

**Rural and Regional Affairs and Transport Legislation Committee**

**ANSWERS TO QUESTIONS ON NOTICE**

Budget Estimates May 2017

**Department of Agriculture and Water Resources**

**Question Number:** 183

**Division/Agency:** Water Division

**Topic:** Funding allocated to buybacks

**Proof Hansard Page:** 6 (26.05.2017)

**Senator FARRELL asked:**

**Senator FARRELL:** What is the total funding allocated to the buybacks?

**Mr Parker:** We can give you a number. That is a capital amount. We can dig that number out for you. While my colleagues are doing that, I will just make the point that, because the SDL adjustment mechanism reduces the need for buyback, that liberates money, which provides for funding for doing the SDL adjustment process.

**Answer:**

The total funding allocated to water buybacks toward bridging the gap to the Sustainable Diversion Limits in the Basin Plan is \$3.1 billion. This is being delivered through the Sustainable Rural Water Use and Infrastructure Program.

**Rural and Regional Affairs and Transport Legislation Committee**

ANSWERS TO QUESTIONS ON NOTICE

Budget Estimates May 2017

**Department of Agriculture and Water Resources**

**Question Number:** 184

**Division/Agency:** Water Division

**Topic:** Green Army

**Proof Hansard Page:** 7-8 (26.05.2017)

**Senator KAKOSCHKE-MOORE asked:**

**Senator KAKOSCHKE-MOORE:** I just want to turn now to the abolition of the Green Army. Our colleague Rebekha Sharkie, the member for Mayo, raised some concerns about the impact the abolition of the Green Army would have on a number of projects within her electorate. I just wanted to know how the abolition and defunding of the Green Army will impact on bioremediation within the areas we just discussed.

**Mr Robertson:** The Green Army is actually a program that was run involving the department of the environment and others. It is not something that has been part of our responsibility. So we are unable to comment on that.

**Mr Parker:** We are happy to refer the question to them.

**Answer:**

This question should be directed to the Department of the Environment and Energy as it has portfolio responsibility for this issue.

**Rural and Regional Affairs and Transport Legislation Committee**

ANSWERS TO QUESTIONS ON NOTICE

Budget Estimates May 2017

**Department of Agriculture and Water Resources**

**Question Number:** 185

**Division/Agency:** Water Division

**Topic:** Environmental indicators

**Proof Hansard Page:** 13 (26.05.2017)

**Senator McKENZIE asked:**

**Senator McKENZIE:** So it was a political solution in the end.

**Mr Glyde:** Yes, and it was important in order to get everybody together to support the overall plan. The MDBA's role was to recommend the level that you would need in order to restore the basin to sustainability, and that is why we came up with the 2,750.

**Senator McKENZIE:** What difference would the 450 make to environmental indicators at the end of the system—the flow over the barrages, the salinity, mouth openness et cetera?

**Mr Glyde:** If you were to return the full 450?

**Mr James:** We would have to take that on notice. It is a simple question but a complex answer. It would depend a lot on the landing point of, if you like, the down water and the various measures that are put in place there, because that will dictate, to some degree, how effectively that water can be used and the outcomes it can achieve.

**Senator McKENZIE:** But I am assuming, if we have had this conversation about 450 and the explanation Mr Glyde just gave us about why it exists, that we would have some reconciliation of its environmental impact.

**Mr Glyde:** My understanding at the time—I do not know if we have actually fully modelled what the 3,200 would be, and I might seek some advice on this—is that, as Mr James has mentioned, depending on how you do the 650 down water, that has an impact on the amount of real water that is flowing through the system. Then, on top of that, again the 450 gigalitres of up water has not really been started. There is a pilot program that the Commonwealth government is running. If I understand your question, it is about getting the accurate estimate of what the environmental outcomes would be. If that is what you are after, we would probably have to go back to the original work that we did on the 3,200, the 2,800 and the 2,400 to give you that figure in answer to that question.

**Senator McKENZIE:** Yes, we need that level of detail to understand why we are here now. I also would like to know how much it will cost to recover.

**Mr Glyde:** The 450?

**Question Number:** 185 (continued)

**Mr Parker:** Yes. That is probably a question for us. It again depends on a bunch of other things as well. We are happy to take that on notice. There will be an element of scenarios—

**Answer:**

The enhanced environmental outcomes that will be pursued with recovery of an additional 450GL/y are specified in Chapter 5 of the Basin Plan. This includes, but is not limited to, outcomes at Coorong, Lower Lakes and Murray Mouth (CLLMM).

It is important to note that the additional 450GL/y was based on its ability to deliver a range of environmental benefits. In particular, modelling indicated that the additional water, recovery in conjunction with removing or easing constraints, would markedly improve the ability to achieve high flow targets in the River Murray and enable more frequent inundation of floodplain in South Australia, New South Wales and Victoria. Such flows are expected to lead to improvements in the health of: forests, native fish, waterbird habitat, river channel connection along the river and with its floodplain, and replenishment of groundwater.

You have specifically asked about outcomes in the CLLMM. The MDBA undertook further analysis with and without relaxed constraints (RC) on the 2800GL/y and 3200GL/y recovery scenarios. The table below shows the performance of a number of CLLMM flow and salinity indicators for the 2800GL/y and 3200GL/y water recovery scenarios modelled with and without relaxed constraints (RC) (sourced from MDBA's 2012 relaxed constraints hydrologic modelling report).

Modelling showed with increased water recovery volume, marked improvements in outcomes for the CLLMM (i.e. comparing 3200GL/y recovery scenarios to the 2800GL/y scenarios). Key indicators of improvement include reduced maximum salinities in the Coorong North and South Lagoons, avoiding periods of extreme salinity levels that exceed known critical thresholds for plants and animals in the Coorong.

Assessment of Murray Mouth opening suggests a significant increase in both the frequency and duration of mouth opening for both the 2800GL/y and 3200GL/y options compared to those experienced under baseline conditions. Differences in mouth opening between these scenarios are relatively small (89 per cent of years for 2800GL/y scenario compared to 90 per cent of years for 3200GL/y scenario). This was not unexpected given the achievement of CLLMM indicators is more reliant on volume rather than delivery of peak flows.

As indicated above outcomes sought with the 450GL up-water is also targeting a range of other environmental outcomes which are dependent upon relaxing flow constraints along the River Murray and its tributaries.

The cost of recovering 450 gegalitres (GL) of water through works is dependent on the types of works funded, the location of the works and types of water recovered. As efficiency measures are demand-driven the final cost will not be known for a number of years.

Based on the Department's experience in managing water use efficiency projects over the last eight years and the current value of various water entitlements, it is currently anticipated that the full \$1.575 billion available for efficiency measures in the Water for the Environment Special Account will be required.

Question Number: 185 (continued)

Table E.4: Flow and salinity indicator achievement for the Coorong, Lower Lakes and Murray Mouth.

Indicator	Target	Without development	Baseline	BP-2800	BP-2800-RC	BP-3200	BP-3200-RC
Average salinity (g/L) in Coorong southern lagoon over model period	less than 60 g/L	24	62	44	43	41	41
Maximum salinity (g/L) in Coorong southern lagoon over model period	less than 130 g/L	67	291	119	111	97	98
Max period (days) salinity in Coorong southern lagoon is greater than 130 g/L	0 days	0	323	0	0	0	0
Proportion of years salinity in Coorong southern lagoon < 100 g/L	greater than 95%	100%	82%	96%	99%	100%	100%
Average salinity (g/L) in Coorong northern lagoon over model period	less than 20 g/L	12	29	21	20	20	20
Maximum salinity (g/L) in Coorong northern lagoon over model period	less than 50 g/L	49	148	56	61	47	43
Max period (days) salinity in Coorong northern lagoon is greater than 50 g/L	0 days	0	604	75	114	0	0
Proportion of years 3 year rolling average barrage flow greater than 1,000 GL/y	100%	100%	91%	99%	99%	99%	99%
Proportion of years 3 year rolling average barrage flow greater than 2,000 GL/y	greater than 95%	100%	79%	98%	97%	99%	98%

**Rural and Regional Affairs and Transport Legislation Committee**

ANSWERS TO QUESTIONS ON NOTICE

Budget Estimates May 2017

**Department of Agriculture and Water Resources**

**Question Number:** 186

**Division/Agency:** Water Division

**Topic:** High Court overrule section 100

**Proof Hansard Page:** 15-16 (26.05.2017)

**Senator ROBERTS asked**

**Senator ROBERTS:** Can I ask a follow-up question? Mr Parker, on what basis did the High Court overrule section 100? Do you know?

