTER:** When the minister said:

We've been doing the legwork so we can get on with the job, identifying about 50 off-farm projects that can form the core of our work program. Ten of these projects could start within 3 to 12 months, fast-tracking works that can benefit local economies and save water.

What was he talking about? Are any of them starting within three months?

**Ms Connell:** We anticipate that the next five projects will be able to commence in the next couple of months—within the time frame that was set out in the minister's announcement. That's likely to be with the Murrumbidgee Irrigation corporation. We're working closely with New South Wales and potential project proponents.

**Senator McALLISTER:** But none of them were really ready to start within three months; that was just made up.

**Ms Connell:** The Murrumbidgee projects are what we refer to as shovel-ready. I understand they've got detailed project plans and costings that have been developed. The next step is to get in place the funding arrangements between the Commonwealth and the state. There are obvious processes that have to be navigated in terms of making sure those arrangements are put in place in a sound way and that due diligence checks are undertaken. We have to consult with Treasury in terms of getting those arrangements in place. It's quite standard.

**Senator McALLISTER:** Minister, 3 March 2021 is the date when Minister Pitt ventured out and said he had projects ready to go in three months. These projects should kick-off on 3 June. The advice from your official is there won't be projects kicking off on 3 June. Why does Minister Pitt make things up?

**Senator Ruston:** First of all, I don't accept the premise that Minister Pitt had made anything up. We'll just make sure that's very clearly on the record.

**Senator McALLISTER:** I'd like you to substantiate that, because Minister Pitt is on the record saying that he's got projects ready to go in three months.

**Senator DAVEY:** Three to 12 months—he gave a range.

**Senator Ruston:** The evidence that's been provided by Ms Connell indicates that there were a number of projects in the Murrumbidgee area that were shovel-ready at the time that Minister Pitt made those statements and that the agency is already in negotiations through the New South Wales government and the proponents of those particular projects in order for them to commence. I'm at a loss to understand why you would think that is 'making things up', to quote you.

**Senator McALLISTER:** Well, to answer your question, Minister, it's because the minister put out a press release saying that they'll be fast-tracking works that can benefit economies and save water and that they'd start within three to 12 months. Why reference the three months if there was nothing ready to go in that time frame? It's made up.

**Senator Ruston:** I don't agree with you at all, Senator. I completely and utterly disagree with your interpretation of the comments that were made in the press release by Minister Pitt.

**Senator McALLISTER:** Why not say six months, if that's the actual answer? Why even reference three if there is nothing ready to go in three months?

**Senator Ruston:** Senator, I completely and utterly do not accept your interpretation of what the minister said in that press release. The minister said three to 12 months. The evidence that's been provided by the agency indicates that those projects are now under way and commenced through the negotiations with the state government and the project proponents. You are choosing to misrepresent. That's entirely up to you, but I don't accept it.

**Senator McALLISTER:** That's very Humpty Dumpty, isn't it?

**Senator Ruston:** Well, I'm afraid Humpty Dumpty may be sitting on the other side of the table to me.

**Senator STERLE:** You having a go at my weight?

**Senator Ruston:** No, Senator Sterle, I'd never have a go at you!

**CHAIR:** Senator McAllister, does that bring you to the end of that block of questions?

**Senator McALLISTER:** Not really.

**Senator STERLE:** Can I get clarity, Chair? What does 'shovel-ready' actually mean?

**Senator Ruston:** It means that the projects are ready to commence, subject to having the planning in place. There's probably some technical description for 'shovel-ready', but my understanding is they have all the necessary planning approvals and the designs are undertaken. It appears to me that the only component that is required to enable these projects to commence, from our perspective, is the necessary financial arrangements to be put in place and the approvals through the federal-state government relations to enable them to commence.

**Senator STERLE:** Sure, but shovel-ready to a layperson means that you're ready to stick a shovel in and get a grader and start work—you'll see a fluoro vest. I'm sorry, Ms Connell?

**Ms Connell:** As the minister said, at construction stage.

**Senator STERLE:** So that means there'll be dozers, graders and tip trucks and all those sorts of things. So the stuff that you mentioned is not quite—

**Senator HANSON-YOUNG:** Lots of hi-vis ready now.

**Senator STERLE:** Lots of hi-vis ready now.

**Senator HANSON-YOUNG:** You've got the costumes ready.

**Senator STERLE:** No, sorry. When Senator McAllister was asking, you said 'shovel-ready', but—and I caught the bits and pieces of funding and all that—does that take 24 hours or three hours to get that ticked off or are we talking couple of weeks or a couple of months? Because my interpretation of shovel-ready is: the key is in the ignition and they're ready to start digging now. Just help me out there, if you can?

**Ms Connell:** My understanding is that the projects are ready to commence and that they're at construction stage—

**Senator STERLE:** You said that. Sorry to cut you off, but I know the chair will give me a clip around the ear if I waste too much more time of Senator McAllister's questioning. You said there's still things to be done?

**Ms Connell:** As the minister said, the principal work that still needs to be done is to get the funding arrangements in place with the state.

**Senator STERLE:** Okay. How long does that take? Is that just to be done by smoko or is it next week or next month? What's the normal time line for that?

**Ms Connell:** It really depends on the nature of the agreement and how willing the parties are to agree to the terms. We negotiate lots of national partnership arrangements with states across the basin for various projects and programs. Some of them can be done expeditiously, so you know, within the space of three to four weeks. They still need to be approved by central agencies in most cases. The Federal Financial Relations Framework is sponsored by treasuries across the country, and there's obviously the requirement for the formal deed to be executed by ministers as well, if they've got the permission to do that from their treasurers. Other agreements can take many, many months.

**Senator STERLE:** In terms of this project, Murrumbidgee or whatever, do all those things still need to be done at this stage?

**Ms Connell:** The principal next step is for New South Wales and the Commonwealth to agree the funding arrangements.

**Senator STERLE:** That's one step. This is one of those things that could be expeditiously done—is that what you're saying? You did say a couple could go on for months while the states and the feds are having a little dust-up. I'm not trying to be a smarty. 'Shovel ready' in my head is, as I said: the hi-vis are there, the keys are in the ignition—

**Mr Metcalfe:** Can I help? 'Shovel ready' means that all the planning approvals, all the stuff that's needed—we're now at the point of giving the money to the states. They're the ones who actually run the bulldozers and do the digging. From the Commonwealth's point of view, we want to give them the money. The treasuries are making sure that that's all done according to Hoyle. We will of course put pressure on our Treasury to make sure that this is at the top of their list and not at the bottom of their list so that we can all get on with it. The minister talked three to 12 months, and for me that strikes as a period not before three and not after 12.

**Senator STERLE:** Mr Metcalfe, I'm not even interrupting in that argument. I just want to know what 'shovel ready' is. Your shovel ready is not my shovel ready.

**Mr Metcalfe:** We're all keen for this to get on and happen. We're sorting out the money. All the technical issues about what they're going to do, approvals are all ready to go—

**Senator STERLE:** I got all of that. But it's not ready to go today. It could be weeks, it could be hours, it could be months.

**Mr Metcalfe:** It won't be because people are waiting for us.

**Senator STERLE:** I didn't suggest that at all.

**CHAIR:** Thank you for that clarification, Senator Sterle.

**Senator McLACHLAN:** I have a few questions on this and then on another topic. I'm interested in the recommendations of the Australia Institute report. Who would I address my questions to? The panel?

**Mr Metcalfe:** Which particular Australia Institute report?

**Senator McLACHLAN:** The recent one which came out, *1200 bridges too far*, April 2021. That report raises a number of concerns from its perspective. Has the department or the authority developed a response?

**Ms Connell:** We haven't prepared a formal response. The report, as I understand it, was released yesterday.

**Senator McLACHLAN:** Has the department formed a view because they have interacted with the department.

**Ms Connell:** I've reviewed the report. I guess the preliminary view is that it's premised on a fundamental misunderstanding of how the stocktake was undertaken and how the available funding can be used.

**Mr Metcalfe:** Senator, you had the important point about whether they had interacted with the department. I think we should respond to whether they have interacted with us.

**Ms Connell:** We received two media requests over the course of the last three months and we provided information back to that through our media section.

**Senator McLACHLAN:** Could you take on notice what the interactions were and what information was provided to them?

**Mr Metcalfe:** This is not a report that we commissioned. They commissioned it. They did it and they asked us a few questions, and we gave them some answers. We'll take that on notice.

**Senator McLACHLAN:** They raise an issue about being denied information. That's the question I'm really asking—some clarity around that. I appreciate you can take that on notice.

**Mr Metcalfe:** We'll check what they asked us and what we gave them.

**Senator McLACHLAN:** There's a theme in the report about transparency around the allocation of funds and where these projects are ready and what stage they are at. At the moment on the webpage we have the stocktake. Is the department going to move towards greater reporting around when these projects are going to be funded or likely to be funded and where they're at at various stages of their time in being?

**Ms Connell:** We will be required to publish information about all of the funding arrangements for the three subprograms that make up the broader program. The funding schedules with basin states are all published. There's a component of the program—it's \$150 million—for project proponents to put forward projects through the Business Grants Hub. The requirement is that we publish information about those grants as well.

**Senator McLACHLAN:** I appreciate that the report is reasonably new, but it runs a line of transparency and accountability. I'm really looking to try tease out where the department sees itself once some of these shovel-ready projects kick off. Will the Australia Institute's concerns be satiated?

**Mr Metcalfe:** We'll try describe the sort of information that would be publicly available, bearing in mind that the role of Commonwealth largely in these projects is a funding role, and that the actual construction role is undertaken by the states or the various proponents—it might be irrigation authorities et cetera. Ms Connell might be able to provide a bit more detail of where that information will be.

**Ms Connell:** We have a landing page for the new program, which we'll use to provide up-to-date, current information. We'll also link to state information. Many of the irrigation network operators have their own pages where they report on the projects that they're undertaking. In terms of the grants component, we will be required to publish the guidelines. We'll be required to publish on our website, also, information about which projects have been successful and why they've been successful. Our intention is certainly to use this as an opportunity to be as transparent as we can.

**Senator McLACHLAN:** Yes, but the Commonwealth is ultimately funding, and therefore can request information back from the states. If I'm listening to you, you're relying on the states to be forthright in where these projects are at. Is there going to be greater accountability held by the various states with these projects to report back to the Commonwealth and for the Commonwealth to then report back to forums such as this? That's where I'm coming from. You described a collaborative approach—which is fine—but how do I know that that information on the actual project is true?

**Mr Metcalfe:** You want assurance at a granular level of this Commonwealth money and how it's being spent.

**Senator McLACHLAN:** I'm interested in the department's thinking around that. I appreciate that we've got a little way to go.

**Ms O'Connell:** I think that goes to the earlier comments that Ms Connell was making about breaching agreement with jurisdictions on, if you like, the terms of the funding agreement. Clearly those terms of the funding agreement include things like ability to report and ability to provide information. The intention is

certainly there to make sure that there is that ability for the Commonwealth to have the necessary information about the progress of the projects.

**Senator McLACHLAN:** Are you thinking about auditing the flow of the funds yourselves or relying on the Commonwealth auditors?

**Ms Connell:** As part of the set up of the new program, we're developing a program evaluation framework. We expect that the operation of this program, at some point in the coming years, is likely to be the subject of a performance audit by the ANAO. We're certainly very conscious of the findings, recommendations and conclusions of the ANAO in relation to the procurement of the strategic water purchases. We are applying those lessons in terms of the way we are setting up this program.

**Senator McLACHLAN:** I have another topic. Do you want me to wait?

**CHAIR:** I think so if there are more questions of this section of the department.

**Senator HANSON-YOUNG:** I have plenty of questions.

**CHAIR:** We'll come back to you. Which section are you looking for next?

**Senator McLACHLAN:** I'd still be seeking questions from the basin authority but not in relation to this particular topic.

**CHAIR:** That's okay if it's still with the basin authority. I didn't want to keep moving staff backwards and forwards.

**Senator HANSON-YOUNG:** I think we've probably all got lots of questions for the authority.

**Senator McLACHLAN:** Do you want me to continue for a little bit?

**CHAIR:** You have another five minutes.

**Ms O'Connell:** Just to respond to something that you raised earlier about our interactions with the Australia Institute. Our interactions are actually in an appendix to their report, so our interactions are open and transparent.

**Senator HANSON-YOUNG:** Yes, they've been transparent.

**Senator McLACHLAN:** My question on notice still remains so that I can do the reconciliation. On 6 May this year, you released a communique which stated: 'The authority noted the introduction of the amendments to the New South Wales government's Water Management (General) Regulation 2018, which has important implications for the Basin Plan. The authority reiterated the importance of licensing, measuring and compliance of all forms of water take.' I note that on 6 May, the New South Wales Legislative Council disallowed the amendments for the second time. I am interested in the implications of the amendments for the Basin Plan, in particular for my state of South Australia, should they become law.

**Mr Glyde:** I can start off with the general but I might need some assistance, depending on how specific your questions are going to be. The authority has for a long time supported the improvements that various states are trying to make to the way in which they estimate, measure, monitor and ensure compliance with water take, and flood plain harvesting is one of those ones which is notoriously hard to estimate. Estimates were made from a variety of models at the time the Basin Plan was created. The purpose of that communique was to reiterate the authority's position, which is that we would like to see greater measurement, monitoring and regulation of flood plain harvesting and overland flow, as it's called in Queensland. At the moment, we are going through the process of accrediting New South Wales water resource plans. All of the water resource plans for the other jurisdictions have already been accredited. New South Wales is keen to include within its water resource plans what it plans to do to bring flood plain harvesting back to previously regulated levels. We're trying to send a signal that that is an important activity. What will happen, I don't really know. That's really matter for the New South Wales parliament the New South Wales government.

**Senator McLACHLAN:** Have you done any modelling if that should become law?

**Mr Glyde:** No. We have not done any modelling on what may or may not happen. The modelling we've done really relates back to start of the Basin Plan, when we had to come up with estimates of all forms of water take, whether out of a river, flood plain harvesting or consumption by forestry plantations and the like. That modelling is there and we are hoping to be able to improve on that. But we look forward to the New South Wales government coming forward with a regulatory regime that is an improvement on the current system that they have.

**Senator McLACHLAN:** As a South Australian, should I be concerned if those regulations came into force?

*Senator Patrick interjecting—*

**Senator Davey:** Maybe you should be asking whether you should be concerned if it doesn't come into force and we don't have measuring.

**Senator McLACHLAN:** I'm really keen on the answer, Chair.

**Senator McALLISTER:** Point of order, Chair. On a number of occasions, Senator Davey has interrupted me while questioning. She is now interrupting Senator McLachlan. Could we just let people who have the call to ask the questions—

**Senator DAVEY:** You didn't mention that Senator Patrick also interrupted. There were two hecklers.

**Senator McALLISTER:** She is interrupting me again.

**Senator DAVEY:** I don't mind being called to order, but let's be fair about it.

**CHAIR:** I think you've made your point, Senator McAllister. If the department could answer, that would be terrific.

**Mr Glyde:** It might be worthwhile going back a little. The Basin Plan is to reduce the amount of water that is used in consumption to return water to the environment. At the time at which the Basin Plan was created there were estimates made of how much water has been, was being and is being taken through flood plain harvesting. Our interest as the MDBA is to make sure that the total level of water take doesn't go up.

To date, the level of water take through flood plain harvesting has been an estimate and has included, in essence, some losses. What New South Wales is going through the process of, and, indeed, what Queensland is doing, is trying to bring that unregulated form into the regulatory framework so that we can count it better and have better estimates. So our interest is making sure that not just flood plain harvesting but all forms of take, the measurement of it, is improved and the regulation is improved over time. That's our interest. The water law stands. The Basin Plan stands. That sets a limit about how much water can be taken out of the system. Our interest is making sure that no state exceeds that limit.

**Senator McLACHLAN:** So you're looking at it from a point of 'no state exceeds' rather than 'what state is or may be disadvantaged'?

**Mr Glyde:** The whole idea of the Basin Plan right at the start was to set limits in individual catchments, groundwater and service water, that meant that overall you had a sustainable level of take. We are interested in making sure that there is a sustainable level of take in every valley. The Basin Plan does have regard to the fact that there are multiple states involved.

**Senator McLACHLAN:** Will I ever know what the authority's view is of the implications of this particular piece of legislation?

**Mr Glyde:** I think what you're asking is—this particular piece of legislation or regulation that's being put forward is a draft. We don't have the—

**Senator McLACHLAN:** It was put forward as law, and then it was disallowed. For a moment, it was law.

**Mr Glyde:** There have been regulations in relation to the New South Wales flood plain harvesting that have now been disallowed three times. We don't have the resources to model every particular proposed approach. What we are looking for is what will come out of the New South Wales parliament, and, perhaps more importantly, whether what the New South Wales government puts into the water resource plans that we have to accredit is consistent with the Basin Plan. We are in the process of doing that and in the process of discussing that with New South Wales officials.

**Senator McLACHLAN:** What does that look like when you are interacting with the New South Wales government? Do you give them advice. Is it an iterative process between trying to get these water resource plans consistent with the requirements of the Basin Plan?

**Mr Glyde:** There has been a really extensive process of interaction with all governments, including not only the South Australian government but also the New South Wales government, as we've moved forward over the last seven or eight years to finalise these water resource plans. There's been active involvement in what's called the assist phase of them bringing forward water resource plans, where we work very closely with all the state officials. That's been enormously productive as we've got a better understanding of what their law means and they've got a better understanding of what the Basin Plan requires. There's been active engagement on a whole range of fronts—assistance with modelling, assistance with understanding the law, assistance with understanding how protection is given to environmental water and the like. There's a large array of areas of cooperation.

**Senator McLACHLAN:** How would I work out how those plans that have been produced are inconsistent with the plan? Is there a document I can see where the authority reconciles the inconsistency with the intentions of the plan? Or is this all done government to authority?

**Mr Glyde:** At the moment it's officials to officials. I might stand corrected on this but at the moment we don't publish that. We provide to, in this case, the New South Wales government our concerns about where we believe their proposed plans are inconsistent with the Basin Plan. That's an iterative process that's been going on for quite some time. Our role is to recommend to the Commonwealth water minister whether a plan should be accredited or not. If, ultimately, New South Wales submits a plan that is not accredited, that doesn't meet the standards of the Basin Plan, we would recommend to the water minister that it not be accredited.

**Senator McLACHLAN:** But nothing has gone to the minister yet, has it? You're still on a dialogue basis.

**Mr Glyde:** We are still working through, as we did with the other states. It takes a couple of years to go through this process.

**Senator McALLISTER:** I want to come back to the stocktake. We talked about it on a number of occasions; we had quite a long discussion about it at the last estimates, Ms Connell. You indicated at that time that the stocktake was intended to generate the projects that would be considered under the off-farm efficiency program; that's correct, isn't it?

**Ms Connell:** Yes, I think my evidence was along the lines of there was a very broad sweep—lots of discussions with states and potential proponents, irrigation, network operators to try and identify a range of projects. But, as I said earlier this morning, the ministerial council requested in June last year that that process identify projects that could meet a range of different needs.

**Senator McALLISTER:** Right. So when I asked for a list of the projects that made up the 70 gigalitres that you were talking about at that time as being projects available for water efficiency, you tabled the stocktake document as a response to that request.

**Ms Connell:** I tabled the stocktake document as a list from which there could be potential projects that could contribute towards the 450, but I also explained that for some of those projects we weren't yet aware about whether there would be water recovery. Some of them were at very early stages, and as part of the development of those projects, feasibility studies would need to be conducted and water recovery potential would need to be identified, because the WESA makes it clear that that funding can only be used for water recovery. And I think that's quite clearly noted in the stocktake document that's available on our website, but I will confirm that for you.

**Senator McALLISTER:** To be honest, Ms Connell, I don't think it is clearly noted on the website. In fact, I've been looking at it this morning and I think a lay reader would understand that the stocktake projects were directly connected to the off-farm efficiency program, and all of our discussions over the last two rounds of estimates about the 70 gigalitre figure where you've repeatedly referred to the stocktake would suggest that the purpose of the stocktake was to find water efficiency. Now it's been clarified today that, in fact, the stocktake was also to identify projects for regional economic development.

**Ms Connell:** If I might just interrupt there, Senator. We provided additional information in relation to the stocktake as part of questions on notice. We'll get you the numbers, but, from memory, quite a few of those responses make it clear that not all of the projects in the stocktake could be funded under the new program or from the WESA.

**Senator McALLISTER:** Okay. When we are talking about, for example, project 5, Murrumbidgee Irrigation Limited Cudgel Creek S&D Project Proposal, the description is:

Cudgel Creek is a typical natural water way that is not purpose built for the efficient conveyance of stock and domestic water. This project will secure access to year-round on demand clean stock and domestic water for landholders and reduce conveyance losses by up to 100ML per year.

Is it true that this is decommissioning a natural waterway for the sake of 0.1 gigalitres? Is that what that project does?

**Ms Connell:** I'd have to take that specific question on notice.

**Senator McALLISTER:** Has an environmental impact statement been conducted on this project?

**Ms Connell:** For that particular project I don't have the information at hand today, so I would need to take that on notice as well.

**Senator McALLISTER:** Has the local community been consulted about that project?

**Ms Connell:** I would have to take that on notice, but one thing we've made clear in discussions with states and in our discussions with irrigation network operators is that community consultation would be required, and it's



generally a part of the way these networks operate anyway. They're embedded in local communities. They've got members from local communities, so they generally work quite closely with communities and stakeholders.

**Senator McALLISTER:** Have the traditional owners been consulted about this project?

**Ms Connell:** I'm not aware in relation to this particular project, but we can take that on notice too.

**Senator McALLISTER:** Project 4 is also Murrumbidgee Irrigation Limited. It's a surge management project proposal. It appears to involve four additional reservoirs to minimise excess being released from the storages. Is that correct?

**Ms Connell:** I don't have the information in relation to all of the specific projects that were listed.

**Senator STERLE:** Have you got anything?

**Senator McALLISTER:** I have the list, because you tabled this in response to a question on notice.

**Senator STERLE:** Why are you even here?

**CHAIR:** Who does the consultation? Is it you or the proponent?

**Senator McALLISTER:** Sorry. Don't I have the call?

**Ms Connell:** As we have made it clear before—

**CHAIR:** Sorry. I was just clarifying, Senator McAllister, because I think everybody will have the same question. Is that okay?

**Ms Connell:** The role of the department is to provide the funding for the projects. They'll be state-led projects. The head funding arrangement—the national partnership agreement—will make clear the kinds of projects that can be funded from the money that states are provided with.

**Senator McALLISTER:** So project 4, which you do have in front of you, because surely you have a list of the QONs from the last round—

**Ms Connell:** Yes. I just don't have the details about all of the projects.

**Senator McALLISTER:** I'm working off the details that are written down here. It seems to be increasing the storage capacity of Murrumbidgee Irrigation. Is that correct?