**Mr Parker:** They did not overrule. They said the plan and the water act was not inconsistent with it.

**Senator ROBERTS:** What was the basis? Can I get that from you on notice?

**Mr Parker:** It is a public document. I do not have all of the precise details of the judgement in front of me.

**Answer:**

The links to the transcripts of the relevant cases are as follows:

- *Lee v Commonwealth of Australia* [2014] FCA 432  
<http://www.austlii.edu.au/au/cases/cth/FCA/2014/432.html>
- *Lee v Commonwealth of Australia* [2014] FCAFC 174 <http://www.austlii.edu.au/au/cases/cth/FCAFC/2014/174.html>
- *Lee and Anor v Commonwealth of Australia & Anor* [2015] HCA Trans 123 <http://www.austlii.edu.au/au/other/HCATrans/2015/123.html>

**Rural and Regional Affairs and Transport Legislation Committee**

ANSWERS TO QUESTIONS ON NOTICE

Budget Estimates May 2017

**Department of Agriculture and Water Resources**

**Question Number:** 187

**Division/Agency:** Water Division

**Topic:** DPM meetings with crossbench senators or One Nation

**Proof Hansard Page:** 17 (26.05.2017)

**Senator GALLACHER asked:**

**Senator GALLACHER:** That is very important; it was probably my next question. Has the Deputy Prime Minister had any meetings with crossbench senators or One Nation, for example?

**Senator Ruston:** I am sure he probably has, but I would need to take on notice any specifics of those.

**Answer:**

The Deputy Prime Minister's office has advised that specific topics discussed at meetings with Members and Senators are not generally recorded in the Deputy Prime Minister's diary. However, given the Murray Darling Basin Plan is an important national policy, it is expected that it would have been the subject of conversations with colleagues from across different political parties.

**Rural and Regional Affairs and Transport Legislation Committee**

ANSWERS TO QUESTIONS ON NOTICE

Budget Estimates May 2017

**Department of Agriculture and Water Resources**

**Question Number:** 188

**Division/Agency:** Water Division

**Topic:** Letter from DPM to Mr Hunter

**Proof Hansard Page:** 19 (26.05.2017)

**Senator FARRELL asked:**

**Senator FARRELL:** That is really the point, and I am not happy with the answer, and I do not think the people of South Australia, Minister, are happy with the answer. I do not think we would have a problem, if we did not have this letter in writing from Deputy Prime Minister Joyce. What is he saying is the 'unsolvable stalemate'?

**Senator Ruston:** Obviously, we have heard evidence on a number of occasions—you heard it hear this morning from Senator McKenzie—that there are a number of communities upstream from South Australia, Victoria and New South Wales and Queensland, who have had some very significant impacts from the amount of water that has been taken out of productive use in their communities. We have to be very mindful of those implications.

As part of the agreement when the 450 up water was included as part of the negotiations for the final plan, it was agreed at that time that there would be no negative socioeconomic impacts on the recovery of the 450 gigalitres. What, I think, the minister is saying—and, as I said, I do not want to verbal the Deputy Prime Minister; I am quite happy to seek further clarification. My interpretation is: we need to start sitting down at the table and looking at how we are going to deliver this 450 at the same time as dealing with this—there are some very significant economic and social impacts in our river communities. I live in one of them, Senator Farrell.

**Answer:**

In his letter of 17 November 2016, the Deputy Prime Minister, the Hon Barnaby Joyce MP, was referring to the differences between Basin jurisdictions in their views on the recovery of 450 gigalitres (GL) in efficiency measures with neutral or improved socio-economic outcomes. In particular, some Basin state Ministers had expressed significant concerns that recovery of efficiency measures may entail a risk of adverse socio-economic outcomes. As a result of these concerns, discussions between all Basin jurisdictions have taken place and significant progress achieved, as outlined below. These continuing discussions are consistent with the Commonwealth's obligation to consult closely with Basin States on the design of efficiency measure programs, as set out in the *Intergovernmental Agreement on Implementing Water Reform in the Murray Darling Basin*.



**Question Number:** 188 (continued)

In January 2017 the Minister for Water and the River Murray, the Hon Ian Hunter MLC wrote to the Deputy Prime Minister proposing an independent analysis of efficiency measures as a way of informing jurisdictions on an agreed way forward (attached below). The Murray-Darling Basin Ministerial Council subsequently agreed to the terms of reference for this study on 17 March 2017. The study will report in December 2017 and will advise on how best to design, target and resource efficiency measure programs to recover 450 GL by 30 June 2024, consistent with the Basin Plan legal requirement to achieve neutral or improved socio-economic outcomes.

The Murray-Darling Basin Ministerial Council also agreed on 17 March 2017 to present a plan to the Council of Australian Governments (COAG) that provides a credible and balanced pathway to implementing the Basin Plan, including efficiency measures. This Plan was presented to Basin First Ministers and agreed at a side meeting of COAG on 8 June 2017.

16WRM806688



Government  
of South Australia

The Hon Ian Hunter MLC

Hon Barnaby Joyce MP  
Deputy Prime Minister  
PO Box 6022  
Parliament House  
CANBERRA ACT 2600

Dear Deputy <sup>Barnaby</sup> Prime Minister

I refer to recent correspondence from you and the Prime Minister on the Murray Darling Basin Plan.

I welcome the recent re-affirmation of the Commonwealth Government's commitments to the Intergovernmental Agreement on Implementing Water Reform in the Murray Darling Basin, the Basin Plan, the Sustainable Diversion Limit (SDL) Adjustment Mechanism, and all associated programmes.

I also welcome the agreement to have the Basin Plan as a standing item at the Council of Australian Governments (COAG).

I note that COAG has requested that the Murray-Darling Basin Ministerial Council provide a plan by April 2017 that provides a credible and balanced pathway to implement the Basin Plan package agreed in 2012, including:

- supply measures to offset the Basin Plan water recovery target of 2,750 gigalitres (GL) by 2019, using the SDL Adjustment Mechanism;
- constraints measures to address impediments to delivering environmental water; and
- efficiency measures to recover the additional 450 GL by 2024, consistent with the Basin Plan legal requirement to achieve neutral or improved socio-economic outcomes.

The plan for COAG must go beyond "business as usual" and cannot, for example, simply be a rehash of the existing Finalisation Plan.

Minister for Sustainability, Environment and Conservation  
Minister for Water and the River Murray  
Minister for Climate Change

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In developing a specific plan to meet the Commonwealth's 450 GL commitment, I suggest the Ministerial Council seek independent and expert advice on how to design, target and resource the efficiency programme to recover the 450 GL by 2024. The plan itself will also need to include governance arrangements and milestones, address the critical issue of delivery partners, and confirm specific review points at which progress and achievability will be properly assessed.

Our experience with the South Australian River Murray Sustainability Irrigation Industry Improvement Programme (SARMS3IP) shows what can be done for regional communities with adequate funding, as well as with sufficiently broad and flexible programme criteria.

Successful implementation of 3IP Rounds One, Two and Three projects will take the tally of 3IP funding offers to \$177 million across 186 projects, creating around 500 jobs and equating to 35 GL of water on offer for environmental use. This is only 5 GL away from the Programme's 40 GL target.

It is understood that, of 12,000 irrigation farms across the Basin, approximately 2,100 have accessed Commonwealth funded on-farm programmes to date.