**Ms Connell:** That's my understanding, in terms of the way the project is put forward.

**Senator McALLISTER:** As an explanation and a justification for the project, it says:

On average every year 70GL of releases intended for MI are not taken at the offtake. MI believes that approximately 50% of these releases are losses.

If it's not taken at the offtake, does it not mean that that water then flows into the river system?

**Ms Connell:** I would have to take that on notice as well.

**Senator McALLISTER:** I'm just confused about how many of these projects actually do go to water recovery, because many of them really just seem to be requests for support from irrigation companies to improve their own infrastructure for commercial reasons.

**Ms Connell:** As I indicated earlier this morning, the stocktake had three different purposes: for economic stimulus it was undertaken at the peak of COVID; agricultural productivity; and projects that would contribute to water recovery. So we're now working with states to get the arrangements in place for them to fund these projects. As I said earlier, they will be state led. We know that some of the projects—and we've made this quite clear—won't contribute to water recovery, so they can't be funded out of the WESA.

**Senator McALLISTER:** Do you have a benchmark for value for money for this program?

**Ms Connell:** One of the things we will be defining in agreements with states is how value for money will be determined. One of the things that will need to be set out quite clearly is that the project not only recovers water but can produce water entitlements from catchments in the basin that are acceptable to the Commonwealth Environmental Water Holder in terms of contributing to the long-term health and environmental outcomes of the basin. That will be a key component in terms of determining whether the states are able to fund projects that are value for money.

**Senator McALLISTER:** Your earlier evidence was that you expect to commence some of these projects under this program within two months. Are you telling me that, in that time frame, you're intending to finalise an agreement with the states and territories that includes an agreement around value for money, but that it hasn't happened yet?

**Ms Connell:** As we said earlier, we're in the process of setting up the funding arrangements with the states and then it will be their responsibility to get funding arrangements in place with proponents. The requirements that the Commonwealth will impose on those agreements are that there is water that can be recovered and that that water can ultimately be used by the Commonwealth Environmental Water Holder.

**Senator McALLISTER:** But those agreements with the states aren't in place yet?

**Ms Connell:** No. As we discussed this morning, we are in the process of negotiating.

**Senator McALLISTER:** Minister, at the last hearing—actually, in Shepparton—one of your National Party colleagues indicated that they would seek to scrap the requirement for 450 gigalitres to be recovered under the plan. Does the government have any plans to scrap the 450-gigalitre requirement?

**Senator Ruston:** No.

**Senator McALLISTER:** Was the minister aware that members of the coalition party room are misleading regional Australians?

**Senator Ruston:** The federal government remains absolutely committed to the delivery of the Murray-Darling Basin Plan in full.

**Senator DAVEY:** Could I just clarify, as I was at that hearing, that the senator that Senator McAllister is misquoting did not definitively say. However, she was offering an option and extended a hand to the Labor Party senator in attendance to join with her to address the concerns of the regional community about the 450.

**CHAIR:** Thank you for that clarification. Senator McAllister.

**Senator McALLISTER:** I have the transcript before me. Senator McKenzie says:

I could move an amendment in the Senate tomorrow to take the 450 out of the Water Act and say: 'Enough is enough for our people ...

She goes on to explain why she might do that. She says:

I'd love to take the politics out. I'd love to move those amendments tomorrow in the Senate, and I would—

And Senator Davey interrupts her and says:

And I'd second them.

Have you spoken to Senator McKenzie and Senator Davey about their advocacy for removing the 450-gigalitre target from the Water Act?

**Senator Ruston:** I suppose one of the great things about our parties is that people are entitled to have their own opinions and views. However, as the minister I represent the views of the executive of government, and that is that we remain absolutely committed to the delivery of the Murray-Darling Basin Plan in full.

**Senator McALLISTER:** Have Senator Davey and Senator McKenzie approached you to advocate for their preferred position?

**Senator Ruston:** No.

**Senator McALLISTER:** Have they raised it with the minister?

**Senator Ruston:** You would have to ask them or the minister. I'm not privy to the conversations that they have with the minister.

**Senator McALLISTER:** Could you please take that on notice, Senator, because obviously you're here representing the minister.

**Senator Ruston:** Of course.

**Senator McALLISTER:** Thank you.

**Senator Ruston:** It's probably also worth mentioning that the matters we were discussing earlier around the WESA programs are entirely directed in making sure that we put every effort into recovering that 450 gigalitres of water you refer to.

**Senator McALLISTER:** In relation to the \$150 million for direct grants, have the grant guidelines been drafted for this fund?

**Ms Connell:** We are in the process of preparing grant guidelines and working with the Business Grants Hub in developing the processes for those grants to be put in place.

**Senator McALLISTER:** Have they been circulated to anyone for consultation?

**Ms Connell:** No, not at this stage, but we do intend to consult with states and prospective proponents on those guidelines.

**Senator McALLISTER:** Anyone else, other than states and the people who will benefit from it?

**Ms Connell:** As we've done with our grant guidelines under our current grant programs, we'll put them out for a period of public consultation.

**Senator McALLISTER:** When do you intend to do that?

**Ms Connell:** Within the next four to five weeks, is my understanding.

**Senator McALLISTER:** Ms Connell, I asked you about the 70 gigalitres a lot at the last hearing and the one before that, and you tabled the stocktake in response to those questions. It now appears that in fact the stocktake is a much broader range of activities than merely water recovery activities. Which of the stocktake programs contribute to the 70 gigalitres that Mr Metcalfe, Ms O'Connell and you have talked about so frequently over the last two rounds of estimates?

**Ms Connell:** As I've said a couple of times, the stocktake was a broad sweep to determine potential and possibility, to determine where different kinds of projects might be up to in terms of the development of the new program—essential data collection to determine how you design a program. I'll go back to the point I made earlier. The principal role of the Commonwealth will be to fund states, and ultimately it's up to states to progress these projects and contribute to the 450.

**Senator McALLISTER:** Okay, but you've told me that you think there are 70 gigalitres here. This has been a repeated assertion here in this room. You must have come up with it some—

**Ms Connell:** But it was clarified—

**Senator McALLISTER:** It was clarified that there was further work to do, but there must be a basis for the 70 gigalitre number. What is the basis of that number?

**Ms Connell:** As I've said a couple of times, we went through a process of essentially trying to capture all potential projects to determine what the likely water savings would be, and the 70 gigalitre assessment is based on advice from my officers based on information that has been provided to them—the project information that's come forward from this process as well as their experience in running previous infrastructure and water recovery projects over the past 10 years. But I did make it quite clear that one of the key critical steps that would have to happen in terms of projects ultimately being funded would be for them to set out what the actual water recovery would be—

**Senator McALLISTER:** Sure. Ms Connell, can you please answer the questions I'm asking, not a whole series of other questions. Senator Hanson-Young is waiting. Senator Davey probably has questions. I've got a limited block of time. You've told me that you think that somewhere in this stocktake there are 70 gigalitres worth of water savings. I've repeatedly asked for the basis of that assessment. If you're saying that that is on the basis of advice provided by officials in your unit, please table that advice.

**Ms Connell:** I'll take that on notice.

**Senator McALLISTER:** Please provide me with an indication for each of the projects listed in the stocktake of your assessment of their likely water recovery.

**Ms Connell:** I'll take that on notice, but I will go back to the answer I gave before. Some of these projects are at a very early stage, so obviously we're not going to be able to identify—

**Senator McALLISTER:** So, in your analysis did you allocate zero water recovery to them, or some other number?

**Ms Connell:** We weren't able to allocate a number for the ones that we don't have sufficient information on.

**Senator McALLISTER:** Fine. So, the answer is zero. There's another column that sits alongside this spreadsheet, isn't there, that has the actual allocation that you've used to calculate 70 gigalitres?

**Senator HANSON-YOUNG:** Per project.

**Senator McALLISTER:** Per project.

**Ms Connell:** I'm happy to take on notice the question you asked, to provide information about how we've undertaken the initial, preliminary assessment that these projects may potentially contribute 70 gigalitres of water.

**Senator McALLISTER:** I don't want a methodological explanation. I want the outcome of that assessment. For each of these projects, what is your current assessment of their potential—noting that in some instances you have conservatively nominated zero?

**Ms Connell:** Yes.

**Senator McALLISTER:** And does a document already exist with that information contained in it?

**Ms Connell:** I will take that on notice.

**Senator HANSON-YOUNG:** Is that because you don't know whether that document exists?

**Ms Connell:** I would have to check with officers back in the department, just to determine the nature of the assessment that has been undertaken in relation to each of these particular projects. But, as I've said a couple of times, it's going to be quite preliminary. One of the key critical things that needs to happen is that we need states to put forward advanced projects and as part of that project submission to articulate what the water savings are going to be and the method they've used to calculate those water savings. Essentially that will be a key part of the program.

**Senator HANSON-YOUNG:** Of course. And if it's zero, why would they be listed on the stocktake?

**Mr Metcalfe:** Whether it is zero or whether it is in fact not yet known is the point that's being made. Is that a correct summation?

**Ms Connell:** That's correct, Secretary. I'll just go back to the point I've made several times this morning: the stocktake was a general sweep to ascertain potential projects that were out there. We're now in the process of getting the funding arrangements in place with the states, and it will be the responsibility of the states to present those projects.

**Senator HANSON-YOUNG:** I understand. We've heard that. What I would like to know is: if this stocktake is this general in scope, why is it listed on the department's website to be funded through the Off-farm Efficiency Program, which is obviously funded out of the WESA, when the WESA money is actually meant to be for returning water to the environment? If none of those projects are going to return water for the environment, why are they even listed as part of that program?

**Ms Connell:** For transparency. We wanted to make it quite clear—

**Senator HANSON-YOUNG:** To show that it's a rort?

**Ms Connell:** To make it clear that we've been through a general process of talking to the states, irrigation network operators and other stakeholders about potential projects. As I said this morning—and as the ministerial council communique from the June meeting last year, which is also on the Murray-Darling Basin Authority's website, also makes quite clear—the stocktake was undertaken for a variety of purposes.

**Ms O'Connell:** But also, Senator, the stocktake is prospective projects. As we said before, they need to be state led, so the proponent state needs to do a more thorough assessment that will cover things like water recovery as part of it. So they're prospective projects.

**Senator HANSON-YOUNG:** No, let's be really clear: the WESA money is not there just for some water recovery, that is the purpose of it.

**Ms O'Connell:** That's correct. I said an assessment needs to be made as part of the states bringing forward those projects as proponent projects.

**Senator HANSON-YOUNG:** Up until this point, how much water will be recovered under that list of projects?

**Ms Connell:** I can't answer that question for the reasons we've outlined this morning.

**Senator HANSON-YOUNG:** Then why are they even in there? Why are they all in there?

**Senator Ruston:** Senator, can I give you some comfort in saying that no project will be approved unless it delivers water savings. There are a number of projects that have been listed that potentially might deliver water savings, but that has not necessarily been defined as yet. If those projects do not demonstrate water savings, they will not be funded under this program.

**Senator HANSON-YOUNG:** Why does the minister, in his statements in relation to this, say 'the projects funded under this program will improve the efficiency of off-farm irrigation infrastructure and increase the volume of water available for irrigators'? What has that got to do with WESA?

**Senator Ruston:** With water efficiency, by its very nature, you have a dual impact. The water must be returned. I have given you an absolute commitment that no project will go ahead and be funded by this means unless it returns water. At the same time, water efficiency programs, including infrastructure, can also deliver opportunities for irrigators to be able to be more efficient in their irrigation. We need to be very clear—

**Senator HANSON-YOUNG:** But the purpose of WESA—

**Senator Ruston:** I agree with you: the purpose of WESA is to make sure that there are water savings associated with the projects that are approved. I have just given you an absolute guarantee that projects that will go ahead under this—

**Senator HANSON-YOUNG:** Not one dollar will be spent unless it returns water to the river—is that what you're telling us?

**Senator Ruston:** Water savings are an absolute prerequisite for an approval for a project—

**Senator HANSON-YOUNG:** Water savings for the environment, not for irrigators?

**Senator Ruston:** No. Water savings will go to the CEWH.

**Senator HANSON-YOUNG:** How much of the 450 gigalitres that still needs to be recovered has been recovered so far?

**Ms Connell:** This information is available on our website. To date, 1.9 gigalitres of water has been recovered. But I note that the minister announced with the Victorian minister this year funding for a project in the Goulburn-Murray Irrigation District that is expected to recover almost 16 gigalitres of water.

**Senator HANSON-YOUNG:** And when will that occur?

**Ms Connell:** One of the requirements of the funding agreement is that water has to be handed over, in terms of entitlements that can be used by the Commonwealth Environmental Water Holder, by 1 July 2024.

**Senator HANSON-YOUNG:** So it is 17.9 gigalitres so far?

**Ms Connell:** At this stage.

**Senator HANSON-YOUNG:** Not even that, actually. By 2024, fingers crossed, it will be 17.9 gigalitres, out of 450 gigalitres?

**Ms Connell:** At this stage. But a key feature of the Off-farm Efficiency Program is to fund states to improve that target. The Commonwealth is working to put in place funding arrangements for the states to progress projects.

**CHAIR:** Senator Hanson-Young, we need to go to a break. We'll come back to you straight after the break.

#### **Proceedings suspended from 11:01 to 11:18**

**CHAIR:** The hearing will now resume. Can I remind all senators here this morning that this is a forum for respectful questioning of the department. It's not a place for cross-table talk. I also remind senators that the department officials are paid to do a job. It is incumbent upon us to demonstrate the respect that we need to have for these officials, and I would ask you to reflect on that as you ask your questions.

**Mr Metcalfe:** Chair, thank you for what you've said. The same goes from this side. We of course will pay the utmost respect to senators and attempt to answer all questions as well as we can. If not, we undertake to respond on notice. Thank you, Chair.

**CHAIR:** Thank you Mr Metcalfe. Senator Hanson-Young.

**Senator HANSON-YOUNG:** Ms Connell, just before the break I was asking about what has been identified as recoverable as part of the 450. Now you've said that so far it's 1.9 gigalitres and a possible 16 more gigalitres by July 2024. How much is that 17.9 gigalitres costing?

**Ms Connell:** Thanks for the question, Senator. I understand the 1.9 gigalitres has been about \$68 million to date, and the funding arrangements in place with Victoria are for \$177 million.

**Senator HANSON-YOUNG:** \$177 million for the 16?

**Ms Connell:** It's 15.9.

**Senator HANSON-YOUNG:** We're going to be nowhere near reaching the 450 gigalitres by July 2024, are we?

**Ms Connell:** I can't comment on that at this stage.

**Senator HANSON-YOUNG:** Based on the figures you've given me.

**Ms O'Connell:** The projects, if you like, achieved to date or underway, like the Goulburn-Murray one—there's an opportunity and the government has changed the program to off-farm water efficiency. There are opportunities for further projects and significant funding is still available. Ms Connell did talk to some of the more imminent projects like the Murray Irrigation one. They're subject to the states finalising the assessments, the recovery and bringing the projects forward. So there is still time. There are projects that are being worked on by the states to bring forward and going through the assessment process.

**Senator HANSON-YOUNG:** Can the department guarantee how much is going to be returned by July 2024?

**Mr Metcalfe:** No, Senator, because we're still waiting for advice from the states as to what is possible. The minister earlier indicated the government's commitment to the target.

**Senator HANSON-YOUNG:** Minister, there's no guarantee that 450 gigalitres will be returned as required under the plan.

**Senator Ruston:** We're still three years away from the deadline. I think it is incumbent on us all to work together, whether that be the federal government or the states and territories, to make sure that we do everything that we possibly can to deliver on the commitments.

**Senator McKENZIE:** On a point of clarification. My understanding is the 450 can only be delivered if there's no socioeconomic detriment. We seem to be talking as if it's a carte blanche, zero-sum game. I would ask officials to clarify that for Senator Hanson-Young, who seems to think this is a lay down misere and is seeking a guarantee.

*Senator Patrick interjecting—*

**Senator McKENZIE:** I asked the officials to clarify.

**CHAIR:** Senator Patrick, Senator McKenzie. We'll go back to the minister to finish her answer, and then we'll go back to Senator Hanson-Young.

**Senator Ruston:** Senator Hanson-Young, part of the rationale and reasoning behind the change to the programs that were able to be included under the WESA account was to hopefully accelerate or increase the likelihood of being able to achieve the 450 gigalitre water that you're referring to.

**Senator HANSON-YOUNG:** By when?

**Senator Ruston:** By 2024. Clearly, this is a very challenging situation we find ourselves in.

**Senator HANSON-YOUNG:** What's the plan to get 450 delivered by 2024?

**Senator Ruston:** As I say, one of the changes that was made earlier this year was recognising that being able to achieve this by on-farm measures was going to be extremely difficult. Therefore, it was expanded to off-farm measures. I think what we need to do is all work together—states and territories as well as the Commonwealth government, of all persuasions—on ways that we are able to deliver all of the water that has been committed under the plan that was put in place with bipartisan agreement across this place and other places. There were 14 separate governments and chambers that voted for this plan back when it was first conceived. Now that we're at the pointy-end of business, we need to continue to work together and show that level of bipartisanship, or total non-partisanship, to make sure that we work to get the water recovered.

**Senator HANSON-YOUNG:** The only plan that you can point to is 17.9 gigalitres.

**Senator Ruston:** That is not a plan. They were two projects that Ms Connell mentioned to you that are currently—

**Senator HANSON-YOUNG:** I asked a question. I asked how much was going to be recovered of the 450 and, I got a 17.9 gigalitre figure.

**Senator Ruston:** I think you've misinterpreted what Ms Connell has said. Ms Connell was referring to the 1.9 gigalitres that you and I both know was recovered prior to the changes in South Australia and the 16 gigalitres that has subsequently been identified in the Goulburn region as two projects. That was not a plan or an indication of how much water would be recovered by 2024; she was merely referring to two projects that currently are identified and scoped.

**Senator HANSON-YOUNG:** What are the other projects that will deliver the rest of the water?

**Senator Ruston:** The minister was in discussion with the states and territories.

**Senator HANSON-YOUNG:** You don't have them, do you?

**Senator Ruston:** I don't, physically, have them. I don't know whether—

**Senator HANSON-YOUNG:** They don't exist!

**Senator Ruston:** I think when we started this particular session, just after a quarter past 11, there was a requirement for respectful dialogue. I'm more than happy to have a respectful dialogue with you, as I always have been, but I would request that you don't yell at me.

**Senator HANSON-YOUNG:** It seems, though, Minister, that when you're back home in South Australia—

**Senator Ruston:** I would be very careful about what you're about to say.

**Senator HANSON-YOUNG:** you talk up getting the 450, but up here in Canberra there is no plan to deliver 450 as required, is there? There's no plan. You can't identify it.

**Senator Ruston:** It is very clear that this is a very difficult situation to achieve, the 450 within the constraints that are in the requirements of the recovery of that water. As Senator McKenzie pointed out, it has to be recovered

with no socioeconomic impact on the communities from which the water is removed. It makes it very difficult and very challenging, but that does not, in any way, suggest that this government is not absolutely committed—

**Senator HANSON-YOUNG:** Why have you ruled out acquiring it from those who are willing to sell?

**Senator Ruston:** We haven't—

**Senator HANSON-YOUNG:** You've put a restraint on yourself, haven't you?

**Senator McKENZIE:** Looking for willing sellers, are we, in a drought?

**Senator PATRICK:** Mr Metcalfe wrote a report that said it was possible.

**Mr Metcalfe:** Since you've raised that issue, I will again put on the record that prior to my taking up this role I was a senior partner in a major global professional services firm. The firm was commissioned to undertake a report on whether it might be possible. That report speaks for itself. It was provided to water ministers several years ago. One of the key issues was whether the water could be recovered with a positive socioeconomic impact on the farms and communities associated with it.

**Senator HANSON-YOUNG:** When will South Australia get its 450 gigalitres, Minister?

**Senator Ruston:** I've already explained that we're committed to it and that we will continue to work with the states and communities, with irrigation communities, and using our best endeavours through the application of technology, removal of constraints, whatever it takes, to enable us to deliver the full plan on time. It is going to be a particularly difficult task to deliver it. But just because it's a difficult task doesn't mean to say that we've moved away from it. I remain absolutely committed, as does the government, to the delivery of this plan in full. Just because I can't sit here and list every single gigalitre of water that will go to every single bucket that is defined within the plan doesn't mean the government has moved away from its commitment for the delivery of the water—

**Senator HANSON-YOUNG:** We're nearly 10 years in to the implementation of this plan.

**Senator Ruston:** You almost seem intent that you want the plan to fail. I don't want this plan to fail. The most important piece of environmental legislation that has been put into this place, in our time, deserves all of our support. I would suggest, respectfully, that maybe we all start working together instead of constantly trying to pit each other against each other—which is clearly what you want to do, at the moment—because I am committed, and I'd really like you to be committed to working with me and the governments across Australia to deliver this.

**Senator HANSON-YOUNG:** I'd like the water returned to the environment as promised, is what I'd like.

**Senator Ruston:** That's exactly what we're working on.

**Senator McKENZIE:** Why don't you want just positive environmental—

**Senator HANSON-YOUNG:** Minister, how does the government justify the cost of \$68 million to recover only 1.9 gigalitres? That's a very expensive bucket of water, isn't it?

**Senator Ruston:** Obviously I'm the representing minister and I don't have the intricate details in terms of the particular projects and the return of water, but I draw to your attention that this is once again a very difficult and challenging requirement and we will continue to work within the constraints that exist to deliver this water.

**CHAIR:** Senator Hanson-Young, this is your last question.

**Senator HANSON-YOUNG:** What's the most economically efficient means for returning water to the river?

**Senator Ruston:** I know the answer that you are trying to seek here—

**Senator HANSON-YOUNG:** No, I'd just like the answer.

**Senator Ruston:** Senator, would you let me answer the question then? Not interrupting me would give me a better opportunity to answer your question.

**Senator HANSON-YOUNG:** Answer the question directly.

**CHAIR:** Senator Hanson-Young, please just wait a moment.

**Senator Ruston:** The most effective way of ensuring that we deliver the best economic, environmental and social outcomes for all of Australia and every Australian is to make sure that we don't cause damage to one community or one sector—

**Senator HANSON-YOUNG:** That wasn't my question, Minister. Would you please answer the question?

**Senator Ruston:** You won't know the answer to your question unless you let me finish. To just use one particular measure instead of looking at all the broad externalities and impacts of actions across the wider community fails to actually understand pure economics, and that is that, whilst it may be in a dollars sense

cheaper to do one thing, it doesn't necessarily mean that the economic impact of that cheaper dollar purchase is going to deliver you a better long-term economic outcome, because you have to take into account the social impacts on communities, you have to take into account the economic impacts on communities and you have to take into account the benefits to the broader community of Australia—

**Senator HANSON-YOUNG:** I'm still waiting for an answer to the question.

**CHAIR:** I think the minister has answered the question.

**Senator Ruston:** I am saying to you that you cannot just simply say one—

**Senator HANSON-YOUNG:** You're just refusing to answer my question.

**CHAIR:** Okay—

**Senator Ruston:** Senator Hanson-Young, I am not. There would be nobody in this place that's more committed to making sure the long-term sustainability of our river system, because an unsustainable river system is no use to anyone—it's no use to our irrigators, it's no use to our environment and it's no use to our country—but we have to be realistic about the balance.

**Senator HANSON-YOUNG:** So where are you spending all the money?

**CHAIR:** That's time, Senator Hanson-Young. Thank you very much. We're going back to Senator McAllister.

**Senator McALLISTER:** Minister Pitt put out a press release on 3 March, and we talked about that. The last paragraph says:

We've been doing the legwork so we can get on with the job, identifying about 50 off-farm projects that can form the core of our work program. Ten of these projects could start within 3 to 12 months, fast-tracking works that can benefit local economies and save water.

Is it true that all of those 10 projects will benefit local economies and save water?

**Senator Ruston:** I'm assuming that that would be the case because I'm sure Minister Pitt wouldn't have said that if it wasn't the case. However, clearly I don't have the list of the projects in front of me, but I'd be fairly confident—

**Senator McALLISTER:** Why not, Minister? Does anyone brief you? For heaven's sake, we have been talking about it for several hours. Can somebody in this vast department provide the minister with a list of the projects?

**Senator Ruston:** I have agency officials here who have more detail than I have. I'm happy to take on face value that the dual impact of those projects will be realised and that all the projects will need to satisfy that. If you wish me to get into the level of detail you're asking for in somebody else's portfolio, I will refer to the officials at the table, who clearly would have that level of detail—not me.

**Senator McALLISTER:** Senator Ruston, you just told Senator Hanson-Young that nobody in this parliament was more committed than you to the long-term sustainability of the basin, so I am a little surprised, but okay. Ms Connell, are these 10 projects that the minister referred to in his media release the same projects that you tabled in answer to question No. 69?

**Ms Connell:** Correct.

**Senator McALLISTER:** In answer to question No. 69 the department said, 'The projects at attachment A could all start by the end of 2021.' Is that correct?

**Ms Connell:** Yes.

**Senator McALLISTER:** That hasn't changed?

**Ms Connell:** That's my understanding.

**Senator McALLISTER:** So they are the same 10 projects that the minister was referring to in the media release, in the paragraph that I read out earlier?

**Ms Connell:** Yes.

**Senator McALLISTER:** Of those projects, how many are going to generate water savings that will satisfy the department's criteria for saving water for the environment?

**Ms Connell:** They won't be funded unless they can contribute to water recovery.

**Senator McALLISTER:** Right. Which of them will be funded?

**Ms Connell:** Our expectation is that they can all contribute to water efficiency and water recovery, but the funding will be provided from the Commonwealth to states to lead these projects.



**Senator McALLISTER:** We talked before about Cudgel Creek:

... a typical natural water way that is not purpose built for the efficient conveyance of stock and domestic water.

That's one of the priority projects for this calendar year, and your assertion is that that will save water for the environment?

**Ms Connell:** Our assessment is that a project has been developed that is asserting that it can contribute to water efficiency savings. New South Wales will have to undertake an assessment to confirm that and make sure that is the case.

**Senator McALLISTER:** The first one on the list—there are a lot here from Murrumbidgee Irrigation. In fact, they make up half of the projects. They have asked for a capacity increase. They say:

Recent investment in automation of the delivery network has improved water delivery precision. However, several structural constraints within the main arteries of the network significantly limit MI's ability to meet customer demand for flow rate during peak usage periods. This project will widen and refurbish concrete and clay lined channel and increase the flow capacity of multiple bridges and culverts.

Is that a water efficiency project that will save water for the environment?

**Ms Connell:** One outcome of that project will be that it can save water for the environment, but my understanding is that it's quite a broad project. It won't be entirely funded with money from the WESA. My understanding is that we'll have a range of other outcomes as well.

**Senator McALLISTER:** What are the other funding sources for these projects that aren't going to be funded by the WESA?

**Ms Connell:** Obviously, the Murrumbidgee Irrigation Corporation has a revenue base but I'm not aware of whether they've entered into arrangements with the New South Wales government for additional funding.

**Senator McALLISTER:** The minister put out a release saying, 'We've identified 10 projects, and we're going to deliver them by the end of 2021.' Is that the government's position, Minister? Is it the intention to deliver all of these projects that were attached to this list by the end of 2021?

**Senator Ruston:** As long as they achieve water savings, yes.

**Senator McALLISTER:** But it's May, and you don't know whether they're going to achieve water savings or not at this point in time—any of them.

**Ms O'Connell:** Just on that: I'm turning to the Goulburn-Murray project, which is the last of the 10. We can confirm that one, in terms of its return of 15.9 gigs. The project has been approved to go ahead and funded. It's an indicator of the fact that we need the state, as the proponent of the project, to put forward all the precise details of the project, including water recovery. When the criteria is met, they can then be approved to proceed.

**Senator McALLISTER:** The thing I'm interested in, Ms O'Connell, is the gap between your quite reasonable explanation of how a proper process runs and the grandiose statements included in the minister's media release, where he beats his chest about all the projects that are ready to go. The advice here this morning is that these projects are not ready to go. In fact, the water savings associated with them, with one exception, have not been substantiated, and we're not clear whether any of them, except for the one referred to by Ms Connell, are going to be confirmed at all. This was the big promise—bear in mind—that was made in the press release which was simultaneously shutting down the Water Efficiency Program, the key instrument for meeting the 450 gigalitre target. I'm not convinced that your department has a plan at all for meeting the 450 gigalitre target.

What is this gap? How do you explain the gap, Minister, between a press release that said, 'We've got 10 projects ready to go,' and the advice this morning that it's dependent on agreements with the states, feasibility studies, evaluations of water savings and a range of other factors, including consultation with stakeholders like First-Nations people?

**Senator Ruston:** A time frame was put around the delivery of 10 of the 50 projects that the minister was referring to in his press release. It's only been a matter of weeks since that press release was issued, so to sit here today and prosecute the fact that they haven't been finalised and every 'i' dotted and 't' crossed is perhaps a little unfair. I would accept that, at the end of the 12-month period that the minister refers to in his press release, there clearly would be an expectation that they would be reconciled against the projects that have been identified in that press release. But to try to expect us to have totally reconciled everything two months into a 12-month period, I think, is unrealistic.

**Senator McALLISTER:** It's just that so many things are promised, and so few things are ever delivered.

**Senator Ruston:** That's your interpretation.

**Senator McALLISTER:** It is so rare that this government actually delivers what it says on the can, and I am trying to understand whether there is any substance at all to the media release that Minister Pitt put out and whether we can expect any of these now nine projects to deliver water for the environment.

**Senator Ruston:** I think you can expect that to be the case. But, clearly, no money can be used out of the WESA account for projects that don't deliver water for the environment. I made that very clear in responding to Senator Hanson-Young. You can't possibly come in here, a matter of weeks after an announcement of something that's likely to occur over a 12-month period, and expect it to be delivered only a matter of a short period of time into that 12 months. This government is absolutely committed to the delivery of this plan, and we will continue to work tirelessly with the states and territories. You yourself acknowledge that there need to be appropriate processes put in place, whether they be the arrangements with the states and territories, as the ones who have the sovereign rule over the land on which these projects will occur, and they don't sit within the jurisdiction of the federal government; they sit within the jurisdiction of the states. So I don't understand the inference of what you're saying, apart from trying to make a political point.

**Senator McALLISTER:** Minister, isn't it conventional to do the analysis about whether a project is feasible before announcing it, not after?

**Senator Ruston:** I don't think there's any argument that the project is feasible or not. The 10 projects that she's referring to are fully scoped.

**Senator McALLISTER:** Are they? Ms O'Connell, is that correct, are these projects fully scoped?

**Ms Connell:** Yes, the projects listed in the attachment are ready; they're at the construction stage.

**Senator McALLISTER:** Why don't we have an assessment about their capacity to deliver water savings or not?

**Ms Connell:** We do have a preliminary assessment, as I said before, and we've undertaken to provide that on notice.

**Senator McALLISTER:** So you do have a preliminary assessment of these 10 projects and their capacity to deliver water to the environment?

**Ms Connell:** I took that on notice.

**Senator PATRICK:** Can you get that over the lunch break? It must be in the department. Somebody just needs to hit a send button.

**Ms Connell:** We'll attempt to do that.

**Senator McALLISTER:** Why don't we defer the conversation until we actually have an indication of which of these projects deliver water for the environment.

**Senator McKENZIE:** Ms O'Connell, on-farm projects continue to be submitted by South Australia, while both Victoria and New South Wales believe these projects are in breach of the socioeconomic criteria developed in 2018. Is that correct?

**Ms Connell:** No. The Water Efficiency Program has now closed. We're progressing the applications that the department received as at 30 March, when the program was closed.

**Senator McKENZIE:** So part of that assessment process includes assessing these projects against socioeconomic detriment?

**Ms Connell:** That's correct. The Murray-Darling Basin Ministerial Council socioeconomic test will continue to be applied to those projects.

**Senator McKENZIE:** And can I just clarify that that test isn't an individual farmer being better off economically, but a community-wide assessment?

**Ms Connell:** There's a requirement to look at the impacts on the broader local and regional community.

**Senator McKENZIE:** Which is now part of your assessment of these projects?

**Ms Connell:** The assessment hasn't changed. They will be subject to the ministerial council test that was agreed some years ago now.

**Senator McKENZIE:** Yes, I believe that the former water minister, Minister Littleproud, got that agreed with all basin ministers.

**Ms Connell:** Correct.

**Senator McKENZIE:** There's some contention that these projects which are currently being approved are in actual breach of that test. What guarantee can you give us here today that that's not the case?

**Ms Connell:** The applications are put forward and they have to set out how they've applied the test, including undertaking the consultation requirements. The application is assessed on its merits before funding is approved.

**Senator McKENZIE:** Does the department do any prosecution or interrogation of a state's consultation and said impact?

**Ms Connell:** We review the evidence that's put forward in the applications.

**Senator McKENZIE:** Yes, so you read it. But I guess one of the issues for basin communities for the last decade is whether it's the authority itself or state governments, entities and the like. The word 'consultation' really hasn't been a genuine experience for so many. So I'm wanting to know, as the funding body who receives the application, what level of assessment other than—when you say 'review', what does that actually mean? What does X official who has the application in front of them do when you tell me they're reviewing?

**Ms Connell:** There are two aspects to that question which I might answer. Each of the applications must be published on the Have Your Say website for a period of time to allow submissions to be made. The department reviews whether that has actually happened and the submissions made in relation to the particular application before recommending whether an application should proceed to funding or not proceed.

**Senator McKENZIE:** Just to clarify: the department is running the ruler over the socioeconomic detriment piece if the proponent of the project has put it up on a website and if it has had any submissions to it?

**Ms Connell:** The requirements of the test are that the proposals have to be published on the website and open for a period of time with an opportunity for people to make submissions, and that those submissions need to be taken into account. And—

**Senator McKENZIE:** We don't do any separate assessment around the socioeconomic detriment of any further water being taken from basin communities?

**Ms Connell:** The Commonwealth doesn't commission any additional advice on the socioeconomic impacts.

**Senator McKENZIE:** So you just take their word for it, other than if someone puts a submission in?

**Ms Connell:** Obviously, we have reference to studies that have been undertaken to date: the Murray-Darling Basin Authority evaluation processes and the Sefton report. We take those into account. I might point out that the volumes of water we're talking about in relation to these applications are very, very small. I don't think we've hit the half-a-gigalitre mark at this point, and they're in South Australia.

**Senator McKENZIE:** I appreciate that. I just want to be really clear, because I assumed that we've negotiated a socioeconomic detriment test which I believe gave comfort to basin communities who have borne the brunt, particularly in the southern connected basin, of the water take—that it was a level of comfort that our communities and our irrigators could rely on. What I'm hearing from you is that that means nothing at the Commonwealth level.

**Ms Connell:** That's not true. We receive the application, the information and the evidence, and we assess that application and evidence—

**Senator McKENZIE:** So what sort of evidence are you given around socio-economic detriment?

**Ms Connell:** What the impacts of the removal of that water from that area and that regional community are likely to be.

**Senator McKENZIE:** And it's a state government that's giving you that information.

**Ms Connell:** In support of applicants it's managed through the local landscape board in South Australia. The majority of applications we've received have been from South Australia.

**Senator McKENZIE:** So we're taking South Australians' guarantee that there will be no socio-economic detriment further up the river to these water saving projects or the projects occurring in the South Australian communities themselves.

**Ms Connell:** They have articulated a case for that. And as I've said—

**Senator McKENZIE:** But there's no separate economic analysis is what you're telling me.

**Ms Connell:** They present economic analysis of whether there is likely to be an impact. They consult with local communities, and we assess that evidence. And, as I've said before, we're talking about very small amounts of water.

**Senator McKENZIE:** At the moment. Four hundred and fifty is no small amount.

**Ms Connell:** The program is closed.

**Senator McKENZIE:** Yes. I'll move on. Recent media interviewed wetland ecologist Max Finlayson who suggested that a static interpretation of the Ramsar convention is not the correct ecological way to approach it. Is the department reviewing how it complies with these conventions given all water use, including the environment's, will have to change as a result of the impacts of climate change?

**Ms O'Connell:** I think we need the Commonwealth Environmental Water Holder to answer that.

**Mr Taylor:** Could you please repeat the question?

**Senator McKENZIE:** Max Finlayson has basically said that a static approach to the Ramsar convention is incorrect. He's an ecologist, as you would know. Are we reviewing how we comply with the conventions given all water use, including the environment's, will have to change as a result of climate change. So it wasn't just about the environmental water holder; it was including them, but it was also the broader impacts. But I'll go to Mr Taylor.

**Mr Metcalfe:** We'll see if Mr Taylor can help us.

**Mr Taylor:** I think the management of wetlands and river systems right across the basin is an evolving, changing thing all the time. The Ramsar is part of that. We administer a lot of our water in a way that prioritises Ramsar sites, where we can get water to them and when we do have water available to get to them. We change our water delivery every year in response to climatic conditions and we are thinking about what this will mean in the future as we move into a drying climate.

**Senator McKENZIE:** My specific question was about the ecologist Max Finlayson's assessment around having a more dynamic approach to how we deal with the Ramsar convention and our obligations under that, and specifically are we reviewing how and what we do so we can have a more dynamic approach? He would argue that it's quite static at the moment. I hear what you're saying about whether event X means we'll let Y number of gigalitres go at this state. That's not quite what I'm talking about.

**Mr Taylor:** The Ramsar convention is an international convention, as you're aware, and it will have to move on climate change worldwide, and we'll be part of the process. We really actively manage our portfolio thinking about what the future will look like.

**Senator McKENZIE:** On notice, Mr Taylor, can you please have a look at what ecologist Max Finlayson has said with regard to this and respond directly to his claims? I'll make sure, when I give you a question on notice, that I'm quite specific about what I'm requiring. I'd also like the department to respond to that as well. I want to know if there's a review, because we say we're changing, but I'm out there and I'm hearing on the ground that we can get better environmental outcomes with less water or with the take we've got now, the 2,100, yet I come here and we're arguing about buckets of water instead of environmental outcomes.

**Mr Metcalfe:** We are very happy to take that on notice, but we have heard from Mr Taylor that there is a dynamic approach from the CEWH. The science and the understanding of the hydrology and the impact of water flows is improving each year, and that is in fact being applied by the work of the CEWH in protecting these internationally protected wetlands.

**Senator McKENZIE:** The Ramsar convention was set 75 years ago. A lot has changed. I'd like to understand that. I've got some specific questions for you, Mr Taylor. Water co-operations across the basin are rightly being asked to ensure that every drop irrigators use is measured within an inch of its life—remember, I am from Victoria; I can say, hand on heart, that we take that very seriously. Yet, on the water delivered by the environmental water holders, the largest entitlement holders are not subject to the same standards we're holding irrigators to. In some cases, return flows are being credited without any measurement—just estimated volumes. You're nodding. Am I correct? If so, why? I'm not happy. What are we going to do about it?

**Mr Taylor:** I think it's fair to say that the Commonwealth Environmental Water Holder is treated the same as other water holders doing the same things. We have sites in New South Wales where we are unable to deliver water at the moment, because the mechanisms to deliver water there aren't compliant with the new regulations and rules and standards around metering and delivery. So we are not able to deliver that water; we are not given any special dispensation in those situations. Our return flows are treated in a bulk water sense; some of my colleagues from the MDBA may want to elaborate on some of this. It's more akin to how other water of that volume and quantity in the system is measured, modelled and treated. Water that we extract like an irrigator is treated like a irrigator.

**Senator McKENZIE:** So you can measure it to within an inch of its life?

**Mr Taylor:** We have to. If we put water on a wetland, we pump through registered licensed meters. Areas where we used to use particular other gauges or weirs are no longer acceptable.

**Senator McKENZIE:** What program do you have in place to ensure environmental water delivery and return flows are being measured with nationally compliant meters?

**Mr Taylor:** I will refer to other MDBA colleagues for detail. Our water in the system is agreed through block principles, through the ministerial council and other river operations processes, for how water is treated under the prerequisite policy measures for return flows and for the bulk water management in the systems. Our water is not given any special dispensation in those ways. In fact, where our water has been re-credited to us it's usually on a conservative basis to ensure that there have been no third-party impacts. In some cases we are clearly underwriting other resources with the water. An example of that recently has been in the Darling, where we had water returned out of the Darling into the Murray system with zero credits towards environmental water, and that resulted in resource that could be used by New South Wales in that river system. So I think it's on a very conservative basis and on a program of continuous improvement.

**Senator McKENZIE:** So you've got a program to ensure you've got metering being rolled out?

**Mr Taylor:** The metering part is the same as with everyone else. It's the bulk water.

**Senator McKENZIE:** You said earlier that there are some parts within the system you are unable to meter because they are not compliant.

**Mr Taylor:** That's right. That means we have to buy, install, get some process to have that improved.

**Senator McKENZIE:** When can we be assured that the Commonwealth Environmental Water Holder will be able to meter and measure in the same way as other water users?

**Mr Taylor:** You can be assured of that now. We will not deliver water into those sites where we can't meet that requirement.

**Senator McKENZIE:** So what happens to the leftover?

**Mr Taylor:** As you are aware, the environment is currently getting around 15 per cent of the held water. The demand for environmental water far exceeds our resources, so there's no leftover water in that sense.

**Senator McKENZIE:** I think that's it. Thank you, Mr Taylor.

**Senator McALLISTER:** I asked Ms Connell earlier about the arrangements for the grant guidelines. I just have a couple of additional questions about that. Who will be the final decision-maker for grants from the fund?

**Ms Connell:** The minister.

**Senator McALLISTER:** I think you said that, within months, you'd be circulating grant guidelines for public consultation.

**Ms Connell:** We expect to put out draft guidelines in about five weeks time.

**Senator McALLISTER:** Do you have a time frame for opening applications?

**Ms Connell:** The third quarter of this year.

**Senator McALLISTER:** And for determining and allocating resources?

**Ms Connell:** It will be subject to the number of applications we receive, but we'd like to be in a situation to be approving grants by the end of the year.

**Senator McALLISTER:** When will the \$60 million that is in this budget to enable states to pursue on-farm water efficiency be fully expensed?

**Ms Connell:** That funding is identified for state-led on-farm projects. Two factors will determine the time frame: the state's ability to get projects in and the demand for projects. So I'm not able to say. It's obviously a demand driven program. If, for example, we got an arrangements in place with a state and they got high demand, it may be spent very quickly; but, if they didn't, it will take longer.

**Senator McALLISTER:** Do you have an indicative profile of expenditure for that program?

**Ms Connell:** We undertook some analysis of what we thought would be the likely uptake of a program of that nature focusing on South Australia, which is the state from which we received the bulk of the on-farm applications under the Water Efficiency Program.

**Senator McALLISTER:** Yes, and my question was: do you have an indicative profile?

**Ms Connell:** We are operating on the basis that South Australia is the most likely state and with an expectation that they may be able to establish projects which amount to about five gigalitres of water.

**Senator McALLISTER:** Yes, but I'm talking about the fiscal impact. What is the indicative fiscal impact of this program on the budget?

**Ms Connell:** It is \$60 million.

**Senator McALLISTER:** Over what time period?

**Ms Connell:** It's from the WESA, and the WESA funding is available until 30 June 2024.

**Senator McALLISTER:** I'm trying to ask about the profiling.

**Ms Connell:** I can direct you to Budget Paper No 2. I will find the page number and come back to you on that. It's part of the \$1.3 billion from the WESA, which is profiled in the budget papers over the forward estimates.

**Senator McALLISTER:** It is, and I'm asking about this specific allocation. It's not indicated in Budget Paper No 2 at this level of detail, so I'm asking you to provide that.

**Ms Connell:** It's captured in the overall \$1.3 billion.

**Senator McALLISTER:** Yes. I'm trying to ask about the \$60 million and what the profiling is for that program.

**Ms Connell:** That would depend, as I said before, on demand from South Australia. I would just point out that the WESA program has operated since 2014-15 and will operate until 2023-24. So our expectation is that the \$60 million will need to be spent by 1 July, and it's part of the broader WESA profiling.

**Senator McALLISTER:** So there is no internal profile for it, indicative—I mean, you need to understand the impact your department will have on the cash position of the Commonwealth government.

**Mr Metcalfe:** We'll take on notice whether we can provide you with a greater level of detail along the lines that you're seeking.

**Senator McALLISTER:** Okay. Thank you.

**Ms Connell:** And we'll just point out that it's page 88 of the PBS, in terms of the WESA profile.

**Senator McALLISTER:** Is that the \$1.3 billion?

**Ms Connell:** Yes.

**Senator McALLISTER:** Okay. That doesn't help me. Thank you. I have some questions on the National Water Grid Connections pathway. What is a grid connection pathway?

**Mr McRandle:** That was announced by the Deputy Prime Minister in March this year, and it was part of the budget set of initiatives around water infrastructure. Effectively it is using the existing funding framework but to bring forward from states small projects—\$20 million per jurisdiction is the available funding—that can be readily delivered in the next couple of years. States would have until 30 June to bring forward their project proposals. No individual project can exceed \$5 million of Commonwealth funding. So, it involves co-funding with the state government, or the territory. And, as I said, there is \$20 million for every jurisdiction in Australia to bring forward their ideas. This will really keep small construction projects that are moving out in the regions and delivering those benefits that the small infrastructure projects can often deliver.

**Senator McALLISTER:** Will you be constructing actual pathways? I'm trying to understand what a grid connection pathway is and why we need a national one.

**Mr McRandle:** Sure. It's part of the National Water Grid fund. It's the name of the sort of subprogram within the National Water Grid work that we're doing, and it's effectively a bring-forward of minor, smaller water infrastructure projects that can be readily delivered over the next two years from state and territory governments.