The successes of these programmes suggests there is significant further potential for a well-designed programme – one that builds on almost a decade's worth of Commonwealth experience with water recovery programmes.

In ensuring there is a credible pathway to recover the 450 GL by 2024, there are a number of programme design opportunities the Commonwealth should investigate as a matter of urgency, drawing on expert advice and input from Basin state officials. These opportunities include:

- ensuring that the funding 'multiple' provided to programme participants is sufficient to attract genuine interest – noting there is an opportunity to review the adequacy of Commonwealth funding in 2019, under section 86AJ of the *Water Act 2007*;
- providing greater flexibility for the types of measures eligible to receive funding in return for water savings;
- increasing the focus on urban water efficiencies; and
- integrated programme design to better align assistance for irrigation infrastructure operators with the delivery of efficiency measures on-farm.



In terms of specific opportunities to recover the extra 450 GL by 2024, I also suggest that the Commonwealth work with Basin states to start examining, among other things:

- areas where there are flood irrigation practices and high water use per hectare, especially rice cropping;
- opportunities within irrigation corporations where large channel distribution networks consume large volumes of water each year; and
- opportunities to work with private diverters in the Murray and Goulburn.

While efficiency programme pilots are useful, and we should urge other Basin states to start their own pilots, such work should be seen as a complement to – and not a substitute for – detailed programme design and planning by the Commonwealth in partnership with Basin states.

A credible implementation plan for COAG needs to be informed by a realistic assessment of specific water recovery opportunities. This pathway to the full 450 GL recovery needs to be informed by a detailed benchmarking of how the efficiency programme compares to other water recovery programmes, as well as an analysis of how the efficiency programme aligns with specific water recovery opportunities identified across the Basin.

To the extent Basin governments have broader socio-economic concerns that go beyond the specific legal requirements of the Basin Plan, then the implementation planning process for the 450 GL also provides an opportunity to take these into consideration.

Clearly, there is much that needs to be done to satisfy COAG by April 2017 that there is a credible pathway to recover the 450 GL. This needs to be a major focus of both the Basin Officials Committee and the Ministerial Council in the coming months.

I look forward to your co-operation and support in these matters.

Yours sincerely



**IAN HUNTER MLC**

Minister for Water and the River Murray

5 / 1 / 2017

**Rural and Regional Affairs and Transport Legislation Committee**

ANSWERS TO QUESTIONS ON NOTICE

Budget Estimates May 2017

**Department of Agriculture and Water Resources**

**Question Number:** 189

**Division/Agency:** Water Division

**Topic:** Letter from Mr Hunter to DPM

**Proof Hansard Page:** 20 (26.05.2017)

**Senators FARRELL asked:**

**Senator FARRELL:** Sorry, Mr Parker: this is a subsequent letter?

**Mr Parker:** Yes, and the terms of reference for that advice have been agreed amongst all jurisdictions.

**CHAIR:** Thank you for that. Senator Farrell, you can ask for it.

**Senator FARRELL:** Are we able to get a copy of that second letter? Has anybody got a copy of it?

**Senator Ruston:** We will take that on notice, Senator Farrell, but I am sure you have probably got access to the writer.

**Senator FARRELL:** Yes, but not here right now—but I am sure he would provide one.

**Senator Ruston:** Sure.

**CHAIR:** Senator Xenophon, you have got the call.

**Senator XENOPHON:** Thank you. Is that the Prime Minister's letter of 29 November 2016?

**Senator FARRELL:** No, it is a letter from Minister Hunter, I think they are talking about.

**Senator Ruston:** Yes, it was a subsequent letter from Minister Hunter.

**Mr Parker:** That is right, yes.

**Senator XENOPHON:** So, you will take that on notice, if you could provide us—

**CHAIR:** The minister said yes.

**Answer:**

The letter to which Mr Parker referred is that of 5 January 2017 from the Minister for Water and the River Murray, the Hon Ian Hunter MLC to the Deputy Prime Minister, the Hon Barnaby Joyce MP (attached below). In this letter Minister Hunter proposed an independent analysis of efficiency measures. The Murray-Darling Basin Ministerial Council subsequently agreed the terms of reference for the analysis at the 17 March 2017 meeting. The analysis is to be completed by December 2017.

16WRM806688



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In ensuring there is a credible pathway to recover the 450 GL by 2024, there are a number of programme design opportunities the Commonwealth should investigate as a matter of urgency, drawing on expert advice and input from Basin state officials. These opportunities include:

- ensuring that the funding 'multiple' provided to programme participants is sufficient to attract genuine interest – noting there is an opportunity to review the adequacy of Commonwealth funding in 2019, under section 86AJ of the *Water Act 2007*;
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I look forward to your co-operation and support in these matters.

Yours sincerely



**IAN HUNTER MLC**

Minister for Water and the River Murray

5 / 1 / 2017



**Rural and Regional Affairs and Transport Legislation Committee**

ANSWERS TO QUESTIONS ON NOTICE

Budget Estimates May 2017

**Department of Agriculture and Water Resources**

**Question Number:** 190

**Division/Agency:** Water Division

**Topic:** National Water Infrastructure Development Fund

**Proof Hansard Page:** 25 (26.05.2017)

**Senator IAN MACDONALD asked:**

**Senator IAN MACDONALD:** You will be safe in your evaluation, Mr Chairman; I am here. Good morning, Minister, gentlemen and Ms Fox. Does the National Water Infrastructure Development Fund relate to parts of the Darling River that come into Queensland? Can someone tell me exactly what that fund is related to?

**Mr McLoughlin:** It is a national fund, so it applies to both feasibility study funding and capital project proposals anywhere in the country.

**Senator IAN MACDONALD:** And is any of it currently earmarked for any part of the Murray-Darling Basin?

**Mr McLoughlin:** There are feasibility studies that have been funded in the Murray-Darling Basin in New South Wales and southern Queensland. I can list those, but we can provide the detail of those on notice if you wish.

**Answer:**

The Australian Government is providing \$7,070,000 for six feasibility studies in the Murray Darling Basin through the National Water Infrastructure Development Fund (the fund):

- Emu Swamp Dam Feasibility Study, QLD (\$3,970,000)
- Border Rivers Infrastructure Investment Feasibility Study, NSW (\$550,000)
- Peel Water Infrastructure Investment Feasibility Study, NSW (\$850,000)
- Cobar and Nyngan Water Supply Feasibility Study, NSW (\$850,000)
- Walcha Water Security Feasibility Study, NSW (\$100,000)
- Mitiamo Reticulated Water Supply Feasibility Study, VIC (\$750,000)

**Question Number:** 190 (continued)

The Australian Government has committed up to \$95,000,000 in capital funding to co-fund the following projects:

- South West Loddon Pipeline, VIC (\$20,000,000)
- Dungowan Dam, NSW (\$75,000,000)

Funding for the construction of the Dungowan Dam is conditional on the New South Wales Government demonstrating its economic viability, gaining required regulatory approvals (both planning and environmental), being compliant with the Murray-Darling Basin Plan, and matching the Commonwealth's funding commitment.

**Rural and Regional Affairs and Transport Legislation Committee**

ANSWERS TO QUESTIONS ON NOTICE

Budget Estimates May 2017

**Department of Agriculture and Water Resources**

**Question Number:** 191

**Division/Agency:** Water Division

**Topic:** Feasibility Studies – National Water Infrastructure Development Fund

**Proof Hansard Page:** 25 (26.05.2017)

**Senator MACDONALD asked:**

**Senator MACDONALD:** You mentioned other feasibility studies. As the chairman said, rightly so a lot of them are in Queensland. Are they all progressing?

**Mr McLoughlin:** They are. Queensland has contracted every single one of the feasibility studies that were proposed to us and that were agreed to be funded, as has every other jurisdiction, so all 39 feasibility studies that were funded across the country are now off and running. Some of them have already been completed—but none in Queensland.

**Senator MACDONALD:** Which ones have been completed?

**Mr McLoughlin:** What is due at the end of this month and so is due to be completed: Bundaberg Channel capacity upgrade feasibility study for Bundaberg and the north Adelaide irrigation scheme business case have been completed. In Victoria, an alternative water grid to enable growth and resilience for agriculture west of Melbourne has largely been completed.

**Senator XENOPHON asked:** That is northern Adelaide, is it, not North Adelaide?

**Mr McLoughlin:** Northern Adelaide, yes. You are right. All of the details of these feasibility studies are listed on our website. We can certainly provide a consolidated list for you if you wish.

**Answer:**

A consolidated list of feasibility studies funded through the National Water Infrastructure Development Fund is provided at Attachment A.

Further information on the feasibility studies is available at [federalfinancialrelations.gov.au/content/npa/environment.aspx](http://federalfinancialrelations.gov.au/content/npa/environment.aspx).

## **National Water Infrastructure Development Fund - Feasibility Studies**

### **New South Wales, through the Department of Primary Industries and Water**

Peel Water Infrastructure Investment Feasibility Study - Funding of \$850,000

Cobar and Nyngan Water Supply Feasibility Study - Funding of \$850,000

Border Rivers Infrastructure Investment Feasibility Study - Funding of \$550,000

Walcha Water Security Feasibility Study - Funding of \$100,000

### **Northern Territory Government, through the Department of the Chief Minister**

Ord Stage 3 Feasibility Study - Funding of \$2,500,000

Northern Territory Irrigation Feasibility Study - Funding of \$985,000

### **Queensland Government, through the Department of Energy and Water Supply**

Nullinga Dam Feasibility Study - Funding of up to \$5,000,000

Emu Swamp Dam Feasibility Study - Funding of \$3,970,000

North West Queensland Strategic Water Storage Feasibility Study - Funding of \$1,765,000

Lakeland Irrigation Area Feasibility Study - Funding of \$825,000

Gayndah Regional Irrigation Development (GRID) project Feasibility Study - Funding of \$1,231,024

Burdekin Falls Dam Raising Feasibility Study - Funding of \$400,000

Burdekin Houghton Channel Capacity Upgrade Feasibility Study - Funding of \$1,915,000

Bundaberg Channel Capacity Upgrade Feasibility Study - Funding of \$750,000

Urannah Dam Feasibility Study - Funding of \$3,000,000

Lower Fitzroy River infrastructure project Business Case - Funding of \$2,000,000

South-East Queensland Treated Effluent Feasibility Study - Funding of \$650,000

Southern Atherton Tablelands Irrigation Development Feasibility Study - Funding of \$750,000

Clermont: Water Security Feasibility Study - Funding of \$225,000

Aquifer Recharge Feasibility Study - Funding of \$120,000

Hells Gate Dam Feasibility Study - Funding of \$2,200,000

**South Australian Government, through the Primary Industries and Regions South Australia (PIRSA)**

Northern Adelaide Irrigation Scheme Feasibility Study- Funding of \$2,500,000

Northern Reservoirs Feasibility Study - Funding of \$1,200,000

**Victorian Government, through the Department of Environment, Land, Water and Planning**

Coldstream Recycled-water Pipeline (CROPS) Feasibility Study - Funding of \$300,000

South East Melbourne Regional Water Plan Feasibility Study - Funding of \$91,500

Moonambel Water Supply Feasibility Study - Funding of \$180,000

Mitiamo Reticulated Water Supply Feasibility Study - Funding of \$750,000

Southern Victorian Irrigation Development Pre-feasibility Study - Funding of \$677,160

Dilwyn Aquifer Infrastructure Feasibility Study - Funding of \$100,000

Lindenow Valley Water Security Feasibility Study - Funding of \$554,400

MID2030 Phase 2 Development Feasibility Study - Funding of \$675,000

Agriculture and Job Growth to the West of Melbourne Feasibility Study - Funding of \$540,000

**Western Australian Government, through the Department of Water**

Ord Stage 3 Feasibility Study – raising the Lake Argyle Spillway - Funding of \$2,500,000

Western Trade Coast Managed Aquifer Feasibility Study - Funding of \$693,000

Myalup-Wellington Infrastructure and Water Use Improvement Project Feasibility Study - Funding of \$1,000,000

Oakover Valley Irrigation Pre-feasibility Study - Funding of \$268,994

Pilbara Irrigated Agriculture Feasibility Study - Funding of \$960,000

Ord River Siphon Feasibility Study - Funding of \$162,000

Peel Business Park Managed Aquifer Recharge Feasibility Study - Funding of \$702,000

**The CSIRO**

Northern Australian Water Resource Assessments Project - Funding of \$15,000,000

Source: <http://www.agriculture.gov.au/water/national/national-water-infrastructure-development-fund/nwidf-feasibility-study>

**Rural and Regional Affairs and Transport Legislation Committee**

ANSWERS TO QUESTIONS ON NOTICE

Budget Estimates May 2017

**Department of Agriculture and Water Resources**

**Question Number:** 192

**Division/Agency:** Water Division

**Topic:** Schedule of Contracts – Queensland

**Proof Hansard Page:** 27 – 28 (26.05.2017)

**Senator IAN MACDONALD asked:**

**Senator IAN MACDONALD:** You have more staff than I have, so on notice, and I will confine it to Queensland—other senators can ask similar for their states—could you give me as much detail as possible on when the contract was signed, who is doing it, when it is anticipated to be completed and if there are any arrangements for announcements on completion? Often there is a requirement that these be announced jointly by state and federal governments. I would like to confirm that that is the case.

**Mr McLoughlin:** Certainly. For the first part of your request, certainly we can provide that. For the last point, yes, there is a requirement that any publicity, any media event, has to be notified to us and be jointly agreed.

**Answer:**

A consolidated list of feasibility studies in Queensland funded through the National Water Infrastructure Development Fund is provided at Attachment A.

**Attachment A**

<b>Project</b>	<b>Value (\$millions)</b>	<b>Queensland Schedule Signed Date</b>	<b>Commonwealth Schedule Executed Date</b>	<b>Delivered by</b>	<b>DEWS Contracted Delivery Agent</b>	<b>Completion Date</b>
Nullinga Dam Feasibility Study	5.000	Schedule signed by Mark Bailey MP, Minister for Energy, Biofuels and Water Supply, 12 May 2016.	Schedule executed by Minster for Agriculture and Water Resources 28 July 2016.	Department of Energy and Water Supply (DEWS)	Building Queensland	30-Apr-18
Bundaberg Channel Capacity Upgrade Feasibility Study	0.750	Varied schedule signed by Mark Bailey MP, Minister for Energy, Biofuels and Water Supply, 9 Dec 2016.	Revised Schedule executed by Minster for Agriculture and Water Resources 17 Jan 2017.	DEWS	SunWater	30-Apr-18
Gayndah Regional Irrigation Development (GRID) Project Feasibility Study	1.231			DEWS	Isis Central Sugar Mill	30-Apr-18
Lockyer Valley Aquifer Recharge Feasibility Study	0.120			DEWS	Lockyer Valley Regional Council	30-Apr-18
Burdekin Falls Dam Raising Feasibility Study	0.400			DEWS	SunWater	30-Apr-18
Burdekin Haughton Channel Capacity Upgrade Feasibility Study	1.915			DEWS	SunWater	30-Apr-18
Lower Fitzroy River Infrastructure Project Business Case	2.000			DEWS	SunWater and the Gladstone Area Water Board,	30-Apr-18
Clermont: Water Security Feasibility Study	0.225			DEWS	Isaac Regional Council	30-Apr-18