**Senator McALLISTER:** Is it a pathway to somewhere?

**Mr McRandle:** Well, some of these smaller projects will fit gaps within the existing water grids that states have. So, if you like, it's a name that describes small projects that can plug gaps or contribute further to the water infrastructure that states and territories currently have. So, it will enhance the existing arrangements and provide greater reliability of water in local communities for agricultural use and primary industry use.

**Senator McALLISTER:** It's funded from within the existing National Water Grid fund?

**Mr McRandle:** That's correct.

**Senator McALLISTER:** So it's not new money?

**Mr McRandle:** No. It's a new initiative within the fund.

**Senator McALLISTER:** Does it require the termination of any other program that was established within the fund?

**Mr McRandle:** No, it doesn't.

**Senator McALLISTER:** The budget says that the projects will be identified and delivered by jurisdictions over two years. Is that all jurisdictions, or just the basin states?

**Mr McRandle:** No, it's all jurisdictions. The National Water Grid applies across the entire country.

**Senator McALLISTER:** Is the Commonwealth considered a jurisdiction for the purpose of the grant?

**Mr McRandle:** No. All water infrastructure needs to be delivered, operated and regulated by state or territory governments. So, we are here as a co-funder.

**Senator McALLISTER:** Have grant guidelines been drafted for this fund?

**Mr McRandle:** It doesn't require grant guidelines, because it operates under the existing investment framework that the government released in October last year. There's an example here. It's on our website. It's a document of about 19 pages that sets out the basis on which the Commonwealth co-funds infrastructure and water.

**Senator McALLISTER:** You did tell me that states and territories have the ability, I think, to bring forward projects up until—did you say June this year?

**Mr McRandle:** Yes. For this particular initiative, the government has asked for state and territory governments to bring forward their proposals for projects by 30 June. We will assess those, and if they're eligible they can be funded, and the project would need to be completed within two years. States and territories are also able to apply for funding all year around, through the National Water Grid Fund, but this really caters for small projects that would be ready to move reasonably quickly and aid those regional communities in the next couple of years.

**Senator McALLISTER:** I am not intimately familiar with the funding mechanism that you informed me about earlier. The grants—they're not grants?

**Mr McRandle:** They are grants. They're not repaid by states.

**Senator McALLISTER:** Okay. Are they paid upfront or are they subject to milestone—

**Mr McRandle:** They're paid against milestones and they operate under the national partnership arrangement, under the Federal Financial Relations Act.

**Senator McALLISTER:** When did the National Water Grid Fund change its name?

**Mr McRandle:** That was one of the initiatives in the budget. It used to be called the National Water Infrastructure Development Fund, the NWIDF. The government thought it was cleaner and simpler, I think, to name it the National Water Grid Fund, matching its initiative to have a national water grid and a national water grid authority.

**Senator McALLISTER:** Were any marketing consultants engaged to come up with this budget measure?

**Mr McRandle:** No, I think that was entirely the work of government.

**Senator McALLISTER:** That was all your own work.

**Mr McRandle:** Yes.

**Senator McALLISTER:** Does the change of name have any impact at all on the task allocated to this fund?

**Mr McRandle:** No. What you'll see is existing arrangements that were funded or signed off under the National Water Infrastructure Development Fund. That name will exist until we update those funding arrangements progressively. New projects will be under the National Water Grid Fund title in the new national partnership agreements that we fund.

**Senator McALLISTER:** When you answered a question on notice about this, recently, you provided a profiling of the \$3½ billion that was allocated to the NWIDF. Has that changed?

**Mr McRandle:** The current budget will—let me give you some information on that. There were adjustments around the budget. There was a project, for example, in Victoria, the East Grampians project, which has been delayed due to COVID lockdowns and labour supply challenges in Victoria. Victoria has come back to us to seek some adjustments to the milestones, and that resulted in a movement of funds. In the current fund we have a total of \$208 million available, administered funding for both the national partnerships and other work, which includes our science work, in this financial year, and next year it would be \$526.6 million. So we're seeing an increase. As the Water Grid Authority has been established and we're building up our program of work, our profile of funding will also follow.

**Senator McALLISTER:** I apologise, it may be that this is in BP No. 2, but can you provide me a page number for the profile you just talked about?

**Mr McRandle:** I didn't bring my documents down with me, but I can come back to you today with that reference.

**Senator McALLISTER:** Yes, that would be good. There were new projects in the budget. Can I just get an understanding of each of these projects and what their status is?

**Mr McRandle:** Sure.

**Senator McALLISTER:** The Eurobodalla Southern Storage?

**Mr McRandle:** Yes. There were four new construction projects announced as part of the budget this year. They are being funded from within the existing allocation for the National Water Grid Fund. There's some headroom in the program to fund new proposals. We're open 365 days of the year for new proposals to come from state and territory governments. Four projects were selected by the government for funding based on proposals that came forward from states and territories for this round. That was the Eurobodalla Southern Storage project in New South Wales, for which the Commonwealth funding is \$51.2 million. There is the Werribee Irrigation District Modernisation project in Victoria, for which the Commonwealth funding is \$11 million.

**Senator McALLISTER:** I have the figures from budget papers. I'm trying to understand when that expenditure will occur. It's indicated, as a headline level, as \$98 million over three years.

**Mr McRandle:** That's right because it includes eight business cases that are also being funded under the National Water Grid Fund. What happens next is we will negotiate funding agreements with milestones for those projects with each of the relevant state and territory governments and the projects will then be able to get underway. The construction projects are ready; they've gone through business case assessments and development. They're ready for funding. We're also funding eight new business cases which will feed into the pipeline in due course.

**Senator McALLISTER:** Can I have the profiling for the \$98 million over three years, please?

**Mr McRandle:** We're working through those and we won't know those until we finalise the funding arrangements with each state and territory. With those announcements in budget we're in conversation with each of the relevant state and territory governments to settle the milestones, which will be determined effectively by the construction schedule, and the milestone payments that would need to be made. When the funding agreements are agreed in the coming weeks, we'd hope, they'll go onto our web site and be visible to everyone.

**Senator McALLISTER:** Do all of the projects have a cost-benefit analysis of less than one?

**Mr McRandle:** I'm not aware of any project that has a cost-benefit analysis of these less than one. They're all above one.

**Senator McALLISTER:** What's the upper limit?

**Mr McRandle:** I would need to take on notice the detail of that and come back to you.

**Senator McALLISTER:** Can I have the cost-benefit analysis ratio for each of the projects on the list?

**Mr McRandle:** I will take that on notice and if I can get that to you today, I will.

**Senator McALLISTER:** Thank you. What is the timetable for completion of feasibility studies for each of those projects?

**Mr McRandle:** The four construction projects are ready for construction. They've gone through the business case analysis. The business cases, again, will settle the milestones as part of the funding arrangements with the states and territory through the national partnership arrangement.

**Senator McALLISTER:** Will the business cases be published?

**Mr McRandle:** State and territory governments own the business cases, but we're very much in favour of those being published and available for everyone to scrutinise.

**Senator McALLISTER:** Thank you. I have more, but am I up against my time?

**CHAIR:** You are—what perfect timing, thank you. I'll go to Senator Patrick.

**Senator PATRICK:** I want to go back to the 450 again. I want to try to get an overview. There's a number of things that have been discussed this morning. My understanding is that I think we had something like two gegalitres that had been recovered of the 450. In order to get to the remaining 450 there were 48 projects that were listed, some of which aren't able to be funded under the WESA because they don't return water.

**Senator Ruston:** I think that has yet to be determined, but they will not be funded under the WESA if they don't return.



**Senator PATRICK:** Okay. Noting we have some draft or preliminary numbers about water recovery, I think there's 48 projects in that list you provided to the committee. How many of those 48 projects do we know have some water recovery associated with them?

**Senator Ruston:** I think that Ms Connell took that on notice, from a question from Senator McAllister while you were out of the room—that she would attempt to provide a list of those projects and the status of the amounts of water we estimated against the recovery targets for each of those projects. But I don't know if that's here yet?

**Ms Connell:** That's correct.

**Senator PATRICK:** In fact, I asked for them to be provided. I was going to the very high level. I thought you might have known how many of the 48 actually did recover water?

**Ms Connell:** We'll provide the table this afternoon. I don't have it in front of me—apologies.

**Senator PATRICK:** Do you anticipate more projects?

**Ms Connell:** Yes. We're getting arrangements in place with the states. As I said, the stocktake was an initial sweep and we're encouraging states and irrigation network operators to bring forward projects.

**Senator PATRICK:** What we know so far—and I understand there's more information coming—is that there are about two gigalitres we have recovered and 17 gigalitres across a couple of projects, and the rest will be revealed after lunch.

**Ms Connell:** There is 15.9 in the Goulburn off-farm project and less than a gigalitre in South Australian on-farm.

**Senator PATRICK:** I'll wait for the big reveal after lunch. In relation to water resource plans, they're essential to give effect to the Basin Plan; aren't they?

**Ms O'Connell:** Yes. They're with the Murray-Darling Basin Authority. They're happy to talk about water resource plans, and they are essential to give effect to the plan.

**Senator PATRICK:** How many FTE staff are working on water resource plans within the Murray-Darling Basin Authority, the department and the CEWH?

**Mr Glyde:** I might pass to my colleague, Mr Goodes. He'll have that detailed information.

**Senator PATRICK:** Do you know how many people in the department are working on water resource plans?

**Ms O'Connell:** The water resource plans are written by the states and provided to the Murray-Darling Basin Authority for assessment.

**Senator PATRICK:** I understand that.

**Ms O'Connell:** It's really with the Murray-Darling Basin Authority.

**Senator PATRICK:** You don't have anyone in the department who really spends much time on those?

**Ms O'Connell:** Not that I'm aware of. Obviously, we have people who are aware of where things are up to, but the assessment is for the Murray-Darling Basin Authority.

**Senator PATRICK:** How many people have you got working on water resource plans?

**Mr Goodes:** We have approximately 15 people in our water resource plan assessment team.

**Senator PATRICK:** Do you know whether anyone in the CEWH who could give me an indication? It might be zero.

**Ms O'Connell:** It is zero.

**Senator PATRICK:** Basically, the MDBA is at the heart of this. Can you provide on notice the FTE numbers since 2016?

**Mr Goodes:** Yes.

**Senator PATRICK:** How much has the Commonwealth committed to New South Wales for both water resource plans and prerequisite policy measures, in terms of money?

**Mr Goodes:** That would be a funding agreement through the department, so I'll have to—

**Senator PATRICK:** I just want to understand how much money has been spent.

**Ms O'Connell:** Under the water resource plans?

**Senator PATRICK:** Yes—basically, to New South Wales for the preparation of the water resource plans and the prerequisite policy measures.

**Ms O'Connell:** I'm advised we'll need to take that on notice to give you the answer.

**Senator PATRICK:** Is it the case that you're negotiating a new funding agreement with New South Wales? Obviously, the MDBA has knocked back a number of their plans. Are you currently renegotiating a funding agreement with New South Wales?

**Ms Connell:** Not in relation to water resource plans.

**Senator PATRICK:** Are you negotiating any funding with them in relation to getting past that point? I'm just trying to understand. They have to go back and do a whole range of new work now on the basis of the rejection of the plans. They're covering all the costs there; are they?

**Ms Connell:** That's my understanding.

**Senator PATRICK:** At last estimates—and I think it was with the MDBA—we talked about the water resource plans. They said the water resource plans were a legislative instrument; is that? Did you say they were a legislative instrument, or not?

**Mr Goodes:** I recall saying that. It's an instrument that is derived and guided by the legislative framework that exists.

**Senator PATRICK:** Let's go to the technicalities of that. My understanding is there are two ways in which you can implement, or give force to, a water resource plan. One is under section 63 of the Water Act; the other one is under section 69 of the Water Act. One of them creates a legislative instrument and one of them doesn't. I can't find on the federal register of instruments the water resource plans. I presume they are not a legislative instrument, per se.

**Mr Goodes:** The logic of what you're saying there is that section 63 is the mechanism which has been used for all water resource plans as they come through, and I'm assuming that section 69 is probably relating to the step-in powers when it's developed for the state—

**Senator PATRICK:** That's correct.

**Mr Goodes:** and different arrangements apply under that setting.

**Senator PATRICK:** You haven't used any of the step-in powers of section 69?

**Mr Goodes:** Correct.

**Senator PATRICK:** That implies that they are not a legislative instrument; however, the minister needs to accredit them through a legislative but non-disallowable—

**Mr Goodes:** Through a process that's described in the legislation.

**Senator PATRICK:** Okay. You created some confusion with your answer the last time around, and I just wanted to clear that up.

**Mr Goodes:** Apologies.

**Senator PATRICK:** That explains why they're not on the federal register. Your Sustainable Diversion Limit Accounting Framework Improvement Strategy of 2020 lists the activation of held environmental water as a priority for the MDBA to monitor. That's correct, isn't it?

**Mr Goodes:** Yes.

**Senator PATRICK:** Does that mean you're placing restrictions on the full use of the environmental portfolio?

**Mr Goodes:** No, we don't place restrictions on the portfolio. The held environmental water allocations are subject to the same allocation decisions, frameworks and—if restrictions—restrictions as all allocations.

**Senator PATRICK:** Just sticking with the SDL projects: you've published an assessment of the SDL supply projects and that found that more than a quarter of them are at risk. You've just published an SDL reconciliation framework, which says that you haven't decided whether it will proceed with a reconciliation. It is that factually correct?

**Mr Goodes:** Yes, that decision has not yet been taken.

**Senator PATRICK:** Given the fact that the 605 is part of the plan and in effect you're saying we're changing what we're doing, doesn't that mandate that you would do a reconciliation?

**Mr Goodes:** Proponents of projects can amend projects—change or withdraw—up until 31 December 2023, so it's not until that point in time that the authority can finalise an assessment as to whether a different result would occur. The final decision can't be taken until that point. The assumptions around each project then need to be reviewed and confirmed—what will the projections be?—and the package as a whole, with the best available information, then needs to be modelled—if in 2017 it was 605, what is it at 2024?

**Senator PATRICK:** All of these things are supposed to be concluded in 2024. There has to be an interim step. If you've changed the 605 that everyone is working to—and everyone understands we're not going to get there with the current projects; there needs to be change—surely there must be a step when you do get some new projects where you go through that modelling process to be able to inform you and us as to what the current state of play is. You're not going to wait until 2024, are you?

**Mr Goodes:** There can only be one formal reconciliation, and that is in 2024. For the last two years, in order to try to provide some visibility of this, the authority has published an assurance report. That paints a picture. That's the report I think you were referring to earlier. If there are amendments notified to the authority—if a proponent's state says that it wants to expand, contract or change the scope of a project—then we would include a description of that. There is no process for introducing new additional projects. There is scope to amend or withdraw.

**Senator PATRICK:** So it's not formal reconciliation in the context of the plan, but you are keeping track of it basically and publishing that. That's helpful. In relation to flood plain harvesting, the Murray-Darling Basin Authority *Floodplain harvesting position statement* says:

Even though it has been legally allowed to occur, floodplain harvesting has not always been well quantified or accounted for.

I think that's accepted. How did you reach the conclusion that flood plain harvesting is legal? My question goes to the first part of that statement, where in effect you say that flood plain harvesting is legal. I don't seek to ambush you here. Minister Pavey, yesterday or the day before, tabled some legal advice from her own department that says, 'On balance, and while not without doubt, we think the better view is that generally, the taking of water in the course of flood-plain harvesting, without an access licence, from an unregulated river water source that is covered by a water sharing plan would constitute an offence,' under section 60A of the Water Management Act. You've taken a view that it's legal. It appears the New South Wales government now has advice that it is illegal. How does that affect your view, and how did you come to the view that it was legal?

**Mr Blacker:** I'm aware of the disallowance motions in New South Wales, I think back on 6 May for three regulations, and quite aware that it's been a contested space in terms of the legality of flood plain harvesting over a period of time. I would say there's now a range of conflicting advice. I think I've given evidence to this committee previously that New South Wales have been through a range of processes with their parliament, through committees and others, to scrutinise the legality of flood plain harvesting. They've been unable to come to a level of certainty and clarity around that. Flood plain harvesting as a form of take is recognised under the Basin Plan—certainly recognised back in 2012 under BDL and SDL. I think it's recognised in the piece you're quoting that those estimates were able to be revised, updated and improved over time, and certainly that still remains the case.

In terms of the process going through New South Wales at the moment, I'd refer that as a matter for New South Wales to confirm the clarity around that. There are two things that are really important for us as the MDBA and particularly in the compliance space. The first is the water resource plans and the second is SDL compliance. From our perspective, setting those rules clearly in the water resource plans and making sure they're consistent with the Basin Plan is the first part of that. The second part then is making sure that people are following those within sustainable limits. We've continued to do those things since 1 July 2019 under bilateral agreements with New South Wales—in effect, undertaking that SDL compliance at the moment. That includes components of flood plain harvesting.

**Senator PATRICK:** The one part you didn't answer there was how you came to the view that it was legal from an MDBA perspective. You've said that in New South Wales it's contested. The MDBA has a position that says it's legal; it's in a statement you've made. How did you come to your conclusion that it was legal?

**Mr Blacker:** That's one I'd take on notice, noting it's a long-held decision that would predate my involvement with MDBA by many years.

**Senator PATRICK:** I'm going to presume there's legal advice in there, so I'm going to ask you to table that.

**Mr Blacker:** I'll take that on notice.

**Senator McALLISTER:** I want to ask a couple of follow-up questions about the pathways fund. When was that fund first announced?

**Mr McRandle:** It was a date in March this year. I can check the precise date. I think it was around the middle of March.

**Senator McALLISTER:** So prior to the budget?

**Mr McRandle:** Yes.

**Senator McALLISTER:** Can you please table the information that was publicly provided as part of that announcement, whether it's a media release or a letter—the means by which that was put in the public domain?

**Mr McRandle:** I believe it was first announced through a speech the Deputy Prime Minister gave. I can provide a link to the speech on the department's page and we'll check the date, but it was sometime in March.

**Senator McALLISTER:** Was any additional detail aside from the announcement in the speech provided at that time?

**Mr McRandle:** Given that these are projects that only states and territories are eligible to apply for, the Deputy Prime Minister has written to state and territory counterparts around this part of the initiative. I think that was done in terms of the budget letters that go out post budget announcing to states and territories the projects like Eurobodalla and so on; some information around the connections initiative. I'll take that on notice to give you the most accurate advice.

**Senator McALLISTER:** I might step through this so that we're clear about what it is that you are going to have a look at. In the first instance, I'd like to know the nature of the public announcement. You've indicated it was a speech and I think you're going to provide me the link. I've then asked whether any other information was made public at the time of that speech and announcement. I think you feel like maybe not, but you're going to look at that.

**Mr McRandle:** I think the way I put it is that I'll check and come back to you.

**Senator McALLISTER:** Correct. The third question I have is about the correspondence with the states and territories. It's announced in March but then there's no formal communication about this grants program until May—is that correct?

**Mr McRandle:** At officials level I held a roundtable telephone conversation with my state and territory counterparts after the Deputy Prime Minister had announced the initiative and advised them of the basic mechanism of how this would work, and asked them to get thinking about projects they could bring forward to government by the end of June. We've operated at officials level, of course; it's not just at the ministerial level that this work will carry on.

**Senator McALLISTER:** When does this roundtable with officials happen?

**Mr McRandle:** That would have occurred shortly after the speech. I'll get the dates for you on that, but we set up a telephone conference roundtable for state and territory counterparts to outline the nature of the connections pathway and what we would be seeking from them.

**Senator McALLISTER:** And then no further contact with the states and territories until the letter that has been issued post budget?

**Mr McRandle:** I will check on that. I would not imagine there was much more the states would have needed at that stage to carry on with the work that they will do in developing the ideas and coming back to us at the end of June.

**Senator McALLISTER:** Thank you. I want to ask about the Murray-Darling Basin river modelling initiative that's in the budget.

**Mr McRandle:** Before I leave the microphone: I said I'd get you the pages in Budget Paper No. 3 for the National Water Grid Fund and the NWIDF. Page 63 for the National Water Grid Fund and page 76 covers the older titled NWIDF program. It will include both business case funding and capital funding in those tables.

**Senator McALLISTER:** Thanks very much. In relation to the river modelling initiative that is in the budget, there's an indication that the amount to be provided for this task was not for publication, because of ongoing negotiations with the states. Have those negotiations wrapped up?

**Mr Glyde:** No.

**Senator McALLISTER:** Sorry, Mr Glyde. I thought Ms O'Connell was—

**Mr Metcalfe:** It was a much deeper voice than you were expecting!

**Ms O'Connell:** I was about to say exactly the same thing. It's not for publication, and the negotiations haven't finished.

**Senator McALLISTER:** Right. Does this measure respond to any specific recommendation in a report, or a process?

**Mr Glyde:** I would have to take the specifics of that on notice, but, for quite some time, all sides of the debate have been critical of the quality of the modelling that's underpinned water management—not just at a basin scale level, which is where the MDBA's interest is, but also at a state level. There's been a general view that, if we had

more accessible and more transparent models, people would better understand that. A number of inquiries and reviews have recommended increased transparency—I can give you on notice what the specific reviews have been—but there's just been a general commentary that we need to upgrade and uplift our modelling capability. This is not just an MDBA thing but a state thing.

**Senator McALLISTER:** Is the money new money, or is it drawn from an existing fund or pool?

**Mr Glyde:** So far as the MDBA is concerned, it's new money, additional to our budget.

**Senator McALLISTER:** What is the sensitivity—I appreciate that it requires a negotiation with the states, because of the nature of the project as described by Mr Glyde. Are you expecting the states to make a co-contribution?

**Mr Glyde:** If we can just go back one, the modelling for the Murray-Darling Basin—and this is not exactly accurate—is taking previous state models and stitching them all together to give a model of the whole of the basin. So, in any discussion about modelling, uplift and improvement, we have to work with our state colleagues; it's a shared responsibility. The states have made some significant investments in models over the time. We'd like to know what some of their ongoing plans are for that, and that's really the nature of the discussion that we'll be having with the states: to see where we can get maximum value from the Commonwealth's injection, but also from what the states might wish to be doing. In that context, I think it is important that it hasn't been published in the budget papers, but we are planning to start those discussions in the next month or so.

**Senator McALLISTER:** Is it correct to characterise this as an exercise in ensuring additionality from the Commonwealth contribution?

**Mr Glyde:** Of course, from the MDBA's perspective, we'd love to see the states come rushing forward to match or better the Commonwealth contribution, but I don't know how that negotiation's going to go on.

**Senator McALLISTER:** Are you leading that, or is Ms O'Connell?

**Mr Glyde:** We're still sorting that out, but I think a lot of technical support will be provided by the MDBA. We're the ones that run the models, after all.

**Senator McALLISTER:** The negotiation, Ms O'Connell—is that you or Mr Glyde?

**Ms O'Connell:** As Mr Glyde stated, it's the Murray-Darling Basin Authority that runs the modelling and understands how it's done. We will continue those discussions with the states.