<b>Project</b>	<b>Value (\$millions)</b>	<b>Queensland Schedule Signed Date</b>	<b>Commonwealth Schedule Executed Date</b>	<b>Delivered by</b>	<b>DEWS Contracted Delivery Agent</b>	<b>Completion Date</b>
Hells Gate Dam Feasibility Study	2.200	Varied schedule signed by Mark Bailey MP, Minister for Energy, Biofuels and Water Supply, 17 Feb 2017.	Revised Schedule executed by Minister for Agriculture and Water Resources 21 Feb 2017.	DEWS	Townsville Enterprise Ltd	30-Apr-18
Southern Atherton Tablelands Irrigation Development Feasibility Study	0.750			DEWS	Tablelands Regional Council	30-Apr-18
North West Queensland Strategic Water Storage Feasibility Study	1.765			DEWS	Mount Isa to Townsville Economic Zone Inc	30-Apr-19
Urannah Dam Feasibility Study	3.000			DEWS	Initiative Capital, Bowen Collinsville Enterprise, UPA	30-Apr-19
Utilising South-East Queensland Treated Effluent for Agricultural Production Feasibility Study	0.650			DEWS	Queensland Farmers Federation	30-Apr-19
Emu Swamp Dam Feasibility Study	3.970			DEWS	Southern Downs Regional Council	30-Apr-19
Lakeland Irrigation Area Feasibility Study	0.825			DEWS	Cape York Sustainable Futures Inc	30-Apr-19
<b>Total</b>	<b>24.801</b>					



**Rural and Regional Affairs and Transport Legislation Committee**

ANSWERS TO QUESTIONS ON NOTICE

Budget Estimates May 2017

**Department of Agriculture and Water Resources**

**Question Number:** 193

**Division/Agency:** Water Division

**Topic:** Any parts of the plan the minister does not agree with

**Proof Hansard Page:** 52 (26.05.2017)

**Senator GALLACHER asked:**

**Senator GALLACHER:** Are there any parts of the plan that the minister does not agree with at this stage?

**Senator Ruston:** Parts of the plan that I do not agree with?

**Senator GALLACHER:** That the minister does not agree with. It could be—

**Senator Ruston:** I would have to take that on notice.

**Senator GALLACHER:** This minister or the other minister!

**Senator Ruston:** Sorry—yes. I will have to take that on notice. But I am assuming not.

**Answer:**

The Basin Plan is Commonwealth legislation, which the Minister is committed to adhering to.

**Rural and Regional Affairs and Transport Legislation Committee**

ANSWERS TO QUESTIONS ON NOTICE

Budget Estimates May 2017

**Department of Agriculture and Water Resources**

**Question Number:** 194

**Division/Agency:** Water Division

**Topic:** Timing of the plan

**Proof Hansard Page:** 52 (26.05.2017)

**Senator XENOPHON asked:**

**Senator XENOPHON:** Chair, can I be supplementary to your question that was put on notice to the Deputy Prime Minister? Could the question also be, supplementary to that: are there any parts of the plan that the Deputy Prime Minister holds any concerns, reservations or disagreements about in respect of the timing of the plan? It is not just a question of the plan itself, which you quite rightly asked about, but issues of timing and whether there is a different view about the timing of implementation from that which has been set out in the plan.

**Senator Ruston:** Sure, Senator, I am happy to get that for you.

**Answer:**

The Deputy Prime Minister's views on timing of various aspects of the Basin Plan and its implementation are consistent with the timeframes set out in the Report by the Murray-Darling Basin Ministerial Council to the Council of Australian Governments on Implementing the Basin Plan. This report is available at <https://www.mdba.gov.au/sites/default/files/mr/Report-by-Minco-implementing-the-Basin-Plan.pdf>.

**Rural and Regional Affairs and Transport Legislation Committee**

ANSWERS TO QUESTIONS ON NOTICE

Budget Estimates May 2017

**Department of Agriculture and Water Resources**

**Question Number:** 195

**Division/Agency:** Water Division

**Topic:** SDL adjustment mechanism

**Proof Hansard Page:** 55 (26.05.2017)

**Senator XENOPHON asked:**

**Senator XENOPHON:** Given that the Australian government will be holding much less water as a result of the offsets delivered under the SDL adjustment mechanism—I know you cannot tell me how much that will be because of the various processes; you well explained that—can you at least posit what the annual average saving to the Commonwealth from reduced water holdings if the SDL offsets range from 600 to 650 gigalitres would be? It seems to be somewhere in that range. So if we are somewhere between 600 and 650 gigalitres, what would the annual saving to the Commonwealth be if we were around that 600 to 650 gigalitre range subject to the caveats you have already set out?

**Mr Parker:** I need to seek clarification about the annual saving we are talking about here. There is a capital cost of not having to acquire the entitlements.

**Answer:**

It is not possible to accurately quantify any savings from annual operational costs until such time as the actual level of the Commonwealth's environmental water holdings are defined in 2024 when the Sustainable Diversion Limits Adjustment Mechanism is reconciled.

**Rural and Regional Affairs and Transport Legislation Committee**

ANSWERS TO QUESTIONS ON NOTICE

Budget Estimates May 2017

**Department of Agriculture and Water Resources**

**Question Number:** 196

**Division/Agency:** Water Division

**Topic:** Intergovernmental Agreement

**Proof Hansard Page:** 56 (26.05.2017)

**Senator XENOPHON asked:**

**Senator XENOPHON:** Yes. I go to 4.7 of the intergovernmental agreement. It says:

The Commonwealth will consult closely with Basin States on the design of efficiency measure programs (including targeted volumes of water recovery and their regional distribution), and on arrangements for their subsequent delivery and implementation ... and the achievement of socio-economically neutral or beneficial outcomes.

If one of the states says, 'You know what, we don't want to play ball on this,' even though you have talked about some of the mechanisms in place, and they say, 'We're going to take our time. We're not going to pursue this further,' what happens if there is a gridlock with respect to this? This agreement is predicated on all the states and Commonwealth working together cooperatively. If one state says, for whatever reason, 'We don't want to play ball,' what does that do? How is any deadlock in 4.7 dealt with?

**Mr Parker:** I think that is a hypothetical question at this point in time and it would be better not to—

**Senator XENOPHON:** You do not want to think about it, do you, at this stage?

**Senator Ruston:** The other thing that is probably worth considering is the fact that it took 100 years for everybody to agree to go forward on this, all jurisdictions. Everyone has a fair bit invested in trying to come up with—

**Senator XENOPHON:** Yes. And, in fairness to Mr Parker, I hope that is never considered, but I just want to know if there is a deadlock-breaking mechanism. That is all.

**Question Number:** 196 (continued)

**Answer:**

In March 2017, the Murray Darling Basin Ministerial Council provided a plan to the Council of Australian Governments (COAG) titled "Implementing the Basin Plan" through which all Basin governments have reaffirmed their ongoing support for the implementation of the Basin Plan in full. The plan provides for an independent expert analysis on how to best design, target and resource Efficiency Measures projects to deliver 450 GL by 30 June 2024, consistent with the Basin Plan's legal requirements to achieve neutral or improved socio-economic outcomes. The Terms of Reference for the analysis was released on 26 May 2017. This independent analysis is now underway, and will report in December 2017.

**Rural and Regional Affairs and Transport Legislation Committee**

ANSWERS TO QUESTIONS ON NOTICE

Budget Estimates May 2017

**Department of Agriculture and Water Resources**

**Question Number:** 197

**Division/Agency:** Water Division

**Topic:** SDL adjustment mechanism

**Proof Hansard Page:** 56 (26.05.2017)

**Senator XENOPHON asked:**

**Senator XENOPHON:** But from a policy point of view—and I am happy for this to be taken on notice; this is not a trick question—if there are going to be savings, has a policy decision been made? What has been considered in the context of the Commonwealth underwriting the ongoing annual costs of the offset projects or will the costs be borne by irrigators? I think that is a fear amongst irrigation communities. I am not suggesting that is what the government is doing. I am just trying to understand where that would be. Mr Glyde, I think that is one of the issues. I do not know if you were nodding as to the question or whether it was just a general nod.

**Mr Glyde:** I was nodding that it is a very complicated issue, as Mr Parker has said.

**Answer:**

It is incorrect to presume that the operation of the SDL adjustment mechanism will result in any budgetary savings for the Australian Government.

Options for funding the ongoing annual costs of sustainable diversion limit adjustment projects are under discussion as Basin governments work to settle implementation arrangements.

**Rural and Regional Affairs and Transport Legislation Committee**

ANSWERS TO QUESTIONS ON NOTICE

Budget Estimates May 2017

**Department of Agriculture and Water Resources**

**Question Number:** 198

**Division/Agency:** Water Division

**Topic:** Disallowable instrument

**Proof Hansard Page:** 68 (26.05.2017)

**Senator XENOPHON asked:**

**Senator XENOPHON:** I have a copy of the exposure draft here. The foreign ownership register and the rules surrounding it should be up and running by 1 July. Minister, I may have blinked and missed it but I do not think that legislation has been introduced yet—has it?

**Ms Colreavy:** The legislation for the register was passed in December?

**Senator XENOPHON:** No, for these rules. Are you saying that there must be a separate act?

**Ms Colreavy:** Yes. They have not come in yet.

**Senator XENOPHON:** Are we talking about support legislation?

**Ms Colreavy:** It is a regulation.

**Mr Parker:** It is a regulation.

**Senator XENOPHON:** I see.

**Senator Ruston:** I am sorry, I have been sitting here trying to work out where it is.

**Senator XENOPHON:** We are in the same boat.

**Ms Colreavy:** I did not understand the confusion, I am sorry.

**Senator XENOPHON:** They are regulations, in effect; so they are a disallowable instrument.

**Ms Colreavy:** Yes, I think they are.

**Senator XENOPHON:** They normally would be.

**Ms Colreavy:** They normally would be, yes.

**Senator XENOPHON:** Minister, could you take it on notice?

**Senator Ruston:** Yes, as much for my own sake as yours.

**Question Number:** 198 (continued)

**Answer:**

The Treasury is responsible for the legislation to support the Register of Foreign Ownership of Water Entitlements. The Department of Agriculture and Water Resources has been providing and will continue to provide water policy assistance.

Amendments to give effect to the Register of Foreign Ownership of Water Entitlements passed Parliament on 1 December 2016. Section 35 of the *Register of Foreign Ownership of Water or Agricultural Land Act 2015* provides that the Treasurer may, by legislative instrument, make Rules to support the Act.

Between 25 January 2017 and 3 March 2017, the Government consulted on draft rules which would specify a kind of right that is not a registrable water entitlement and exempt certain persons from the requirement to give notice.

The Rules were made on 30 June 2017 in time for the register to commence on 1 July 2017. As the rules are a legislative instrument they are subject to a disallowance period of 15 sitting days.



**Rural and Regional Affairs and Transport Legislation Committee**

ANSWERS TO QUESTIONS ON NOTICE

Budget Estimates May 2017

**Department of Agriculture and Water Resources**

**Question Number:** 199

**Division/Agency:** Water Division

**Topic:** Projects

**Proof Hansard Page:** Written

**Senator STERLE asked:**

1. What kinds of projects get put forward?
2. What information is collected and maintained by Department / authority?
3. What criteria do projects have to meet?
4. Are the criteria set by the department/authority?
5. How are projects monitored?
6. How does the funding side work?
  - a. Is funding given to the farmer?
  - b. In stages?
  - c. Is there a multiplier? (what does the work cost? What is the water saving worth? Etc)
7. How much water gets saved by individual projects? What percentage for example?
8. Who gets the water? Or the savings?
9. Who benefits?
10. Are these programs popular?
  - a. If so, with who?
  - b. Does the department / authority keep records of the uptake of projects?
  - c. What sort of uptake is there?
11. How is a project deemed successful? What's the process the department / authority goes through to 'finish' a successful contract?
12. Does the department measure the socio-economic impact of projects?
  - a. if so, how?

**Question Number:** 199 (continued)

13. Would any of the projects that contribute to the 2750GL qualify (and/or be eligible) for the 450GL criteria as set out in the Basin Plan (section 7.17)?

the department mentioned in senate estimates that it is looking in to ways / the legality for additional savings from existing infrastructure projects counting towards the 450GL. does that mean they qualify?

14. What is the status of the legal advice? or any advice on this issue?
15. How many infrastructure programs have been run in the last year or so?
16. How many programs have been run in the term of this government?
17. Have stakeholders or individuals asked the department / authority to fund more on-farm projects?
- How much interest?
  - Have people mentioned it at meetings?
  - Have people provided proposals?
18. How much water has been recovered in the last year? Over the term of government?

**Answers:**

1. The largest programme is the \$10 billion Sustainable Rural Water Use and Infrastructure Program (SRWUIP), where the majority of funding is available to fund projects in the Murray-Darling Basin for improving the operation of off-farm delivery systems and helping irrigators improve on-farm water use efficiency.

SRWUIP projects include:

- planning, investigations and project design
- works on off-farm irrigation systems
- works on farms to improve water use efficiency
- works to improve ecological health and restore natural flows
- water saving municipal projects
- water purchase through the Commonwealth purchasing program
- environmental works and changes to river operations that enable the same environmental outcomes to be achieved with less water.

**Question Number: 199 (continued)**

2. The department collects and maintains information related to programmes it administers. Depending on the actual programme, the information may include types and location of works and water savings, funding agreements and associated documentation. This information includes evidence to confirm achievement of outcomes/outputs as required under the relevant funding agreement.

Many projects are funded through contractual arrangements with state governments and private delivery partners. Through these arrangements detailed individual project information including proponent information is kept by the respective contracting entity.

3. Each project is assessed against minimum criteria and requirements. This criteria is made publically available, for example, through guidelines for each funding round of a programme, or, through Water Management Partnership Agreements for state priority projects.

The Commonwealth Grant Rules and Guidelines, Procurement Rules, and the Federal Financial Reporting Framework apply to these agreements.

Common criteria include value for money, socio economic impacts, environmental impacts and technical feasibility.

Sustainable Rural Water Use and Infrastructure Program funding guidelines are available for individual programmes at: <http://www.agriculture.gov.au/water/mdb/programmes>

A list of all approved grants and their details is available at:  
<http://www.agriculture.gov.au/about/reporting/obligations/grants-reporting-requirements>

4. Criteria are set by the department through grant and funding guidelines in Commonwealth-led projects. Grant guidelines for these projects are set in conjunction with the Commonwealth Grant Rules and Guidelines. Due diligence criteria for State Priority Projects were agreed by both States and the Commonwealth, including through the relevant intergovernmental agreements, such as the 2013 intergovernmental Agreement on Implementing Water Reform in the Murray Darling Basin and other relevant project agreements.
5. Projects are monitored for performance, quality and value for money against funding agreements or National Partnership Agreements (through the provision of progress and other required reports). All projects have monitoring, evaluation and review frameworks in place and there is an overarching Monitoring, Evaluation, Reporting and Improvement (MERI) framework for the Sustainable Rural Water Use and Infrastructure Program.

Water programmes are subject to a high level of internal and external scrutiny through external audits conducted by the Australian National Audit Office (ANAO), internal audits, parliamentary and other enquiries and reviews.

The ANAO has conducted four performance audits on programmes funded through the Sustainable Rural Water Use and Infrastructure Program (SRWUIP) as well as performance audits on the Adelaide Desalination Plant and the Water Smart Australia Program.

**Question Number:** 199 (continued)

6. Funding for current programmes is not provided directly to the farmer. Funding is provided through a range of delivery models including through States. Commonwealth run programmes are delivered through a wide range of delivery partners including irrigation infrastructure operators, irrigation industry associations, industry groups, catchment management authorities and local governments.

In all cases funds are provided according to agreed milestones across the life of the project. These milestones can vary project to project.

The 'market multiple' reflects the relative cost of water provided to the Australian Government from infrastructure projects compared with the prevailing market price for the same entitlement at the time of the project approval. On-farm irrigation upgrades generally yield water savings at a market multiple of between 1.75 and 2.5.