**Mr Glyde:** I'm not trying to be—

**Senator McALLISTER:** I appreciate that there are two tasks. There's getting the project set up in a way that's acceptable with the states, and then there's doing the project with the states. I accept that Mr Glyde is the sensible choice to do the second task, but who is doing the negotiation with the states?

**Ms O'Connell:** Really, one informs the other. How the water modelling is done now is key to getting that agreement.

**Senator McALLISTER:** So Mr Glyde's in charge of the negotiations with the states?

**Mr Glyde:** I think we'd be doing a large part of it, but the reality of working across the different jurisdictions is that almost everything goes through a basin officials committee, which comprises representatives from each of the jurisdictions. Ms O'Connell chairs that. So it's going to be a shared responsibility, but I'd imagine the MDBA would be doing the majority of the work.

**Senator McALLISTER:** Once agreed, how many years will this funding last?

**Mr Glyde:** That's a good question. I might have to see if I can get some help from the back of the room.

**Ms O'Connell:** It's projected in the budget statement as over the forward estimates, but it will depend on the nature of the arrangements put in place.

**Senator McALLISTER:** Do you anticipate providing the same amount of money to each of the basin states or a different amount, depending on the status of their existing infrastructure?

**Mr Glyde:** I'd imagine it wouldn't be the same amount, given that the volumes of water that are used are quite different between the states in relation to this. My understanding is we've been given money over the next four years for, if you like, the upgrade, but there's also ongoing money for the ongoing maintenance of the new modelling suite.

**Senator McALLISTER:** I want to move to a different topic, which follows on a little from the questions from Senator Patrick, around the sustainable diversion limit adjustment mechanism. We talked about this before, but the New South Wales government has written to the Menindee stakeholder advisory group advising that they

were temporarily suspending discussions on the Menindee SDL project. I understand the Murray-Darling Basin Authority was copied in on that correspondence. Can you please table a copy of that letter?

**Mr Glyde:** Were you asking if we could table correspondence we might have received from the Menindee stakeholder advisory group?

**Senator McALLISTER:** I understand the New South Wales government wrote to the Menindee stakeholder advisory group, cc-ing your organisation and advising they were temporarily suspending discussions on the Menindee SDL project. I was hoping a copy of that letter might be tabled.

**Mr Glyde:** Just so I understand—and someone behind me might know a bit more of the detail—you're asking me to table a letter that New South Wales government might have written to the Menindee stakeholder advisory group advising that the MDBA was not doing something else or are you talking about a letter written to the MDBA?

**Senator McALLISTER:** It is a letter that was written to the stakeholder advisory group. As I understand it, the MDBA was copied into that correspondence, as is common. And I understand that the content of that correspondence was to advise that the New South Wales government was suspending discussions on the Menindee SDL project.

**Mr Glyde:** I will have to take that on notice. If it's someone else's correspondence, I'd like to check they're comfortable with us releasing that.

**Senator McALLISTER:** I'm afraid I don't think that option is open to you under the standing orders, Mr Glyde. It's correspondence received by a government entity. I'm asking for a copy of it to be tabled.

**Mr Glyde:** Let me see what we can dig out.

**Mr Metcalfe:** We'll take it on notice.

**Senator McALLISTER:** Has the government responded to that decision? Do you know what's going on, Minister?

**Senator Ruston:** I think I'm following you.

**Senator McALLISTER:** No, I didn't mean in the room, I mean with this issue. Are you aware of what is happening in relation to the New South Wales government's approach to the Menindee project?

**Ms O'Connell:** I think key to that is the ministerial council meeting that was held recently. I'm happy to table that, although it's on the website, the joint statement from the Murray-Darling Basin Ministerial Council where they had a strategic discussion on the projects. Significant in there was an agreement that a couple of projects, one of them being the Menindee, would need to be rescoped and a commitment from the New South Wales minister to do that rescoping within a couple of months. I think that's subsequent to the letters that you are referring to to Mr Glyde. That's a public document. So those projects, including the Menindee Lakes projects, are currently being rescoped by the New South Wales government with a view obviously to bringing forward a changed project under the plan for Menindee.

**Senator McALLISTER:** That is useful update. Your expectation, Ms O'Connell, is that the project will proceed?

**Ms O'Connell:** My expectation is the project will be rescoped, so a changed project will be put forward for consideration.

**Senator McALLISTER:** What will be the consequence for the adjustment mechanism overall?

**Ms O'Connell:** We need to see what the rescoped project is and then make an assessment about the offset value of that project when it's received. Also, with the ministerial council meeting, an independent status assessment report on all of the SDL program and all of the projects was released, with a project-by-project assessment, the expected offset value in terms of that complete assessment of the projects, and an undertaking to provide that report card regularly, and the report card is there with the ministerial council report of 30 April. So there is a report card on page 10 of the report that lists the projects, where they're up to and what the expected offset value from the projects to date is.

**Senator McALLISTER:** Thank you.

**CHAIR:** Senator Roberts.

**Senator ROBERTS:** Thank you for being here today. My questions firstly are for the Commonwealth Environmental Water Holder.

**Mr Metcalfe:** I will ask them to come forward to the table.

**Senator ROBERTS:** Thank you. Mr Taylor, are you familiar with the extensive damage to the banks of the Murray River around the Barmah Choke?

**Mr Taylor:** Yes, I am.

**Senator ROBERTS:** That's good. We won't need to table that then. It's caused by non-stop water flows. The picture that I was going to show you if necessary could have been taken anywhere along about 100 kilometres of the river—the damage is so pervasive. The choke is being eroded by combined environmental, conveyance and irrigation flows. What is the Commonwealth Environmental Water Holder doing about this damage?

**Mr Taylor:** As you said, it's a combination of all the water in the river that's causing the bank erosion there. My colleagues from the MDBA may also want to talk about some of the geomorphology that is occurring in the bed of the river there. There's silting in the bed of the river, which is reducing the capacity of that narrow section of the river down between Yarrawonga and down to about Barmah. But the main sedimentation is in the Barmah area. That damage is part of major studies and scientific work going on in that area, where they're trying to work out what's causing it and how it might be remediated. We're happy to be a part of that. I would also like to add that the water that the Commonwealth Environmental Water Holder puts through that system there is run countercyclical to some of the irrigation demand in the system. We also put water around the choke through some of the forest streams and rivers through that area and over bank into the forest there that helps de-energise some of that water. By taking some of that pressure off that peak demand season, we think we may actually be mitigating some of the issues that may otherwise be arising in that area.

**Senator ROBERTS:** Before we do things, Senator Hanson and I, we try to get the facts. So we went down the Murray River after hearing extensive complaints from southern Queensland, southern New South Wales and northern Victoria. We went down the Murray and then when I came back to the Senate, I flew over the whole basin. The No. 1 thing that I noticed, I picked up in the first five minutes of my flight out of Albury heading down the river, and that is that the river is incredibly tortuous. That tells me one thing; the gradient is almost flat—and you would know that. Yet the amount of water that is being shoved down that river is just phenomenal and it's doing this damage. This is the opposite of what an environmental guardian should be doing, in our opinion. So let me continue asking questions. It is just physically impossible to get all that water from the upper Murray downstream to the large corporate plantations—and all the environmental water. This is the fourth estimates in which I have asked about environmental damage through the choke. Has the Commonwealth Environmental Water Holder, who should be interested in this, or the Murray-Darling Basin Authority, who are administering the plan that has caused this damage, done anything to stop this damage? It sounds like you haven't; you're just studying it at the moment?

**Ms O'Connell:** I think it's fair to say that, certainly, the environmental water flows through the choke—as you said, other purposes as well. I might ask the Murray-Darling Basin Authority to come forward and talk about what's being done in respect of the choke.

**Senator ROBERTS:** Thank you for acknowledging that there is a lot of water going down through there.

**Mr Reynolds:** The management of the choke is a significant concern for the authority and how we regulate the river system. It has been pointed out there are a number of competing demands on the system: delivery of consumptive water for irrigation demands, environmental water and demands through the system as well. As Mr Taylor said, a number of studies have been underway to understand how the geomorphology of the choke is changing. Certainly, the sedimentation that is occurring in the choke reduces the capacity through there. In terms of the management arrangements there, we are certainly focusing our system planning on how we move water through the system. We work very, very closely with environmental water holders and irrigation operators in terms of understanding demands and planning our system operations, so that we can deliver water to Lake Victoria at varying times throughout the year. We make extensive use of inter-valley transfers from the Goulburn and Murrumbidgee system, to also get a different pattern of water through the system to in part limit the amount of erosion that occurs. We certainly are working on getting a study underway to understand how we might better utilise Murray irrigation infrastructure or, indeed, infrastructure on the Victorian side, through the GMID, to take some of the pressure off the banks through the river system. All of those pieces of work are underway. Some of them we can adapt our operations immediately to, to try and alleviate some of the concerns; some of them are longer-run pieces of work that will take some time to effect change.

**Senator ROBERTS:** Are there any plans to construct a pipeline or a channel around the Barmah Choke?

**Mr Reynolds:** No. There are no plans to construct anything in particular. We're looking at a study to optimise how we might utilise existing infrastructure. We are certainly looking at whether or not there are other flow paths through the forest, where we might be able to use some of the existing outfalls, particularly from the Murray

irrigation system, to put water into other smaller creeks to run it past the choke that way. That study may lead to investigation of some enhancements of that system, but we are yet to progress to that stage.

**Senator ROBERTS:** So there is no consideration or idea of a pipeline to get around it or a channel to get around it? Some of the locals are telling us that there are surveyors working in the Barmah overflow—but that doesn't necessarily mean anything.

**Mr Reynolds:** Certainly there there's no significant studies like that around any major bypasses. We have not commissioned any on-ground field surveys or the like, so I'm not quite sure what people have observed but it's not anything that we have commissioned.

**Senator ROBERTS:** Okay. So the trading of water used to be limited in the Murray-Darling Basin—as I understand it, from what I was told by commissioners on the Murray-Darling Basin Commission, which proceeded the Murray-Darling Basin Authority—to within each valley, within each catchment and, only to a certain extent, downstream. Now there can be inter-catchment transfers, inter-valley transfers and extensive transfers along the river. We have a lot of water moving from the northern part of the Murray Valley, down to—sorry, the upstream part of the valley, down to the large plantations. Wouldn't one option be to stop that trading?

**Mr Reynolds:** There is actually a limit on trade from above the choke to below the choke. It's been in place since 2014, and there's no proposal that that would be relaxed. That limitation on trade requires that the net volume of water traded downstream is zero. So trade from above the choke to below can only occur if there has been an equivalent volume traded upstream first. The total volume of water moving through the choke is unchanged by trade.

**Senator ROBERTS:** In a meeting that the Commonwealth environmental water holder was in—and I think you were there, Mr Reynolds, as well—in Parliament House with us in October 2019, or thereabouts, I was advised that the department is working on a report into water loss from overland through the Barmah Forest and has been collecting this data for many years. It's now May 2021—almost two years later—and this report has not been tabled. Isn't this a critical report for making good decisions about watering the Barmah?

**Mr Reynolds:** We have an ongoing program of assessing each and every event where we put water through the forest for environmental water holder use or indeed for transfers downstream on the rare occasions that that's necessary. We use that work to assess the loss of water or the consumption of water within the forest. That's part of the work Mr Taylor was talking about earlier in terms of assessing the return flows to the river system—in other words, how much of the environmental water holder's water is consumed in the forest versus how much comes back into the river to be used further downstream for other watering events.

That's an ongoing piece of work that will continue, I would imagine, almost indefinitely, because every time you have another event you have another bit of data to assess the basis on which those losses are assigned. Certainly all that work is done on the basis of making sure there is no third-party impact on water availability for other entitlement holders. So, we take a conservative approach to those estimates. But we're continually refining them.

**Senator ROBERTS:** Maybe I wasn't clear with my communication in the previous question. We were told there was a report coming, and this is almost two years later, and there's been no report. I would have thought that the Commonwealth environmental water holder and yourself would be champing at the bit to get that report.

**Mr Reynolds:** We have produced reports on losses, in terms of losses through the system, and we've just recently provided an update on losses for the last two water years. But the work on individual watering events and the development of effectively the loss rates applied to environmental water holdings is ongoing. It's not being reported as a single report. We continue to refine that.

**Senator ROBERTS:** We were told there was a report coming, and there's no report. Are you aware of any report?

**Mr Reynolds:** A number of pieces of work have been documented. I'd have to take on notice whether they've been published. They've certainly been shared with states and others involved in the development of those estimates.

**Senator ROBERTS:** We were told there was a report coming.

**Mr Reynolds:** I don't—

**Senator DAVEY:** Can I just clarify, for Senator Roberts, from my own knowledge—is it a report about the environmental water, or a report about the conveyance losses and use? I know that in 2019 there was a report on the conveyance and loss through the Barmah area, and I think you've just updated that. It was meant to be annual, but 2019—they didn't do one last year.



**Senator ROBERTS:** That's what I'm asking about—a report into water loss from overlandings through the Barmah Forest.

**Senator DAVEY:** That's been done.

**Senator REYNOLDS:** Sorry: I misunderstood your question. That report was done in 2019, and we've recently, in the last month, published an update that completed the data for the 2019 water year and also reported on last year. That's on our website.

**Senator ROBERTS:** With regard to that, then, how much environmental water went into the Barmah in 2020?

**Mr Reynolds:** I'd have to take on notice the specific number.

**Senator ROBERTS:** Yes, if you could, please. I have one more question. Floodplain harvesting, in excess of allowed take, deprives the environment of flows that are needed to keep the river alive, and that means you have to do more with your water than was intended. Is floodplain harvesting in the northern basin affecting your environmental water remit? And is there anything you wish to say on this matter?

**Mr Taylor:** There's been quite a bit of discussion with some northern Victorian irrigators and myself around this issue, and other people across the southern connected basin, and I think there were some conversations around floodplain harvesting over the last five years and the potential impact it may have had on either our resources or other resources in the southern connected basin. In those conversations we outlined the last five years. In 2016 it was a wet year and there was probably significant floodplain harvesting, but it had little or minor impact in the south as there were good allocations that year. In 2017 there were good reserves in stocks in the south and, again, it probably had little impact upon our resources for environmental water delivery. In 2018, 2019 and 2020—the remaining three years in that period—there were probably record droughts in the northern basin. As a consequence, there was no water really in the northern basin to harvest. So, again, it probably had little or no impact upon our resources available for environmental water delivery in the southern connected basin.

I'd like to add, though, that the Commonwealth environmental water holder intends to put a submission in to the New South Wales government on the floodplain harvesting process. We're very concerned about ensuring that anything that occurs in that space is completely transparent and well measured, with high levels of compliance, because in certain flow circumstances it could impact upon flows and could have an impact upon our capacity to deliver water, particularly in some of the northern basin—probably more than its likely impact on the southern basin.

**Senator ROBERTS:** Yes, because as I understand it the people who end up paying, ultimately with loss of water, are the farmers in northern Victoria and southern New South Wales. If someone's going to lose it, and water can't come from the northern basin, they lose it.

**Mr Taylor:** So I guess the impacts of floodplain harvesting, if less resource makes it through the flows—any of the reduced allocation, as that resource is shared, is shared everywhere. That is my understanding of it.

**Senator ROBERTS:** Thanks, Chair.

#### **Proceedings suspended from 13:06 to 14:08**

**CHAIR:** We are going to go to Ms O'Connell first, to table some documents.

**Ms O'Connell:** Before the break, someone—it might have been Senator McAllister—asked us to provide the letter from Minister Pavey around the Menindee Lower Darling Stakeholder Advisory Group engagement and a change to that engagement. The letter that we have is actually from an official in the New South Wales department—the CEO of Water Infrastructure NSW—but it does talk about the Menindee Lower Darling Stakeholder Advisory Group and suspending the consultations. I think that's the letter that was being referred to; it's just from one of the officials in the department rather than from the minister. We've tabled that.

We have a second document to table. Senator Patrick asked about payments to the states for developing the water resource sharing plans. It's actually in the national partnership agreement, which we have got here. Oh—Senator Patrick, this is your question. You asked about water resource plans and the funding for jurisdictions to develop them. It's in the national partnership agreement, which I'm now tabling. It sets out clearly on page 3 that water resource plans are part of the national partnership agreement. Page 7 of the document sets out the payments to states over the periods of time. I table that as well. Then I have one further document, that's just being printed, to table, around the stocktake projects; I might wait until I have that before I can table it.

**CHAIR:** Thank you very much, Ms O'Connell. That is terrific.

**Senator STERLE:** I want to ask some questions of the National Water Grid Authority. I followed this line of questioning, I believe, on Wednesday, in Agriculture, and I was directed to put these questions to you today. They

go to the announcement by the Tasmanian Liberals on 6 May 2021, 'Securing Tasmania's future by accelerating agriculture'. They said that, as part of their election commitments, a majority Liberal government will—I'll skip to dot point 3:

- \$23.7 million over four years to supersize tranche three of Pipeline to Prosperity to meet increased demand for the Don, Tamar, Sassafras, Northern Midlands and Fingal irrigation schemes, including seeking up to \$100 million in additional funding from the Australian Government for this project.

Can you tell me anything about that? Was that an agreement between the Commonwealth and the Tasmanian government?

**Mr McRandle:** I think I can tell you some things about that, that might help with your question. On those projects, I am interpreting the state minister's announcement here but I think I can give you some advice—

**Senator STERLE:** That's Minister—he used to be here, but my mind's gone blank.

**Mr McRandle:** Barnett. We probably need to go back a little bit in time, back to 2019, when the federal government, as an election commitment, committed to putting \$100 million into these tranche 3 projects for Tasmania. Subsequent to that, the government set up the National Water Grid Authority, which I head up. For the budget last year, in October, the Deputy Prime Minister wrote to all state and territory counterparts, inviting them to bring forward proposals for projects that we could look at to co-fund where they contributed to the outcomes of the National Water Grid. The Tasmanian government provided a submission to us, at the officials level; that, in fact, goes to the next dot point down, which is the business case on the South East extension. They wrote to us in January on that request—

**Senator STERLE:** January this year?

**Mr McRandle:** This year, yes—seeking consideration of Commonwealth funding for the business case. That was considered by the government as part of its budget announcements for water this year. On 5 May the Deputy Prime Minister, at the Regional Australia Institute, announced the funding for business case projects for the National Water Grid, and that included the South East Integration business case, which is the one that the Tasmanian minister is referring to here.

**Senator STERLE:** I've got two—

**Mr McRandle:** Yes.

**Senator STERLE:** Okay.

**Mr McRandle:** I did watch your questions to Mr Metcalfe the other day just to understand where you are coming from, to be prepared. The statement from Minister Barnett talks about seeking to partner with the Australian government to fund the business case.

**Senator STERLE:** Yes, it does.

**Mr McRandle:** In fact, the government had agreed to do that on the basis of a submission they put to us in January. So we considered that, we provided advice to government and the government funded that as part of the budget announcements issue.

**Senator STERLE:** Right. So this was a previous announcement by the Commonwealth government in 2019. Is that what you stated?

**Mr McRandle:** No, sorry. We put \$100 million of capital funding into tranche 3.

**Senator STERLE:** The feds did?

**Mr McRandle:** Yes. That was in 2019. This was referring to seeking a \$100 million of additional funding from the Australian government for this project. What's happened in Tasmania is the earlier tranches of the Tasmanian irrigation projects have been so successful that it's generated even more demand from irrigators. Tasmania are now looking at these projects saying, 'We could scale these up further and deliver more water.' Minister Barnett wrote to the Deputy Prime Minister, in March, flagging that that was what they were planning to do. The Deputy Prime Minister has written back, subsequently, as part of the budget decision, saying, 'We'll fund the business case but we won't put further capital in until the current business cases are complete.' That's the advice that's going out to all the jurisdictions: finish the business case and we'll consider it.

**Senator STERLE:** For that one I've just talked about—the Don, Tamar, Sassafras—it was \$23.7 million. Was that from—

**Mr McRandle:** That's Tasmanian money.

**Senator STERLE:** That's Tasmanian money? But seeking \$100 million on top of that from the feds?

**Mr McRandle:** Yes, that's my interpretation of it, because there's \$100 million in that program already, based on the 2019 decision of the government.

**Senator STERLE:** Alright.

**Mr McRandle:** Minister Barnett has sought—I think it's correct, what he said here—up to \$100 million extra. But the advice to Tasmania is: that's fine but let's finish the business cases and then we will make a decision on that.

**Senator STERLE:** And that \$5 million has been provided and that work's underway now?

**Mr McRandle:** Yes. It's \$4.7 million from the Commonwealth and the rest from Tasmania.

**Senator STERLE:** That would be the same, would it, for the other part of the statement? I'm a couple of pages over. I'm about page 5 now, but there's another one. It says the same thing:

We are partnering with the Australian Government, to seek to invest more than \$309 million for Phase one of Tranche Three of our Pipeline to Prosperity package ...

**Mr McRandle:** Yes. \$309 million is where Tasmania is now planning to take that project, to upscale it to meet the growing demand for water down there. The advice is, and this is consistent advice that we provide to all jurisdictions, that capital funding will come when we have the business case with us and we can have a look at it.

**Senator STERLE:** And they go on to say that too. So there was \$5 million given for a business case for the first one and \$5 million for a business case for that one.

**Mr McRandle:** Yes.

**Senator STERLE:** Okay, that explains that. Thank you very much, Mr McRandle.

**Mr McRandle:** My pleasure.

**Senator STERLE:** Is this where I ask about the Murray-Darling Communities Investment Package?

**CHAIR:** We do have everybody here—

**Senator STERLE:** Does that upset the applecart with other questions?

**CHAIR:** No, Senator Sterle, and thank you for your consideration of the other questions.

**Senator STERLE:** I'd better have some questions, then, hadn't I? I'll throw this one. I apologise to those around the table, because I've just come back in. Around the Murray-Darling Community Investment Package, I note that funding offsets and reclassifications from existing departmental programs was \$86.5 million. Is that correct?

**Ms Connell:** I might just get the finance people to the table.

**Senator STERLE:** Sure, and if I'm in the wrong area don't hesitate to tell me.

**Mr Metcalfe:** Are we asking Mr Pak Poy to join us?

**Ms Connell:** Yes.

**Mr Metcalfe:** We will ask our chief financial officer, who is a human abacus. He will be able to tell you the numbers.

**Senator STERLE:** A human abacus?

**Mr Pak Poy:** Sorry, I missed the full question.

**Senator STERLE:** I'll put the question to you again. I'm asking questions around the funding offsets and reclassifications, from existing departmental programs, that was \$86.5 million around the Murray-Darling Communities Investment Package.

**Mr Pak Poy:** Can I just check what page you are referring to?

**Senator STERLE:** No, then I'd have to give you my notes! I've got no idea what page I'm referring to. Let me see if I can find a page. No, I don't know. It's on your website:

[www.agriculture.gov.au/sites/default/files/documents/murray-darling-communities-investment-package-first-report.pdf](http://www.agriculture.gov.au/sites/default/files/documents/murray-darling-communities-investment-package-first-report.pdf)

How does that sound? It's your funding offsets and reclassifications from existing departmental programs. How many programs did you have around the Murray-Darling Communities Investment Package? Would that help? The Sefton report?