7. Water savings vary project to project depending on the scale of farming operation, type of upgrade and status of existing infrastructure. At least fifty percent of the water savings are provided to the Commonwealth as part of the project. The percentage retained by individual irrigators will vary based on the business decisions made by each individual irrigator. Under current programmes, irrigators are on average retaining approximately thirty percent of the water savings, providing them with an increase in the productive water available to manage their business operations.
8. Water savings generated by infrastructure upgrades are shared between the proponent and the Commonwealth for environmental use. Each water saving project sets minimum requirements for sharing of water savings. Water recovered by the Commonwealth is held by the Commonwealth Environmental Water Holder.
9. Many people benefit from infrastructure upgrades and the resulting upgrades. These include:
  - individual farmers, through increased on-farm productivity, flexibility in terms of work life balance and increased work health and safety on-farm
  - local communities through regional investment and generation of local employment during the construction phase
  - the environment, through improved environmental outcomes due to the increased availability of water in rivers and wetlands
10. Programmes that increase water efficiency both through on and off-farm irrigation projects are popular. The benefits of off-farm infrastructure upgrades have been achieved by more than 10,000 individual irrigators and there are around 2,300 projects across the Basin that are helping farmers modernise and improve their water use efficiency.

For example under the On-Farm Irrigation Efficiency Program, 1,540 irrigators are benefitting from funding to upgrade on farm infrastructure. Under the Queensland-led Healthy Headwaters Water Use Efficiency Project a total of 84 on-farm projects have been approved, completed or contracted to date.

Also refer to the answer to Question 2.

**Question Number:** 199 (continued)

11. A project is successful if the project activity is completed as described in the application and contract, water savings are achieved and environmental and ancillary benefits are realised. Under the terms of each contract, the organisation or proponent is required to report on the outcomes of the completed project, including the extent to which the project objectives were achieved. Delivery partners are also required to provide audited financial statements on a regular basis to ensure compliance with contracts.
12. Generally applications include an analysis of the potential socio-economic impact of the project as part of the assessment process. As part of the monitoring and evaluation of programmes the department undertakes reviews of programmes and their outcomes which includes not only the benefits to the proponent, in terms of water efficiency gains, but also other benefits including improved business opportunities, lifestyle changes and flow on impacts to the community. In 2017 the MDBA will produce its first detailed report on the socio-economic impacts of the Basin Plan.
13. The notifications on Efficiency Measures provided to the Murray Darling Basin Authority by the Basin Officials Committee lists works where the water savings from those works would contribute to the 450GL of additional environmental water. They are publicly available on the Murray Darling Basin Authority website within the SDL adjustment proposals (pages 11 -12) <https://www.mdba.gov.au/sites/default/files/pubs/160428-BOC-amendments-Package-of-supply-constraints-for-web-v2.pdf>

Many of the types of works described in the notifications are works that would also have qualified for funding under the Sustainable Rural Water Use and Infrastructure Program.

14. The Department is in the process of considering all available options for delivering efficiency measures. This process will also be informed by the independent analysis of efficiency measures, which will report to the Murray-Darling Basin Ministerial Council in December, 2017. The analysis will consider how best to design, target and resource efficiency measure programs to recover 450 GL by 30 June 2024, consistent with the Basin Plan legal requirement to achieve neutral or beneficial socio-economic outcomes.
15. The following projects have been delivered or are still in train:
  - National Water Infrastructure Development Fund
  - Sustainable Rural Water Use and Infrastructure Program including:
    - a. SPP - NSW Metering Scheme project (2009-10 to 2015-16)
    - b. SPP - NSW Basin Pipes project (2011-12 to 2017-18)
    - c. SPP - NSW Healthy Floodplains project (2011-12 to 2018-19)
    - d. SPP - NSW Nimmie-Caira project (2012-13 to 2018-19)
    - e. SPP - NSW Irrigated Farm Modernisation (2009-10 to 2018-19)
    - f. SPP- NSW Private Irrigation Infrastructure Operators program (2009-10 to 2018-19)
    - g. SPP - ACT Healthy waterways project (2013-14 to 2018-19)

**Question Number: 199 (continued)**

- h. SPP - Qld HH Water Use Efficiency project (2010-11 to 2018-19)
  - i. SPP - SA Riverine Recovery project (2010-11 to 2018-19)
  - j. SPP - SA Coorong, Lower Lakes and Murray Mouth project (2008-09 to 2018-19)
  - k. SPP - SA Flows for the Future project (2016-17 to 2018-19)
  - l. SPP – SA Private Irrigation Infrastructure Program (2009-10 to 2016-17)
  - m. SPP - GMW Connections project (2011-12 to 2020-21)
  - n. NVIRP2 on farm project (2011-12 to 2014-15)
  - o. SPP - Sunraysia Modernisation project (2013-14 to 2017-18)
  - p. Vic Farm Modernisation project (2013-14 to 2018-19)
  - q. Supporting more efficiency irrigation in Tasmania (2009-10 to 2015-16)
  - r. Tasmania irrigation tranche II and III (feasibility study) (2015-16 to 2018-19)
  - s. Toorale water infrastructure project (2016-17 to 2018-19)
  - t. South Australian River Murray Sustainability Program.
- The following programmes had open grant rounds over the last year:
    - a. Irrigated Farm Modernisation Round 9
    - b. Victorian Farm Modernisation
    - c. Commonwealth On farm Further Irrigation Efficiency (COFFIE) program pilot
    - d. On-Farm Irrigation Efficiency Program Round 5
    - e. Healthy Headwaters Water Use Efficiency Round, 9, 10, 11 and 12
    - f. Private Irrigation Infrastructure Operators Program in NSW Round 3

16. Refer to answer to question 15

17. The department receives regular requests to fund on-farm projects.

- b. On-farm projects are regularly mentioned in meetings with stakeholders.
- c. Unsolicited proposals are received from time to time.

**Question Number:** 199 (continued)

18. 90.7 GL LTAAY of surface water has been recovered since 30 April 2016. This includes 82.2 GL from infrastructure and 8.5 GL from purchase. In addition to this, 2.7 GL LTAAY of groundwater has been recovered since 30 April 2016.

Total surface water recovery over the term of this government has been 235.0 GL LTAAY, this includes 200.7 GL from infrastructure and 34.3 GL from purchase. 2.7 GL from groundwater has also been recovered within this term of government.

Water recovery figures are updated monthly on to the department's website  
<http://www.agriculture.gov.au/water/mdb/progress-recovery/progress-of-water-recovery>

**Rural and Regional Affairs and Transport Legislation Committee**

ANSWERS TO QUESTIONS ON NOTICE

Budget Estimates May 2017

**Department of Agriculture and Water Resources**

**Question Number:** 200

**Division/Agency:** Water Division

**Topic:** Water policy

**Proof Hansard Page:** Written

**Senator ROBERTS asked:**

Given the continuing ineffectiveness, inefficiency & inequity of government environmental regulation, is it time to subject such regulation to proper & independent CBA ... especially genuinely analysing greater freedom over control?

**Answer:**

The Department of Agriculture and Water Resources does not administer environmental regulations relating to water. Water regulation under the *Water Act 2007* and its Regulations (2008) are the responsibility of the Murray Darling Basin Authority and the Department of the Environment and Energy, specifically the Commonwealth Environmental Water Office.

Regulatory impact analyses and statements (RIS) provide the mechanism for transparent disclosure and public scrutiny of government regulation that is likely to have a measurable impact on businesses, community organisations and/or individuals. The requirements for a RIS are strictly governed and enforced by the Department of Prime Minister and Cabinet and specifically The Office of Best Practice Regulation (OBPR).



**Rural and Regional Affairs and Transport Legislation Committee**

ANSWERS TO QUESTIONS ON NOTICE

Budget Estimates May 2017

**Department of Agriculture and Water Resources**

**Question Number:** 201

**Division/Agency:** Water Division

**Topic:** Phase 1 Assessment Guidelines for Constraint and Supply Proposals

**Proof Hansard Page:** Written

**Senator MCKENZIE asked:**

The overarching evaluation criteria (Point 4) of the Phase1 Assessment Guidelines for Constraint and Supply Proposals states:

“The risks and impacts associated with the proposed measure are manageable and acceptable.”