**Mr Pak Poy:** What was the number you quoted there?

**Senator STERLE:** \$86.5 million.

**Mr Pak Poy:** I believe that's correct.

**Senator STERLE:** Okay, thanks. Where did this funding come from?

**Mr Pak Poy:** It was redirected from the Water for Fodder program, and the 'improve and simply access to water information' measure.

**Senator STERLE:** So two funds that had a bit of money left over.

**Mr Pak Poy:** That's correct.

**Senator STERLE:** The budget papers say that \$269.6 million will be provided over the FE and \$9.8 million per year ongoing. Is that correct?

**Mr Pak Poy:** Just bear with me, Senator.

**Mr Metcalfe:** We're just checking. These are figures that were contained in the October 2020 budget, were they not?

**Senator STERLE:** I believe that, yes.

**Mr Pak Poy:** I believe those figures are correct, but I will come back to the committee.

**Senator STERLE:** Sure, that's alright. Is it correct that it's \$9.8 million per year ongoing?

**Mr Pak Poy:** I'll check that.

**Senator STERLE:** Can you tell me how the \$9.8 million will be spent, on what, or how it will be used?

**Mr Pak Poy:** I'm probably not best placed to tell you what it will be used for.

**Mr Metcalfe:** We might get other officials back to the table.

**Dr Finn:** Like the secretary said, those measures were part of the October 2020 budget. My recollection is that the \$9.8 million ongoing was part of the compliance component of the communities investment package.

**Senator STERLE:** It was part of the compliance?

**Dr Finn:** Yes. The inspector-general funding, and ongoing compliance capacity for the—

**Senator STERLE:** So that's been put to use in compliance.

**Dr Finn:** Yes. I will double-check that in the budget papers.

**Senator STERLE:** Thank you. Of the total package, how much has been contracted so far?

**Dr Finn:** Of the total package—remembering that this was in the October 2020 budget—in the current financial year, the administered component of that budget was \$25.6 million, and \$12.6 million of that has been contracted. Of that \$12.6 million, \$7.2 million has been spent. These are as of 30 April 2021.

**Senator STERLE:** That's out of the \$269 million?

**Dr Finn:** Yes. With \$24.3 million of the administered component budgeted for this financial year.

**Senator STERLE:** How much will you budget for this year?

**Dr Finn:** For the administrative component, \$24.3 million.

**Senator STERLE:** Could you tell me how many reports the minister has received from his department about this package?

**Dr Finn:** We publish a report for this package. The commitment was that the department would publish a report on progress three times a year. The first of those reports was published on the department's website on 25 March. One of those reports has been published now, with the next report due in July.

**Senator STERLE:** Okay. And then one when, November or October?

**Dr Finn:** Yes. I'd have to check, but I'm sure the commitment was three times a year.

**Senator STERLE:** Can you tell us the progress of implementation?

**Dr Finn:** The communities investment package obviously covered a range of what I'll call submeasures. One of those, for example, was improved compliance, trust and transparency across the basin. The interim inspector-general was appointed late last year, and the legislation has now been introduced to parliament, so that's where the progress on that is. There are other components. For example, there are two grants programs as part of the communities investment package: a \$34 million extension to the Murray-Darling Basin Economic Development Program, with the aim of \$6 million in this financial year for that; and the \$20 million river health grants component.

**Senator STERLE:** For this year?

**Dr Finn:** \$6 million for this year, and then \$14 million for next year—this was part of the idea that these would be grants that would progress relatively quickly to introduce that money into communities. Both of those grants, the \$34 million and the \$20 million, are due to be completed by the end of the next financial year.

**Senator STERLE:** Next financial year, 2021-22. Okay. Will these reports progress spending as well?

**Dr Finn:** The public reports?

**Senator STERLE:** Yes.

**Dr Finn:** I'd have to check to see whether the current report talks about expenditure.

**Senator STERLE:** Okay. There's no stress. You can come back to us if it's easier. As most of you hear me say all the time, I'm just trying to save you a lot of work by not having to come back.

**Dr Finn:** That report's on the website.

**Senator STERLE:** Okay, no worries. How much water is expected to be recovered from the Murray-Darling Basin Economic Development Program?

**Dr Finn:** That's a program of grants, and the intention of that program isn't to recover water.

**Senator STERLE:** I'm sorry?

**Dr Finn:** The intention of that grants program is not to recover water. Those are grants that communities apply to and submit their own projects for.

**Senator STERLE:** So that's not a program that's designed to recover water?

**Dr Finn:** No. In fact, I can say that the communities investment package in its entirety was not an investment package attempting to recover water. Those water recovery targets are already held either in the Basin Plan for bridging the gap or in the Water Act under the Water for the Environment Special Account.

**Senator STERLE:** What's the value of the Murray-Darling Basin Economic Development Program?

**Dr Finn:** This is the third round of the program, and the Murray-Darling Basin Economic Development Program has been around for a fair period of time. The intention is that it allows communities that have been affected by water recovery under the Basin Plan to present their own projects to government that may promote economic development or resilience within their communities.

**Senator STERLE:** How much money is allocated to that program for this year?

**Dr Finn:** This year?

**Senator STERLE:** Let's say for the next financial year?

**Dr Finn:** In total it's \$34 million, with \$6 million in this financial year.

**Senator STERLE:** You gave me that, yes. What's the value of the boosting tourism and recreation diversity economically program next year? That's not going to deliver any water returns.

**Dr Finn:** I think you are talking about the Murray-Darling Basin Economic Development Program. Can you repeat that?

**Senator STERLE:** Boosting tourism and recreation, diversify economically—what's that program?

**Dr Finn:** I'm uncertain of that.

**Senator STERLE:** What about healthy rivers?

**Dr Finn:** Healthy rivers is what I'd call a similar grant program but with different objectives. Those grants allow communities to bring forward river health projects. The idea is that they would present a project that could improve the health of the river in their communities.

**Senator STERLE:** Is that expected to recover water?

**Dr Finn:** No. It's not a water recovery mechanism, although it is a—

**Senator STERLE:** Sorry to cut you off. What is the value of that?

**Dr Finn:** \$20 million over the same period of time.

**Senator STERLE:** Is riverland environments South Australia expected to recover any water?

**Dr Finn:** No, that doesn't.

**Senator STERLE:** What's the value of that one?

**Dr Finn:** \$37.6 million.

**Senator STERLE:** How am I going for time, Chair?

**CHAIR:** Senator Sterle, you've done very well. Can I pull you up and pass over to Senator Davey?

**Senator STERLE:** You can pull me up. No dramas.

**Senator PATRICK:** Are those available for tabling?

**Ms O'Connell:** I've tabled the first two.

**Senator PATRICK:** Yes, and I've got those.

**Ms O'Connell:** The third one I have it now, Chair, if that's alright.

**Senator PATRICK:** I'd like to have a look at it to prepare my questions.

**CHAIR:** Thank you.

**Ms O'Connell:** I need to speak to it briefly. Senator McAllister asked us to table the list of projects that were potential projects that add up to the 70 gigalitres. I have just tabled that list. I also want to mention that it is a subset of the stocktake. The stocktake document was commissioned by COAG in 2019 and asked the department to look at a broad range of projects, some of which would deliver water recovery and others were about modernising infrastructure and efficiency measures. The stocktake was never intended for just water recovery; it was a broad range of projects. What I have tabled here are those that we estimate will have a water recovery and the amount of water recovery by those projects that go to the 70 gigalitres. This is our estimate from having done that stocktake. They are subject to a proposal from the particular state and jurisdiction, along with their confirmed estimate of water recovery and verification of the amount of that water recovery. This is our estimate of the recovery from that list of stocktake projects, and it amounts to 74 gigalitres.

**CHAIR:** Thank you very much, Ms O'Connell. Senator Davey.

**Senator DAVEY:** I think Mr Blacker might be best positioned to answer my first questions. I have questions for almost all of you, so hold on. Mr Blacker, you're currently head of compliance in the MDBA?

**Mr Blacker:** That's correct.

**Senator DAVEY:** Will your position be transferred to the inspector-general when the legislation passes?

**Mr Blacker:** Yes, it will.

**Senator DAVEY:** On 20 May there was a report in the *Adelaide Advertiser*. This is a state jurisdictional matter but it has quite significant implications for the interpretation of many of our water rules, so I'd like to get your thoughts on it. A gentleman in South Australia was charged with almost 200 counts of water theft, but the court in South Australia decided that there was no case to answer on the basis that no-one owned the water. What implication does that have when so much of our compliance regime across all the states is actually determined on people not being able to take water from the system unless they have a regulated allocation and an access licence to it?

**Mr Blacker:** I'm aware of the case and the matter. I'm also aware that authorities in South Australia are reviewing that decision and looking at potentially their options for challenging the outcome of that matter.

**Senator DAVEY:** Would it make you nervous if the determination that no-one owns water is upheld and what that might mean going forward?

**Mr Blacker:** I'd say there are some fundamental issues to work through, but, no, it doesn't make me nervous. From a compliance perspective, the focus is on making sure that people follow the rules. It's not unusual to come into a circumstance where you have findings in a matter that relate to how you set the rules and that's a feedback loop for policymakers and rule makers to make sure that those rules are clear. So, from our perspective, it's still about fairly enforcing compliance. I note it's a live matter.

**Senator DAVEY:** And because it is a live matter, I will leave that line of questioning there; I don't want to prejudice any ongoing court cases that are going forward. I just find it a very interesting test case, so to speak.

On the matter of compliance—I'm not sure if it's you; I know Mr Reynolds is sitting there and can't wait to get to the table—when it comes to the MDBA consolidating and doing their forward planning and their reporting, I know that we get a weekly water report from the MDBA and I know that the states are told how much water they have in their respective accounts on a monthly basis, which allows the states to make their allocations. How can you do that if water accounting in South Australia is done in arrears quarterly? They're only making sure and looking at consolidating their accounts quarterly in arrears, so how can the rest of the basin be confident that the information they're getting from the MDBA is accurate in real time?

**Mr Blacker:** Particularly in relation to SDL accounting, we've got, as you can imagine at the basin scale, a couple of key compliance areas, one of which is water resource plans and compliance with water resource plans and the other is SDL and SDL accounting. SDL accounting is a process of looking at the long-term average and

that is based on accounting in arrears. Those numbers come through from all jurisdictions in arrears in relation to SDL accounting. That's the actual take versus the permitted take.

**Senator DAVEY:** Alright. When it comes to the water resource plans, are they all similar and comparable? For example, do they all have planned environmental water and are they all presented in the same way, so you can look at New South Wales and Victoria and they're all very similar? Is there a simple benchmark of the difference of presentation between each state? Are they all treated the same?

**Mr Glyde:** The standards to which each of the states are held are the same. There are requirements in the Basin Plan and, as you will be familiar with, a lot of them have to be within a WRP, a water resource plan. Because each of the states have different accounting systems and different rules et cetera, the intent is to have common outcomes of things that have to be in a water resource plan, but how each state goes about it is quite different. It's very hard, if you'd like to compare how they go about doing things—well, it's not that it's hard to compare; it's hard because different states go about it in different ways. We're trying to make sure that, in bringing forward the Commonwealth's objectives in relation to the Basin Plan, all of the requirements of the Basin Plan are met. It's just that they're met in different ways.

**Senator DAVEY:** With the compliance for water resource plans, things like planned environmental water couldn't go backwards, because it was all accounted for under the baselines. Are there valleys within the basin that never had planned environmental water?

**Mr Glyde:** That is right, by way of definition. I'm getting to the edge of my particular knowledge about it. It is the case in one of the Victorian WRPs. There is not formally what you'd call planned environmental water, so we're looking at ways in which, where the plans have been accredited, they deal with that fact. There are different rules in that part of the world. If you want a little bit more detail than that, I will have to get one of my colleagues to take you through the specifics of what that means and how we dealt with it, in making sure that that protection of environmental water—the rules that were in place before the Basin Plan—did not go backwards.

**Senator DAVEY:** You've accredited that water resource plan, however, without—

**Mr Glyde:** Yes. And it comes down to things like: what is the definition of 'planned environmental water'? In other parts of Victoria there is a definition that says, 'Yes, this is the planned environmental water.' In that particular catchment, the way in which they had allocated out the water meant the environmental water was mixed in with a bunch of other water, so the definition of 'planned environmental water' that we were using didn't work. The intent of the Basin Plan was to make sure that the rules that were there written in the past to protect the environment were still being adhered to in their accredited water resource plan.

**Senator DAVEY:** Take this on notice, because it's probably quite detailed: I would be interested in how you dealt with that. That would be good.

**Mr Glyde:** We'd be more than happy to provide that, because the authority went through this process over a good number of months to try to find the way through to achieve the outcomes of the Basin Plan, recognising that the state regime was different to the way in which the Basin Plan had talked about it.

**Senator DAVEY:** Thank you. Now, with regard to new projects, new dams and new proposals that might be being looked at by the National Water Grid Authority—you don't have to move, but I think the question is to the MDBA and to not you—what role does the MDBA have in looking at those? How do they fit in under the sustainable diversion limit regime?

**Mr Glyde:** Our role, and a whole broad part of the Basin Plan, is to reduce the amount of water that's been previously used to get it down to a sustainable level. We'd expect that over the course of the operation of a water resource plan in a particular valley that new infrastructure would be coming forward all the time. Our interest, the MDBA's interest and the Commonwealth interest in that sustainable diversion limit is making sure that the infrastructure and the way it's used doesn't mean that you go above the sustainable diversion limit. We've also got an interest, as we talked about just then, in making sure that putting that infrastructure in place isn't negative so far as the commitments in relation to planned environmental water as well. We need to make sure that, if there are any adverse impacts, they're contemplated and that we understand how it is that the infrastructure is going to be operated in such a way that it isn't a retrograde step, as far as planned environmental water is concerned. They're our interests. Other parts of the Commonwealth will have interests in a regulatory sense too—for example, if a large structure triggered the EPBC Act. That's the MDBA's perspective. We've released a paper on our website—I just can't remember when—which tries to explain about the very question you're asking. I'd be more than happy to table that or provide it to you.

**Senator DAVEY:** That would be great. In short, do you have a power of veto role, if a project was going to likely increase extractions or potentially block planned environmental water, do you have a role, is there a

reporting framework that you go back to the proponent, be it the National Water Grid Authority or a state government and say, look, this doesn't cut it, it doesn't meet the expectations?

**Mr Glyde:** I guess we have a couple of roles. In the lead-up to the finalisation of an infrastructure proposal we might be consulted as to whether or not we have a view as to whether or not this is going to increase. We'd pop that particular valley or SDL unit over the SDL. We could advise on that. Ultimately, our control is: if it did do something like that, the state would have to resubmit the WRP and demonstrate that it hasn't gone over the SDL. That's essentially when we'd be exercising our control—but certainly no veto.

Indeed, it's quite an intriguing question. A lot of what we heard about this morning was about improving the efficiency, with how we use water. Given that a lot of the infrastructure in the basin is quite old, we're going to see a lot of change to the infrastructure as we move to get value out of every drop. Indeed, a lot of the SDL projects are about getting value out of every drop of environmental water. So it's important that we're not negative about new infrastructure; we just need to make sure, from a Basin Plan perspective, that it doesn't trip the SDL.

**Senator DAVEY:** I am also interested in what role the MDBA plays in this: we've heard a lot throughout this process about the impact of the Barmah Choke restrictions and managing water in and around the Barmah Choke region, or the Barmah Narrows. We have, in the past, had warnings of potential delivery shortfalls. Are there rules in how you manage the distribution of water when there's a delivery shortfall? Who's responsible for that? Is that managed by the states or is that managed by the MDBA?

**Mr Glyde:** We facilitate the states coming to an agreement in relation to that. I might ask Mr Reynolds to talk in great detail, because he's familiar with those negotiations and where we're up to.

**Mr Reynolds:** With regard to management of deliverability risks in the Murray system, as the system operator the MDBA is continually evaluating the potential for delivery shortfall. We make information available on that through our River Murray system weekly report at the times of season—particularly through the peak of summer, when delivery risks are more likely to be prevalent if they are indeed an issue.

In the event that a delivery risk or shortfall were to occur, we would work with the states to understand exactly the volume of that shortfall and the reaches within the river where it might occur. We would have to work with the states on how that was apportioned between each of the states, most likely between Victoria and New South Wales but potentially into South Australia as well, as to how that shortfall is shared between the states—

**Senator DAVEY:** So it's not apportioned fifty-fifty?

**Mr Reynolds:** No, it's not. At this stage there are no rules prescribed in the Murray-Darling Basin Agreement or elsewhere as to how a shortfall would be shared. There would have to be decisions between governments as to how that would be shared at a state level, and then state water delivery agencies would be responsible for implementing any restriction on individual water users.

We've prepared a shortfall response plan, in conjunction with the states, with a few elements in mind. One is being able to forecast trigger levels at which a shortfall might start to emerge and to identify actions we might take within the system to limit the impact of a shortfall or mitigate it occurring. We've worked through that and undertaken a scenario test case of that with the states. The states are now in the process of developing their own response plans for how they would manage a particular shortfall, should it occur. That work is still underway.

**Senator DAVEY:** Has it ever happened historically, where we've had a shortfall, and how was it managed at the time?

**Mr Reynolds:** Historically, there was one shortfall in 2002. It was about 10 gegalitres. It was shared between Victoria and New South Wales. At that stage, I think it was shared based on the demands in the system at the time. It was a relatively small volume of water, about 10 gigs over a few days. In hindsight, some different management arrangements probably would have prevented that from occurring, but it did occur. So that was how it was managed at the time, and state agencies had to restrict their own water users.

**Senator DAVEY:** Thank you. I think my time is up for now, but don't get comfortable, Mr Reynolds; I'll have you back in a minute.

**Senator SHELDON:** I have some questions about the Dungowan Dam.

**Senator DAVEY:** 'Dun-gowan'.

**Senator SHELDON:** I got close! Thank you. My kids laugh every time because they know what I'm like. It's a thing.

**Senator Ruston:** What did he call it?

**Senator SHELDON:** It was close enough.



**Senator Ruston:** I didn't hear it. I think I should be allowed to share in all jokes

**Senator SHELDON:** The Productivity Commission has said that the cost of the government's—Dungowan?

**Senator DAVEY:** Very good!

**Mr Metcalfe:** It needs to be said with a Queensland accent!

**Senator SHELDON:** I lived there for a little while! I will point and someone can say the name so we get it right. The project has gone from \$150 million to almost half a billion dollars. Why has the project cost blown out so much?

**Mr McRandle:** I'm not entirely sure of those figures. We've talked about this in previous estimates.

**Senator SHELDON:** Has it been built?

**Mr McRandle:** It's actually in the business case phase.

**Senator STERLE:** Shovel ready!

**Mr McRandle:** No, it's not shovel ready, as it turns out.

**Senator STERLE:** That means it's a couple of years away.

**Mr McRandle:** There are a couple of elements to it. There's a replacement dam a bit downstream from the existing dam and there's also a new pipeline to be built. The pipeline element is part of the project cost. It's a piece of upgrading work that's going to be essential under any circumstances. The Dungowan Dam proposal was announced by New South Wales and the federal government in October 2019 for funding. The business case is still underway.

**Senator SHELDON:** Who was actually party to that announcement specifically? The New South Wales and federal government?

**Mr McRandle:** It's going back a couple of years now. I think it was the Prime Minister, Deputy Prime Minister, the New South Wales minister and the Premier. If that's wrong, I'll correct it; that's just from memory. That was announced in October 2019. The project was based on early concept designs that Water New South Wales had done. The work for the detailed business case is close to being complete but it's not there yet. We'll have a better handle on those costs once that detailed business case is done by New South Wales. At this stage, I couldn't give you any reliable figure for the project. There was an announcement by the state and federal governments around the initial cost estimate, but we'll see what the final detailed cost estimate is once the business case is done.

**Senator SHELDON:** Why doesn't the government know how much the project will cost? It's not quite clear on that.

**Mr McRandle:** The detailed business case will identify at a high level of design and cost estimation what the final cost and constructability of that project would be. What we have at the moment with the New South Wales government is a funding agreement that contributes to the development of the business case. There's a review point when that business case comes in for the federal government to review the project to determine the right way forward in terms of further funding of that project.

**Senator SHELDON:** In June 2020 the Prime Minister announced the fast-tracking of 15 major infrastructure projects, including emergency town water projects in New South Wales—are you aware of that?

**Mr McRandle:** I'm aware of the announcement last year.

**Senator SHELDON:** Which was later confirmed as the Dungowan Dam. It doesn't sound like it has been fast-tracked.

**Mr McRandle:** The Dungowan Dam project has been fast-tracked by New South Wales insofar as they are looking to undertake a number of these planning and preliminary processes in parallel to make it as efficient as possible, but the actual business case, the final detailed business case, is due in the second half of this year, and that's our review point.

**Senator SHELDON:** Would it be correct to say that the government has made an announcement it's going to fast-track it and it hasn't got a business case—it doesn't seem very fast to me when it was in 2019 and we're now into 2021. We have an updated comment from the Prime Minister about what he intends to do to fast-track again, yet we haven't got the costs—or have we turned around and decided that a blank cheque has been announced to fast-track the project without knowing how much it will cost? There are two options here. It's either all announcement and no substance, no follow-through; or, alternatively, a blank cheque.

**Mr McRandle:** There's not a blank cheque there. There's a funding agreement in place with us and the New South Wales government to fund the government's original commitment to the project. The New South Wales government is the one undertaking the processes for developing the business case, the environmental approvals and so on. That's due to come to us under the funding agreement milestones in the second half of this year. If there is a change to the cost, based on the detailed business case, we will provide advice to government and they will make a decision about how they want to proceed.

**Senator SHELDON:** The Prime Minister used the language that 'there are some emergency town water projects in New South Wales that are being fast-tracked'—from 2019—we're now in 2021.

**Senator STERLE:** We're nearly halfway through.

**Senator SHELDON:** And almost halfway through—thank you, Senator. And we've also still not got the costings of the project. Isn't it a little bit concerning? I would have thought that when you make an announcement someone would want something to happen with it—unless they never had an intention of anything happening with it.

**Mr McRandle:** Questions in terms of the specific announcements by the Prime Minister are probably better directed to his department. They can probably provide you more detail on that. In terms of the fast-tracking, it's the fast-tracking of the processes to get the approval, the detailed design and the cost estimates for the project that would enable commencement. There have been some preliminary works done. The new upgraded pipelines have already been acquired and they're being held near to where they're going to be needed, and that would allow those elements then to roll out quickly. So, as I mentioned before, there are two elements. There's a pipeline element and there's also the dam element, and both of those are part of the project.

**Senator SHELDON:** Back in October 2019, when the Prime Minister and Deputy Prime Minister made the announcement, there was no business case for the project. There isn't a business case that has been completed. When will it be completed? I'm still not quite clear; you may have given the answer but I'm not clear about it.

**Mr McRandle:** The detailed business case is due to be completed in the second half of this year.

**Senator SHELDON:** The second half of this year?

**Mr McRandle:** Early-ish in the second half of this year—so around August.

**Senator SHELDON:** Around August we are expecting that there will be a business case. You're saying that that business case is not a blank cheque?

**Mr McRandle:** That's right.

**Senator SHELDON:** So the dam may not go ahead.

**Mr McRandle:** We have a funding agreement under the national partnership—

**Senator SHELDON:** The dam hasn't gone ahead and it may not actually go ahead?

**Mr McRandle:** Ultimately, the decision about the dam is one for the New South Wales government because states and territories at the end of the day are responsible for all the water infrastructure. We are here to assist with co-funding. The government has made an announcement of co-funding. If the price is different, there will be choices for the federal government about whether they put in additional funding or stick with their existing commitment. So there will be discussions with New South Wales. I don't want to pre-empt, I guess, those discussions or conversations until we get the detailed business case.

**Senator SHELDON:** The Productivity Commission has said that the project which had originally been projected at \$150 million is now projected at \$484 million—not quite the half billion but what's \$16 million between friends when you're talking about that amount of money?

**Mr McRandle:** Let me just check on our details. As I say, I'm not going to pre-empt the detailed work that New South Wales are doing on the business case.

**Senator SHELDON:** So it's New South Wales holding it up, is it?

**Mr McRandle:** No. They're not holding it up. As I mentioned, they are looking to fast-track that project by undertaking a number of activities in parallel. So—

**Senator SHELDON:** 'Fast-track.' Can you explain to me what 'fast-track' means?

**Mr McRandle:** 'Fast-track' means to make the most efficient use of the time available to get the work done across a range of activities, business cases, environmental approvals and other approvals that are needed.

**Senator SHELDON:** Does a fast-track have a time line on it?

**Mr McRandle:** Not necessarily—well, I think it's probably a relative term.

**Senator SHELDON:** Pardon?

**Mr McRandle:** It's probably a relative term.

**Senator Ruston:** It would depend on the size—

**Senator SHELDON:** A time line is a relative term, yes.

**Senator Ruston:** of the project.

**Senator SHELDON:** The announcement was made in June 2020 that it was going to be fast-tracked—and the fast-tracking of 15 major infrastructure projects—'for emergency town water projects in New South Wales'. What does that mean as a time line when it comes to fast-tracking, specifically talking about this dam?

**Mr McRandle:** As I mentioned, it's probably best to direct questions about the Prime Minister's broader comments on town water to his department to see if they can provide some further insights for you. In terms of this particular project, it sits within the national water grid's project of responsibilities to manage. We're working with the New South Wales government. We are providing support for the business case. They're working through that process to get accurate cost estimations and also get all the approvals done. They are undertaking preconstruction works, as I mentioned. The acquisition of the pipes has already occurred. That part of the infrastructure has been acquired. But, of course, those projects—you can't do the construction work, and I think it goes back to what Senator Sterle was asking about, being shovel ready, this morning. Until the approvals are in place, you won't lay those pipes. It's about trying to do as much in advance, to get ready for that project to start formal construction works.

**Senator SHELDON:** So you're telling me now that there's been work done in connection with the project?

**Mr McRandle:** Yes.

**Senator SHELDON:** There is still the business case to be made for the project. There's no blank cheque, even though we've already started doing some minor work in connection with the project. There's no business case for the project to go ahead.

**Senator PATRICK:** It's like fast-tracking [inaudible]

**CHAIR:** Thanks for your very helpful interjection, Senator Patrick. Senator Sheldon had a question.

**Mr McRandle:** I will try to answer that. The pipeline element, for example, is a no-regrets element of the project. It needs to occur irrespective of decisions around the dam. It's perfectly appropriate, I would think, for New South Wales to undertake the acquisition of those parts of the project. But we have a funding agreement in place that has a series of milestones. It's on our website, so it's completely available to anyone who wants to look at it, and we are paying against the milestones as they're delivered. The next milestone, coming up, will be around the detailed business case and that will be a review point for us to provide further advice to government.

**Mr Metcalfe:** One of the aspects of fast tracking was if projects required consideration under the Environment Protection and Biodiversity Conservation Act, which is administered by my department. I don't have the relevant colleagues with me today. They were here before the other committee on Monday. One of those projects is the New South Wales emergency water—Dungowan Dam is a primary water supply for Tamworth. I can check as to whether we have received an application under the EPBC Act. Our intention is to ensure that all proper environmental considerations are undertaken but done so in a very timely manner. The issue of fast tracking, which we did for Snowy 2.0, is an example of matters not just being left to run through an ordinary process but to be dealt with, with efficiency, when they are before us. I'm just checking on that, but that is part of the story around fast tracking.

**Senator SHELDON:** Thanks very much. Coming back to this dam—

**Mr McRandle:** I've been looking through pages while you've been talking, so I apologise if that's distracting. I just wanted to check the figures that we had around the Commonwealth's current commitment. The Commonwealth's current commitment to the project is 50 per cent of the 484. So the government has already committed \$242 million to that project. But decisions about the next steps—because we do have a pause point structured into the funding arrangement—will be when the detailed business case comes in.

**Senator PATRICK:** I want to go back to the 450, Ms Connell. Starting from the beginning, how much of the 450 have we recovered to date?

**Ms Connell:** Approximately two gigalitres.

**Senator PATRICK:** Now you've presented us with other projects that are in train, being considered, that give us 74. Is that right?

**Ms O'Connell:** Up to, yes, and I qualified, when I tabled that, that it's subject to the proponent states putting forward those proposals.

**Senator PATRICK:** I understand that.

**Ms O'Connell:** One difference that I do make, in terms of the top listed project, the Golding-Murray Water project, is it's been delivered for funding. It delivers 15.9 gigalitres. In round terms we talk to it as 16. So that will add to the amount.

**Senator PATRICK:** That's No. 1 on the list here.

**Ms O'Connell:** That's correct, yes. It's progressed further than the others, in the sense of—what I'm saying is it has been agreed to be funded. So we should at some stage start to count it.

**Senator PATRICK:** Thus far, on the books, you have 76 gigalitres of efficiency recovery. Is that correct? Are there any more; am I missing something?

**Ms Connell:** These aren't on the books.

**Senator PATRICK:** They're proposals.

**Ms Connell:** But we're in the process—

**Senator PATRICK:** I'm talking about the aim to get 450.

**Ms Connell:** That's right and our role is to fund states to bring forward projects. So we are actively working to put in place those arrangements. There's the potential for states or infrastructure operators to bring forward projects in addition to these. So our critical task is to get funding arrangements in place with states and to get the grant program set up under the Business Grants Hub. As I said this morning, we undertook, at the request of the ministerial council, an exercise to determine the potential projects and opportunities that might be out there. That covered a range of different objectives.

**Senator PATRICK:** I'm just doing some simple accounting here. We have got 76 that have been put on the table here today. Two are gone. It's 76, if I assume everything went well here and according to plan. You're now saying you've invited others to make proposals.

**Ms Connell:** We are setting up a program. The majority of the funding is allocated for state led projects. We are working to get in place those funding streams with states, and those funding streams won't be limited to these projects. We're encouraging states and operators to look at potential options.

**Senator PATRICK:** So you have actually have no idea—and I appreciate you are going out to ask people to assist—as to how to recover the balance of the 450 at this point in time? You don't have any other projects on the books to do that?

**Ms Connell:** We are setting up the framework. So there's a potential to go—

**Senator PATRICK:** What's your expectation in relation to those projects? Do you think they are going up with 30 gigalitres? Are they going to come up with 300 gigalitres? What's your expectation?

**Ms Connell:** As we discussed before this committee in March, we are operating at the moment on the basis of up to 100 gigalitres in relation to off-farm infrastructure projects.

**Senator PATRICK:** So that's an additional 30 to this?

**Ms Connell:** There's the potential for that.

**Senator PATRICK:** So where are the other 350 going to come from?

**Ms Connell:** We received the first independent review—

**Senator PATRICK:** I was moved by the minister saying they are committed to the plan. The plan has 450. You cannot possibly—noting we are nine years into the program, with a couple of years left—not have a plan in place to get to get the additional 350.

**Ms Connell:** The plan is a partnership between the Commonwealth and states and territories. The 450 up-water program is subject to statutory review. We got the first statutory review at the end of last year. We've responded to that relatively quickly. The review advised that the—

**Senator PATRICK:** These are all words. I'm looking for what projects. Where are you going to get the extra 350 from? You are not filling me with confidence. You're saying, 'We are thinking about it.'

**Ms Connell:** The response is to establish a new program. We are in the process of establishing that program. The first project has funding arrangements in place.

**Senator PATRICK:** But that's only going to give you 100 gigalitres, if I'm generous and go with your figures. That's 350 short.

**Mr Metcalfe:** The plan is a partnership. The Commonwealth's major role is in provision of funding. The funding is there. We will continue to work constructively with all of the states involved in the plan to achieve the outcomes of the plan.

**Senator PATRICK:** But you know how this works. You've got a plan for a certain amount of recovery. For the rest of it, we are absent a recovery. I'll just remind you of what you wrote in the Ernst & Young report:

From the analysis and discussions undertaken, and assuming the recommendations in the report are implemented, there is sufficient evidence that the 450 GL can likely be recovered from water efficiency projects on a neutral or positive socio-economic basis.

You seem to be the man with the plan. Are you going to take these now?

**Mr Metcalfe:** In developing that report—and that was not in my current role—we took extensive consultations right up and down the Basin—

**Senator PATRICK:** Yes, 65 consultations—

**Mr Metcalfe:** We ultimately formed the view, based upon all of the input that we were provided with, that it was possible and that there were a range of possible outcomes and that's what the report says.

**Senator PATRICK:** I'm pleased by this. You are the man that can solve the problem, yet I'm not seeing anything at the table that gets us to 450.

**Mr Metcalfe:** What I'm saying in this capacity is ultimately the plan requires the states to deliver. The Commonwealth can't go out and start just sequestering water. The Commonwealth has got to work with the states. The primary role of the Commonwealth is in providing very substantial funding to make this happen.

**Senator PATRICK:** Why don't you just implement the recommendations in your own report?

**Mr Metcalfe:** Ultimately the states need to implement what's in that report. The report was to the water ministers council and they noted—and there has been subsequent work and subsequent reports since that time.

**Senator DAVEY:** Can I also just clarify that, as is written in the Basin Plan—which was written by former minister Tony Burke—it is also predicated on voluntary participation. So if there's no-one volunteering their water—

**Senator PATRICK:** There are willing sellers but you won't buy their water. Minister, you've said you are committed to 450 but there's a huge void between what is on the table, 100 gigalitres, and where the government has said it will be at the end of 2024.

**Senator Ruston:** I'm not shying away from the fact this is going to be an extremely difficult task for us to be able to achieve the plan by 2024—

**Senator PATRICK:** But it's no good—

**Senator Ruston:** Senator, can I finish please? Thank you. However, that does not mean that we are deviating away from the commitment that we still intend to pursue every single option that is available in order for us to deliver the Murray-Darling Basin Plan—

**Senator PATRICK:** How? It's devoid of ideas. You have got 100 on the table. I can see that—

**Senator Ruston:** Senator, just go back a minute—

**Senator PATRICK:** Don't mislead the people of South Australia—

**Senator Ruston:** I'm not misleading anybody. What I am seeking to do is to reassure anybody who is listening, including your good self, that the government remains absolutely committed to pursue—

**Senator PATRICK:** It means nothing to me without a plan on the table. They're just words and you're not in a position—

**CHAIR:** Senator Patrick, you're nearly out of time. Do you have a question?

**Senator Ruston:** Senator Patrick, you are usually very respectful and I'm quite happy—

**Senator PATRICK:** I'm frustrated by the fact that—

**Senator Ruston:** Frustrated doesn't mean you need to be rude. If you'd let me finish—

**Senator PATRICK:** What measures have you got to fill the 350?

**Senator Ruston:** We have a challenge ahead of us in terms of delivering the entirety of the Murray-Darling Basin Plan as it was envisaged, which includes the gap water, the up water and the down water. In order to do so

we are constantly looking at ways to change what we are doing, one of which was the changes that were made earlier this year to enable off-farm measures to be included in that 450, which is the subject of much of the discussion that we've had today. I am sure that the department, the minister's office and everybody across government are currently looking at other ways in which we could supplement the methods by which we are able to achieve that additional water, whilst at the same time still meeting the requirements of the act, which, as we've highlighted before, require there to be no socioeconomic impact to the communities along the system that rely on the river for their very existence.

The fact is about six months ago we had nothing on the table in relation to being able to provide that 450. A subsequent change in the way we were dealing with the Water for the Environment Special Account, with the change in the program around off-farm efficiency measures, has delivered us the opportunity potentially to achieve 100 gigalitres of water. Obviously, we need to continue to keep at looking at other ways in which we can do that, but just in the space of the last six months we've gone from 1.9 gigalitres of potentially achievable water under this program to potentially 100 gigalitres. I think we all need to positively work together. I can't sit here and tell you exactly how we are going to find the other 350, but—

**Senator PATRICK:** I don't think anyone can. I think you've found the low-hanging fruit. It only gets harder from here. When do you expect to have a plan on the table that shows us how you are going to get to the 450?

**Senator Ruston:** Obviously, I would assume that the agency—

**Senator PATRICK:** I'm happy for willing acquisition. That's absolutely fine.

**Senator Ruston:** What I'm trying to point out to you is that the last six months have delivered us an opportunity for a hundred gigalitres of water, and I would be impressing on all of the officials here and anybody who has an ability to influence, whether they be in the states and territories or in the Commonwealth's jurisdiction, to come up with ideas so that we can deliver this plan in full.

**CHAIR:** Okay, that's time. Thank you very much, Minister.

**Senator PATRICK:** So the government has no idea, basically, at this point in time. That is the answer.

**Senator Ruston:** Senator—

**CHAIR:** I don't think that was the answer.

**Senator PATRICK:** It was the answer. She has no idea, and that's basically what she said.

**CHAIR:** That's not what she said at all. I've been listening carefully.

**Senator PATRICK:** I asked what they had planned. She said: we're talking about a whole range of different things; I have no idea.

**CHAIR:** Senator Sheldon, back to you.

**Senator STERLE:** Chair, may I have the first minute of Senator Sheldon's time?

**CHAIR:** If Senator Sheldon lets you.

**Senator STERLE:** Yes, he will. He's my mate. Mr McRandle, the dams—Dungowan, mate. Does that sound like a Queenslander?

**Senator Ruston:** It sounds like a Western Australian to me.

**Mr Metcalfe:** It really should be a northern New South Wales accent, if we're going to be pedantic.

**Senator STERLE:** Mr McRandle, there was a Productivity Commission draft report on national water reform released on 11 February.

**Mr McRandle:** That's right. We discussed that at the last estimates, or mentioned it.

**Senator STERLE:** I wasn't here—well, not for that part. It was absolutely damning on the Dungowan Dam and Wyangala Dam proposals. The Productivity Commission used the Dungowan Dam proposal as a case study for 'flawed decision-making'. It also said that it wouldn't provide value for money. I just want to quote this, and then I'll put the question:

... the proposed dam is a costly way to protect general security licences, relative to the value of the water. The dam is estimated to provide an additional 6 GL of water (annual average) which has a current market value of only \$11 million. By comparison, if the additional water was issued as entitlements to general security irrigators at full cost, it would be valued at more than \$60 000/ML, relative to current prices of about \$1341/ML. Irrigators are unlikely to be willing to pay for the additional water, highlighting the poor viability of the project.

What do you reckon about that?

**Mr McRandle:** I did mention it at the last estimates, because we did have a lengthy discussion around that at the time. The true cost of water will ultimately be determined by what the detailed business case comes up with in terms of the final design, the constructability and the cost. I think the work that the PC has done is a very good illustration of some of the challenges in project selection. I accept that. It's a good example of the hazards of going with projects prior to detailed business cases. One of the things that the government has done, which we've supported through last year's budget, was to set the new investment framework, and we're much more rigorous now in terms of selecting construction projects based on business cases.

**Senator STERLE:** But this is the same project that they said was flawed.

**Mr McRandle:** Yes, so we've restructured—

**Senator STERLE:** This is not some mad, socialist left, anti-LNP think tank.

**Mr McRandle:** No. I think, in terms of that price per megalitre, I'm not entirely certain that it's an accurate representation, but I think it does represent some areas that we need to look at closely when this detailed business case comes in. I guess what I'm saying is that my commitment is: when that comes in, we will provide our own objective, rigorous advice to government about how we think they should proceed.

**Senator STERLE:** And we've spent \$24 million so far; is that correct?

**Mr McRandle:** I'll get that checked. But we are supporting the business case, so that's part of the funding.

**Senator STERLE:** Sure. I appreciate the 15 seconds of Senator Sheldon's time that I've used, so I will go back to Senator Sheldon. Thanks, Chair.

**Mr McRandle:** Can I also correct something I said? I said the pipeline had been acquired. It is actually being purchased. It hasn't been delivered yet. Just to be clear for the record, the pipeline for the Dungowan project, which is an element beyond the dam, has been ordered but hasn't yet been delivered. If I gave the impression that it had been delivered, that was incorrect.

**Senator SHELDON:** Thanks. I note that in an estimates hearing in 2019, Ms Chau from Infrastructure Australia said that they were yet to receive the business case and that if they were asked to assess the project they would seek alternative proposals. I just want to go to the answers you gave to Senator Sterle regarding the Productivity Commission report. Is this project going ahead no matter what, even though there's no business case?

**Mr McRandle:** I'll just go back to the advice I provided earlier: we'll look at the business case and we'll provide our advice to government when it comes in.

**Senator SHELDON:** We're fast-tracking a project that had no business case. It is actually a false statement to say that we're fast-tracking it, because there was no business case for it.

**Mr McRandle:** I can't comment, necessarily, on statements that others might have made about this project.

**Senator SHELDON:** If the business case is negative, would you expect that case to go ahead?

**Mr McRandle:** We'll wait for the business case to come in and we'll provide our genuine, objective advice to government about how we think we should proceed. The government does have an agreement with New South Wales, but we do have a hold point when the business case comes in. That's our review point, and we're working through that project in accordance with the government's new framework for investment in water projects.

**Senator SHELDON:** I expect that the department would give independent advice; I'm not suggesting they wouldn't. But what I'm saying is that if advice on a project were that it shouldn't go ahead—

**Mr McRandle:** I think we're in hypothetical potential at this stage, so I'd rather just wait for the business case to come in, and then we'll make our assessment.

**Senator STERLE:** What has happened previously there? Don't think 'hypothetical'. The Productivity Commission has pooh-poohed a project; you've still gone ahead with the business case and it has come back in the negative. What have you done?

**Mr McRandle:** There was a funding agreement that was done prior to the PC report. The business case is being developed at the moment. When it comes in, in the second half of this year, we'll review it and make our advice to government available then.

**Senator SHELDON:** Will the proposal provide new water?

**Mr McRandle:** It'll provide higher-security water, which is the challenge in that part of northern New South Wales. It services a town water need, but also primary industries and agricultural needs as well. The aim of these projects is often to provide higher-security rather than additional water, and I think that also goes to some of the questions earlier about the SDL, how much diversion limit applies and making sure that these projects are compliant with the other agreements in the Murray-Darling Basin.

**Senator SHELDON:** Senator Sterle just took you to some of the issues in the Productivity Commission report. Is the department aware of both Infrastructure Australia raising questions about the viability of the dam and also the Productivity Commission report and the fact that the viability of the project is poor?

**Mr McRandle:** Certainly we're aware of the Productivity Commission report. As I mentioned, we've talked about this extensively at previous estimates. I think you referenced 2019 for an IA comment on the project?

**Senator SHELDON:** Yes.

**Mr McRandle:** I'm not directly aware at the moment of that. I can go back and check. If I have any advice on that, I can provide that on notice.

**Senator SHELDON:** We have this project that has been seen as poor, and the government has committed \$484 million to it.

**Mr McRandle:** It's 50-50 for New South Wales and the federal government.

**Senator SHELDON:** Does it have something to do with the member for New England's comments that the Morrison government risked political annihilation in the bush if it didn't start building dams? We're talking about building dams, but in actual fact the business case hasn't been delivered. Every report is saying that, in the particular case of this dam, it's not viable for irrigators to be able to take water out of this dam system. Is it correct to say that's why we're going ahead with this project, Minister?

**Senator Ruston:** No. That is not why we are going ahead with this project. We are going ahead with this—well, we are waiting for the business case to return from this project to determine, obviously, a decision of the New South Wales government, as the sovereign landholder in the project, and to decide whether they wish to proceed because of the water security for New South Wales.

**Senator SHELDON:** I'm not challenging the department's due diligence and appropriateness about how it may handle these matters. It is deeply concerning that this business case hasn't been put up in detail earlier. It does raise the priorities of that business case, in light of the fact that there are two reports that say that this is a poor project. However—this is back to you, Minister—I have a situation where the member for New England says that the Liberal and National parties will be facing political annihilation. Isn't this really about the government treating public moneys as a money tree of the Liberal and National parties?

**Senator Ruston:** No, that's not the case at all.

**Senator SHELDON:** Well, it's quite contrary to what the member New England said—political annihilation for a project that doesn't stack up.

**Senator Ruston:** The member for New England is perfectly entitled to make whatever comments he wants. I represent the government and the government's position, and that is not the government's position.

**CHAIR:** Senator Sheldon, I am just flagging the time with you.

**Senator SHELDON:** Yes. I was going to start another set of questions, so if you want to hand to someone else.

**CHAIR:** We are proposing to complete today at 4 pm. So thank you. If there is anything you can put on notice, that would be terrific. Senator Thorpe.

**Senator THORPE:** My question is around the minister's office receiving correspondence from MLDRIN and NBAN dated Thursday 1 April and sent to the minister on 6 April 2021, in response to the minister indicating that he would consider diverting the \$40 million of funding from its original purpose. What explanation can the minister's office or department provide as to why no response or acknowledgement of this correspondence has been provided? I have copies of the letter, if I could table those.

**Ms O'Connell:** Senator, we will ask the minister in terms of that correspondence and a reply, but I would make the point that we've consistently said that the \$40 million is still on the table. It is still available.

**Senator THORPE:** For the same purpose that it was intended?

**Ms O'Connell:** As I understand it, yes, Senator.

**Senator THORPE:** The minister has received briefings from his department, peak Aboriginal organisations and Sir Angus Houston on the matter of a delivery model for the \$40 million. Is it true that all of those briefings indicated that the funding should be delivered as intended, to acquire water entitlements for First Nations?

**CHAIR:** While you are finding the right person to answer, I just want agreement from the committee to table this document. Thank you.