These risks and impacts are NOT acceptable to landowners, so to whom is it assumed they are manageable and acceptable?

**Answer:**

State governments are responsible for the identification and mitigation of risks and third party impacts associated with constraint and supply measure proposals. The Phase 1 Assessment Guidelines require preliminary consideration of risks associated with proposed measures, while the Phase 2 Assessment Guidelines require a more comprehensive analysis of potential risks and adverse impacts. In addition, states have committed to ongoing consultation with relevant stakeholders through the assessment and implementation phases of supply and constraint projects as part of the *Intergovernmental Agreement on Implementing Water Reform in the Murray Darling Basin*.

**Rural and Regional Affairs and Transport Legislation Committee**

ANSWERS TO QUESTIONS ON NOTICE

Budget Estimates May 2017

**Department of Agriculture and Water Resources**

**Question Number:** 202

**Division/Agency:** Water Division

**Topic:** Risks to reliability of entitlements

**Proof Hansard Page:** Written

**Senator MCKENZIE asked:**

The MDBA has stated that an important principle of the Constraints Strategy is that it will not create any new risks to reliability of entitlements.

Please explain how the removal of another 450GL of High Reliability Water Shares under the Constraints Strategy will not cause the Goulburn Murray Irrigation District (GMID) system to collapse, considering the majority of the 450GL upwater will be taken from the GMID through an on-farm efficiency program.

And how can such a huge reduction in volume -down to 700GL- not affect efficient delivery and therefore put irrigator's entitlements at risk?

**INFORMATION NOTES FOR QUESTION 6**

Since 1995 the GMID has lost 40% or 640,000ML of High Reliability Water Shares. The removal of another 450GL upwater under the Constraints Strategy, most of which will come from the Goulburn Murray Irrigation District, will see the GMID losing so much High Reliability Water Shares that water delivery will be inefficient and unviable.

By 2020 Goulburn Murray Water (GMW), which manages 70% of Victoria's water resources, is Australia's largest rural water business with approximately 38,000 customers

(as at Feb 2016), will be unviable with no economic future due to the fact that there will be such a reduced volume of water in the system that it will be inefficient to deliver entitlements.

GMID will have only 700GL HWRS remaining by end of Connections program, reduced from 1600GL in 1996 (Statement made by then Chairwoman of GMW Sarah Scales in June 2016)

Irrigators will have a significantly more expensive system to maintain and a reduced reliability of water supply

GMW themselves have warned the Victorian Govt that all Victoria's irrigation districts are in decline.

**Question Number:** 202 (continued)

**Answer:**

At its 17 March 2017 meeting, the Murray-Darling Basin Ministerial Council agreed to terms of reference for an independent analysis of efficiency measures. The study will report in December 2017 and will advise on how best to design, target and resource efficiency measure programs to recover 450 GL by 30 June 2024, consistent with the Basin Plan legal requirement to achieve neutral or improved socio-economic outcomes.

There is no reason to assume the majority of the 450 GL would come from the Goulburn Murray Irrigation District. Participation in any efficiency measures program would be voluntary.

**Rural and Regional Affairs and Transport Legislation Committee**

ANSWERS TO QUESTIONS ON NOTICE

Budget Estimates May 2017

**Department of Agriculture and Water Resources**

**Question Number:** 203

**Division/Agency:** Water Division

**Topic:** DPM letter to Minister Hunter

**Proof Hansard Page:** Written

**Senator STERLE asked:**

*DPM Joyce wrote to Minister Hunter late in 2016 regarding the 450GL and (paraphrasing) stated it is not possible to achieve the 450GL and sought to discuss other ways of satisfying South Australia.*

1. Has the department / authority provided advice on what would be eligible for the 450GL of additional water (the up water)?
2. Has the department / authority provided any advice on whether these projects are feasible?
3. Has the department / authority mapped or identified areas where the projects to deliver on the 450GL commitment could come from?
4. What work has the department / authority done on the idea that the 450GL could not be delivered?
5. Has the Department / authority formed the view that the 450GL could not be delivered?
6. Was the department / authority asked to provide a draft letter for Minister Hunter on the 450GL?

**If yes:**

7. a. Was the draft used?
- b. Does the department / authority stand by the content of that letter?

**If no:**

- c. When did the department / authority first learn about the letter sent to Minister Hunter?
- d. Does the department / authority agree with the contents of the letter?
- e. Are there any parts the department / authority does not agree with?
- f. Did the department / authority provide advice on the contents of the letter?

**Question Number:** 203 (continued)

**Answer:**

1. The Basin Officials Committee, having consulted the Murray Darling Basin Ministerial Council, has notified the Murray Darling Basin Authority of two measures, listed in the notifications, which would be eligible as Efficiency Measures, and where the water savings from those works in the measures would contribute to the 450GL of additional environmental water. They are publicly available on the Murray Darling Basin Authority website within the SDL adjustment proposals (pages 11-12) <https://www.mdba.gov.au/sites/default/files/pubs/160428-BOC-amendments-Package-of-supply-constraints-for-web-v2.pdf>
2. & 3. In March 2017, the Murray Darling Basin Ministerial Council requested the undertaking of an Independent Analysis of Efficiency Measures including providing advice on how to design, target and resource efficiency measures to recover 450GL of water by 2024 with neutral or improved socio-economic outcomes. Ernst & Young (EY) is the successful Tenderer to undertake the Independent Analysis of Efficiency Measures. The Terms of Reference for this review can be retrieved from <http://www.agriculture.gov.au/water/mdb/programmes>.
4. An independent stocktake of progress in sustainable diversion limit adjustment measures was undertaken at the request of the Murray Darling Basin Ministerial Council at the May 2015 meeting. The stocktake did a progress check on efficiency measures and identified opportunities and difficulties to achieving the 450GL. This is publically available and can be retrieved from <https://www.mdba.gov.au/publications/mdba-reports/independent-stocktake-sdl-adjustment-measures>. A further assessment is being undertaken as part of the Independent Analysis of Efficiency Measures requested by Murray Darling Basin Ministerial Council in March 2017.
5. No.
6. Yes, the Department provided a draft. The Authority was not requested to provide input into the draft.
7. a. and b. The department provided advice to the Minister on this matter which contributed to the deliberations of government.  
c. – f. Not applicable.

**Rural and Regional Affairs and Transport Legislation Committee**

ANSWERS TO QUESTIONS ON NOTICE

Budget Estimates May 2017

**Department of Agriculture and Water Resources**

**Question Number:** 204

**Division/Agency:** Water Division

**Topic:** Downstream benefits of the 450 GLs

**Proof Hansard Page:** Written

**Senator STERLE asked:**

Why isn't the study examining the downstream benefits of the 450 GLs?

Minister Joyce in his media release says he is committed to "the triple bottom line outcomes of the Basin Plan: water recovery must be done in a way that supports strong Basin communities and productive industries".

- As 'the expression 'triple bottom line' is defined as "an accounting framework with three parts: social, environmental and financial" and as the Minister's reference to triple bottom line does not mention the environment element, why was the phrase triple bottom line used? why are environment aspects not included in the study ToR's?

The ToR's were agreed by Basin Ministers [on 17 March](#) - why has it taken 10 weeks to release the ToR's (on 26 May)?

when will the Independent study report? To which body will the Study report to?

**Answer:**

The downstream benefits of the 450 gigalitres (GL) were identified by the Murray-Darling Basin Authority in the setting of the Basin Plan in 2012. They are reflected in Schedule 5 of the Basin Plan and section 86AA of the *Water Act 2007*.

The Independent Analysis of Efficiency Measures as agreed by the Murray Darling Basin Ministerial Council in March 2017 will provide advice on how to recover 450 GL of water by 2024 within the legal framework of the Basin Plan and Water for the Environment Special Account.

In the period since the terms of reference were agreed, arrangements have been made to appoint an independent consultant. The Independent Analysis is due to report to the Murray Darling Basin Ministerial Council in December 2017.