**Ms Connell:** Sorry, could you ask the question again, Senator?



**Senator THORPE:** The minister has received briefings from the department, peak Aboriginal organisations and Sir Angus Houston, which I'm sure you all know about, on the matter of a delivery model for the \$40 million. Is it true that all those briefings indicated that the funding should be delivered as intended to acquire water entitlements for First Nations?

**Ms Connell:** No.

**Senator Ruston:** Senator Thorpe, I may have to take some further advice from the minister's office, but my understanding is that there is still some discussion going on in relation to how the First Nations communities who are being consulted wish to proceed. Once that has been agreed, I understand the minister will be responding. Hopefully the minister's office is listening to my response to you now, if there is anything they wish me to add to that. But that was my understanding—that there still is a level of consultation going on in order to reach a consensus agreement with First Nations people about exactly how they wish this funding to be used to address the original intent of that money being put aside for First Nations people.

**Senator THORPE:** Thank you. Is it also true that those briefings all indicated that the preferred delivery model was the establishment of a First Nations water trust, or trusts, to coordinate acquisition and distribution of the benefits of the funding between the numerous nations in the basin?

**Senator Ruston:** I think that's what I was referring to, but I don't necessarily think that there is a consensus agreement that that was the best way for the funding to be delivered. I understand that that is one of the options that is currently being considered and that Sir Angus Houston is currently speaking with leaders of First Nations communities around how they would like this money used. But I think that the issue is the fact that that actual agreement hasn't been concluded. As soon as it is concluded, my understanding is that the minister will be responding to those communities. He was very keen to make sure that there was a consensus amongst the communities about how they wished it to be used.

**Senator THORPE:** It's my understanding that there has been consensus and that there was consensus at the beginning of the consultation, and the minister is now opening up the \$40 million to other options. But, as I understand it, First Nations still want it to be a trust.—

**Senator Ruston:** That's not what—

**Senator THORPE:** After all, it's stolen water, right? It's all our water that was stolen by you all, but—

**Senator Ruston:** But, Senator—

**Senator THORPE:** we're willing to buy it back with stolen resources that the government has used to dish out. Why has the \$40 million not been acted upon to this date to meet the purpose for which it was granted?

**Senator Ruston:** I think that's what I'm trying to say. If I'm wrong, obviously I'll stand to be corrected, but my very clear understanding is that the original intent of the agreement that was struck back when the toolkit was agreed to in the parliament and this \$40 million was made available still remains in place and that, as soon as agreement is able to be reached, then the funding will be distributed according to that agreement. If there's anything that is incorrect in my answer, I will certainly correct it with you, Senator.

**Senator THORPE:** Thank you. Is it true that Sir Angus Houston, Chairman of the MDBA, has advised you that the NBAN and MLDRIN trust model was put forward in a recent meeting?

**Senator Ruston:** My understanding is that there have been a number of possible methods and mechanisms by which this funding could be used to deliver the outcomes that were sought when it was put in place, and my understanding is that there have been proposals put forward by those Indigenous communities as to a method, but as I said, my understanding is that that is not necessarily a universally held view. I will stand corrected if I'm wrong.

**Senator THORPE:** Senator, can you advise the Senate committee if Minister Pitt is considering this request? If not, why not?

**Senator Ruston:** My understanding is that Minister Pitt's absolute end goal, through his envoy, Sir Angus Houston, is to reach a consensus agreement amongst the communities for which the funding was to be provided and that, once that consensus view is reached, then he will proceed. That is my clearest understanding of what his intentions are around this water. All proposals will be considered, but I think his desired outcome is that the consensus is actually agreed amongst the Indigenous community—not himself.

**Senator THORPE:** My final question is to you, Senator. Are you aware that Minister Pitt put to this group an alternative of having jobs as part of the \$40 million rather than what the group have asked for?

**Senator Ruston:** I am unaware of that.

**Senator THORPE:** That's all from me. Thank you.

**CHAIR:** Thank you, Senator Thorpe. I have some questions for the National Water Grid Authority. It's interesting to be outside of the Murray-Darling.

**Mr McRandle:** It's good.

**CHAIR:** I will take you back to the great state of Queensland, and I would like to ask you about the Urannah Dam project. Where is the project up to? I'm trying to understand the next step for the Bowen River Utilities group, the Queensland government and the National Water Grid Authority.

**Mr McRandle:** The Bowen River Utilities group is the proponent for the Urannah scheme in North Queensland in the Bowen Basin. A funding agreement was signed with the Queensland government, and I think the committee probably now knows, because I've said it so many times, that we sign our agreements with the state government. Even if there's a private proponent behind it, our contractual relationship is with the state government, and the state government incorporates that process from the private sector. In this case, Bowen River Utilities signed a funding agreement—or we signed a funding agreement with Queensland in November 2019 to undertake a business case and the approvals to get the project ready for consideration for potential capital funding. The Commonwealth provided \$10 million of funding to undertake that work. There were seven milestones that were in the funding agreement as part of that structure for the business case. Five of those have now been completed and the project has drawn down \$7.7 million of the \$10 million that was provided by the Commonwealth.

The business case, under the milestones that have been set out, is due to us in August this year. We have recently received advice from Bowen River Utilities they are likely to need some further resources to complete the native title assessment and also the environmental assessment. We're waiting on advice to come through the Queensland government to us, seeking consideration of basically a variation on the current funding agreement to finalise those approvals. I think that advice has gone to the Queensland government, but it has not yet come to us in the form of an application under the national partnership arrangement. I'm expecting that will come to us reasonably soon. We will consider that and provide advice to government about supporting a variation.

**CHAIR:** So the Bowen River Utilities group has spoken to the Queensland government, and the Queensland government now puts that funding requirement forward under the national partnership to you, the department.

**Mr McRandle:** That's right.

**CHAIR:** What role does Infrastructure Australia now play in this project?

**Mr McRandle:** Infrastructure Australia have on their priority list not the Urannah project specifically but the Bowen region water issue. If you like, that identifies that as an area that should be a focus for consideration as a priority. What will happen next is either we or Bowen River Utilities—in fact, anybody—can send the business case to Infrastructure Australia. But because our expectation is that the capital cost of the project would exceed the current threshold of \$250 million, it would go to Infrastructure Australia for an independent assessment. We've been discussing that with Bowen River Utilities. They're well aware of that, and I believe they've been having conversations with Infrastructure Australia on the way through.

**CHAIR:** Terrific. What additional processes are required to be completed in order to get this project through to a NAIF funding position?

**Mr McRandle:** There's a separate set of conversations that Bowen River Utilities are having with the NAIF. I couldn't give you any particular insights on where those are up to. The NAIF would provide debt financing effectively alone, and they would settle the terms with Bowen River Utilities directly on that.

**CHAIR:** Given this is a really significant project in Central Queensland which we're obviously keen to see progress, it is now up to those of us in Queensland to pursue with interest the Queensland government's prioritising of coming back to you for this additional funding to progress the native title and other conditions.

**Mr McRandle:** And the other EPBC, obviously, because it's close to the reef as well. There will be some very strong interests around the environmental impacts of any water flows that go out to the reef, so that's a really important part, and doing that in a way that building public confidence and trust that these projects are being scrutinised properly, is really important. You're right; the Queensland government will need to provide that submission to us for consideration around a variation of funding. If that variation comes forward and is agreed by the government, my understanding is that Bowen River Utilities would be in a position to finish that work early next year. So the business case may be completed in August as planned, but the other environmental and native title elements won't be finalised until the first half of next year. Consistent with the advice provided by us and also the minister to all proponents, we will look at an application for capital funding when we have confidence that the

detailed business case has been done and we've scrutinised that, that IA have done their work and that the approvals are there. Then Bowen River Utilities will also need to settle the additional funding. So the Commonwealth provides, through the National Water Grid, up to 50 per cent of capital for water infrastructure projects, but Bowen River Utilities are also working through that process with NAIF on the remaining funding.

**CHAIR:** Great. Thank you for that. It's an exciting project, and I'm keen that we keep shining a light on it and making sure we can keep progressing.

**Mr McRandle:** Absolutely, and we'll keep applying the government's investment framework diligently so that we get the right outcomes at the right time.

**CHAIR:** Terrific. Thank you.

**Senator DAVEY:** I have questions about Menindee Lakes that I think Mr Reynolds would be best placed to answer. Thank you, Mr Reynolds, for tabling your opening statement this morning, which gives a good outline of what's been happening in the basin. On 12 May you said that northern basin storages are on 56 per cent and southern basin storages are around 50 per cent, which highlights that, despite the good rainfall we've had, we are coming out of what was a pretty devastating drought, so we're not out of the woods yet. With regard to the flows from the northern basin to Menindee, you say in your opening statement—I've lost it—that you're expecting 800-odd gigs to flow into Menindee. Is that right?

**Mr Reynolds:** I think we expect about 1,000 gigalitres to make it to Menindee from that event. The estimate has been in the order of 800 to 1,000. I think the opening statement says in the second paragraph that about 1,000 gigalitres is making its way into the Menindee Lakes.

**Senator DAVEY:** Given that Menindee's already exceeded the 640-gigalitre threshold where it reverts to MDBA control, how are you managing the storage going forward? Are you managing it to reserve water in Menindee for call-out at a later date, or are you managing it to release water for downstream needs through this winter period?

**Mr Reynolds:** Now that the lakes have gone above that 640-gigalitre threshold, the volume in the lakes above 480, which is when it returns to New South Wales control for local use, becomes part of the shared resource for the three southern basin states: Victoria, New South Wales and South Australia. So that will be factored into the water availability assessments for each of those states. States will make decisions about the allocations they make to their entitlement holders.

We will work with the three basin states on how the water is drawn from Menindee, but the rules within the Murray-Darling Basin Agreement and the objectives and outcomes that guide our operations of the Murray system are fairly prescriptive, and I would expect that water from Menindee will be used to supplement flows in the Murray, particularly through the coming summer. There's currently a relatively small release being made from Menindee. It will be in the order of about 40 gigalitres in total, with a peak flow of around 4,000 megalitres a day, which should be achieved in the coming week for a few days, and then receding. That is to provide some additional water to the Murray. April and May were particularly dry in the Murray. It meant that irrigation demands persisted longer than we anticipated and losses in those couple of months were a bit higher than we'd previously forecast. So there was a need to access a little bit more water, drawing it from Menindee in preference to upstream storage, because it's better in terms of the overall water availability for the whole of the Murray.

In this context as well, we've worked quite closely, through WaterNSW, with local stakeholders in the Lower Darling. It's evident that a flush of water through the Lower Darling at this time is quite beneficial from an environmental perspective as well. Taking it up to the flow that we're intending to will overtop the low weirs within Menindee, allow fish to move around a bit more and inundate a little bit more of the riverbanks, which provides access to further habitat. So, on balance, we'll end up with a pretty beneficial outcome both in the Lower Darling and for the Murray, where we require that water.

While there is always a range of views about how we should operate Menindee, in this instance the local community is relatively supportive of this small event. We do know that, going forward into summer, as we call on water from Menindee, those communities will rightly have some concern about their future supply and the drought reserve that that provides. We will certainly work very closely with communities and states on how we access that water. It becomes most relevant as we get back towards the threshold, when it goes back into New South Wales control, as to the distribution of water within the four lakes. In Menindee at this point in time it doesn't affect our decision-making so much, but certainly at that other end of the operating period we'll be very cognisant of that and we'll try to tailor our operations to leave as much water as we can in the top two lakes, which are more efficient.

**Senator DAVEY:** Just to be clear: you operate under the auspices of the Murray-Darling Basin Agreement, and you said, in your opening statement, 'It's pretty explicit,' but it isn't explicit about where you have to release water from; it's just explicit in regard to what monthly flows have to go to South Australia and how the water that is in the system is shared. But you, as the operator, manage storage releases to meet those flow requirements?

**Mr Reynolds:** That's correct, but, under the Murray-Darling Basin Agreement, it sets up the objectives and outcomes for operation of the River Murray system, which is a document that is approved by the Basin Officials Committee—so, a collective of the states and the Commonwealth. The objectives and outcomes require us to operate in a way that maximises the water available to the River Murray system, and so, bearing that in mind, that very much guides where we take water from at any particular time—which storage we release water from—with a view to maximising the overall volume of water available. Given the very high evaporation rates from Menindee, it's advantageous, in that respect, to use water from Menindee in preference to using water from Hume or Lake Dartmouth. So that leads us to preferentially draw water from Menindee. As I said, once we get towards the levels where Menindee is starting to get back to the threshold where we can no longer access water for it from the Murray, we have a degree of flexibility, under the objectives and outcomes, to tailor our operations at that point in time, but, substantially, it's guided by maximising the overall volume of water available to entitlement holders in New South Wales, Victoria and South Australia.

**Senator DAVEY:** As to the small event that's occurring now, of up to 40 gigs, when that water flows down the Lower Darling and re-enters the Murray, what happens to that water?

**Mr Reynolds:** Some of it will go to meet demands in the Murray that exist at the moment, and, in part, meet South Australia's entitlement; some of it will be re-regulated into Lake Victoria. There is a requirement, under the Murray-Darling Basin Agreement, to get Lake Victoria to a level of 350 gigalitres by the end of May. So some water will go towards meeting that target as well.

**Senator DAVEY:** Just to be clear: there is a lot of concern amongst some people in the Menindee community and those a bit downstream that, if the lakes are drawn down too fast and we don't get rainfall in the north of the basin, we're going to find ourselves again facing issues where we can't get water out of the lakes. How much of the 480, which is the threshold, is considered active, and how much is considered dead storage?

**Mr Reynolds:** The 480 gigalitres is the total volume of water held in the lakes. It includes dead storage. That's the way it's specified in the agreement. So, when I spoke about trying to leave the maximum amount of water in the top two lakes—as opposed to in lakes Menindee and Cawndilla, the lower lakes—that's around ensuring that as much as possible of that 480 gigalitres is in active storage and accessible for use in the Lower Darling and for local communities. The reality is that there will most likely be some water in Menindee and in Cawndilla when that threshold is reached, but we'll try to operate in a way that limits that. But, as I say, the agreement specifies that just the total volume of water held in storage goes to meeting that 480-gigalitre trigger.

**Senator DAVEY:** Okay. I'm relieved to hear that the releases now are for a small event. There have been concerns raised with me that the aim is to get it down to 480 as quickly as possible, so I'm very relieved to hear that. I think that's all from me today.

**CHAIR:** Senator Roberts.

**Senator ROBERTS:** Could I continue that thread, please. Could you define what you mean by the top two lakes?

**Mr Reynolds:** That's Lake Wetherill and Lake Pamamaroo.

**Senator ROBERTS:** Just sticking with that further—I think we've covered some of this. I will try to pick bits out of it. The last two times you had water in Menindee, it was released in a man-made flood designed to open the Murray mouth and flush out the Coorong. Are you aware that the mouth opened for only a few weeks and the Coorong did not flush any further than one-quarter of the way down?

**Mr Reynolds:** Releases from Menindee were made to meet demands into Lower Darling and into the Murray system. They were not designed to flush the Murray mouth. There certainly was a significant flood through the system in 2016 that did scour some sand from the mouth but didn't completely open it up, and we've continued to dredge beyond that. But the way regulated releases are made from Menindee is to maximise water available to entitlement holders. That may be environmental water holders; it may be consumptive users. But it's not to exacerbate an unregulated flow or to create a flow that is not supplying entitlements as required.

**Senator ROBERTS:** That is an aim of the way you're managing the river, though, isn't it, and the river system—to keep the mouth open?

**Mr Reynolds:** One of the objectives under the Basin Plan is to keep the Murray mouth open. That's a combination of flows through the river system. The Commonwealth Environmental Water Holder in particular provides some water to provide connectivity between the Lower Lakes and the Coorong. It's a key environmental objective. In terms of scouring sand from the Murray mouth, it takes a significant flow, probably in the order of 75,000 megalitres a day or more, for a significant period. That will typically only occur in current circumstances in an unregulated flow event, when there's more water naturally coming through the system than we can capture in Lake Victoria, which is the last storage in the system.

**Senator ROBERTS:** I'm pleased to hear that figure in public. Before we go on to the Coorong, what is the surface area of the Menindee Lakes system, and—it would depend upon the level of water; I get that—how does it compare to the surface area of Lakes Alexandrina and Albert?

**Mr Reynolds:** I would have to take on notice the exact numbers. I think Menindee Lakes is slightly less than the Lower Lakes, but I'd have to take on notice the exact numbers.

**Senator ROBERTS:** Yes. And there would be higher evaporation at Menindee because it's a drier atmosphere?

**Mr Reynolds:** That's correct.

**Senator ROBERTS:** Higher evaporation per square metre.

**Mr Reynolds:** That's right.

**Senator ROBERTS:** Okay. Coming back to the Coorong, does the Coorong flush from east or west?

**Mr Reynolds:** When you say 'does the Coorong flush', water naturally moves down into the Coorong from the Lower Lakes—from where water is released from the Lower Lakes—under tidal and wind influences, and certainly the operation of the barrages are tailored at times to try and push fresh water further down through the northern lagoon into the southern lagoon.

**Senator ROBERTS:** Doesn't the natural system flush from the east to the west because of the water that used to drain in from the east of the Coorong?

**Mr Reynolds:** I think, under different circumstances, water enters the Coorong from both the east and the west. The greater volume would come from the Murray, but, certainly, water does come into the Coorong from the south-eastern region.

**Senator Ruston:** Senator, you probably need to be careful about saying to the east from the west, because the west of the Coorong is actually the ocean.

**Senator ROBERTS:** No, I'm looking at the river passing what I would call the northern end, what some people call the western end, of the Coorong.

**Senator Ruston:** Probably south would be—

**Senator ROBERTS:** I'm happy to use south and north. Some people use east and west.

**Senator Ruston:** It's south and east, actually, because the river comes in from the east, and the drainage flows from the south-east that you're talking about actually come from the south.

**Senator ROBERTS:** The lower Coorong used to be fed by water coming in from the south-east, and that was drained by the South Australian government over 100-plus years, into the oceans.

**Senator Ruston:** Oh, let's not go there.

**Senator ROBERTS:** No, let's go there. It's really important. I can't see how water flowing across the top of the lower Coorong on its way out to the mouth would possibly scour the Coorong whereas water from the south-east does go all the way through and flush the Coorong—or it did. I'm sorry.

**Mr Reynolds:** I think it's fair to say the hydrologic conditions in the Coorong are particularly complex and there are a lot of factors that dictate how water moves through that system. Certainly the level in the Coorong fluctuates with the tide. When it's lower, on a low tide, fresh water entering the Coorong northern lagoon from the Murray will make its way down. Then, as the tide rises, that water gets pushed further down through the system into the southern lagoon. That's part of the natural process. There's certainly water from the south-east area that also drains into the southern lagoon. So the way it works is complicated. There are a number of factors that affect it, particularly the wind and tidal exchange. So to say it's one or the other is not correct.

**Senator ROBERTS:** I put it to you that, while I agree with you that natural variation in tides and water flows affects it all—I certainly accept that natural variation—if it were to be restored to the way it was naturally, without the drains taking good fresh water from South Australia straight into the ocean, where it's doing damage

to the seagrasses—if it were to be restored by cutting off or blocking those drains and restoring the flow—then you'd have a lot more fresh water flushing the Coorong.

**Mr Reynolds:** The south-east drainage project that the South Australian government is implementing does return some of that fresh water to the southern lagoon. That's being implemented.

**Senator ROBERTS:** So you're getting free water.

**Mr Reynolds:** It's a component of what the environment needs, yes.

**Senator ROBERTS:** That's exactly what I was saying. My final topic is a very brief topic; I think most of this will be on notice. On watering of native forest, is it true that the Commonwealth Environmental Water Holder considers rainfall and projects water inflows to work out how much additional watering is needed and where?

**Mr Reynolds:** I might allow the Commonwealth Environmental Water Holder to speak to that.

**Mr Taylor:** Can you run through that again, please?

**Senator ROBERTS:** Sure. On watering of native forests, is it true that the Commonwealth environmental water holder considers rainfall in its plans and projects water inflows to work out how much additional watering is needed and where it's needed?

**Mr Taylor:** Every year, the Commonwealth Environmental Water Holder looks right across the basin at all the catchments that we hold water in and use our water in. We do a planning cycle each year. That planning cycle takes account of a range of scenarios that may unfold during the year. We don't know whether it's going to get wetter or drier as the year goes on. But, at the time when the planning is done, we take account of the condition of the environmental assets right along a river system, within the catchment. We take account of the resource that we have on hand in terms of allocation. We take account of long-term forecasts and likely scenarios for inflows. We put all of those things into the mix and then start to prioritise where we're likely to deliver our water through that year, with the capacity to vary that with the range of scenarios that we have. So in a dry year we might focus on just protecting key refugia within the system, and in a wetter year we might look for broader connectivity, connecting wetlands to river channels, and getting higher productivity and real recovery in the system.

**Senator ROBERTS:** Thank you for that. That confirms what I was getting at. There is a lot of variation. We know that. That's a feature of the basin. What has the water inflow into the Murray-Darling Basin been in the current water year, which would include an estimate for June?

**CHAIR:** This will have to be your last question, Senator Roberts.

**Senator ROBERTS:** The next one is.

**Mr Reynolds:** I don't think I have a volume for June, but I can certainly take that on notice.

**Senator ROBERTS:** Okay, that's fine if the projected volume for June is included. Thank you. Can you prepare on notice a comparison between specific projected water inflow and specific actual water inflow for the last five years, please?

**Mr Reynolds:** When you say 'projected water inflow', I guess there's always a timing to that, as to what time the estimate was made.

**Senator ROBERTS:** What we'd like to see is a comparison between the specific projected water inflow at the time and then the actual inflow that occurred.

**Mr Reynolds:** Projected—

**Senator ROBERTS:** At the time. You've had five years of actual water inflow. What was the projection made immediately before each year? This is so we can see how accurately—

**Mr Reynolds:** How accurate the forecast is?

**Senator ROBERTS:** Exactly.

**CHAIR:** So budget versus actuals.

**Mr Reynolds:** Seasonal conditions always vary.

**Senator ROBERTS:** We're not going to hang anyone over it. We just want to see—

**Mr Reynolds:** I guess that at the start of a year the best estimate we would have would be the long-term average inflow that we'd make a comparison to, trying to take account of the bureau's climate outlook as well. But that doesn't lead to a volumetric forecast.

**Senator ROBERTS:** Mr Taylor said that they try to project ahead, and that's what we're after—just seeing the accuracy.

**Mr Reynolds:** Typically, what we do is run a number of scenarios, and we look, under various scenarios, at what the volumes available might be. I can certainly provide information from our annual operating outlooks around the volumes under various scenarios. That might be the way to answer your question.

**Senator ROBERTS:** Thank you, Mr Reynolds.

**CHAIR:** Thanks, Senator Roberts. That concludes today's proceedings. I thank Minister Ruston and all witnesses who have given evidence to the committee today. Thank you also to Hansard, Broadcasting and the hardworking secretariat

**Committee adjourned at 16:01**