



COMMONWEALTH OF AUSTRALIA

Official Committee Hansard

SENATE

STANDING COMMITTEE ON ENVIRONMENT,
COMMUNICATIONS AND THE ARTS

ESTIMATES

(Supplementary Budget Estimates)

TUESDAY, 21 OCTOBER 2008

CANBERRA

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**SENATE STANDING COMMITTEE ON
ENVIRONMENT, COMMUNICATIONS AND THE ARTS**

Tuesday, 21 October 2008

Members: Senator McEwen (*Chair*), Senator Birmingham (*Deputy Chair*), and Senators Boswell, Ludlam, Lundy, Parry, Pratt and Wortley

Participating members: Senators Abetz, Adams, Arbib, Barnett, Bernardi, Bilyk, Mark Bishop, Boyce, Brandis, Bob Brown, Carol Brown, Bushby, Cameron, Cash, Colbeck, Jacinta Collins, Coonan, Cormann, Crossin, Eggleston, Ellison, Farrell, Feeney, Fielding, Fieravanti-Wells, Fifield, Fisher, Forshaw, Furner, Hanson-Young, Heffernan, Humphries, Hurley, Hutchins, Johnston, Joyce, Kroger, Macdonald, Marshall, Mason, McGauran, McLucas, Milne, Minchin, Moore, Nash, O'Brien, Payne, Polley, Ronaldson, Ryan, Scullion, Siewert, Stephens, Sterle, Troeth, Trood and Xenophon

Senators in attendance: Senators Bernardi, Birmingham, Boswell, Colbeck, Eggleston, Fielding, Fisher, Hanson-Young, Heffernan, Johnston, Joyce, Ludlam, Lundy, Macdonald, McEwen, Milne, Nash, Parry, Pratt, Siewert, Williams and Xenophon

Committee met at 9.02 am

ENVIRONMENT, WATER, HERITAGE AND THE ARTS PORTFOLIO

In Attendance

Senator, the Hon. Penny Wong, Minister for Climate Change and Water

Executive

Mr David Borthwick PSM, Secretary
Mr Gerard Early, Deputy Secretary
Mr Mike Callaghan, Deputy Secretary
Dr James Horne, Deputy Secretary
Mr Mark Tucker, Deputy Secretary

Approvals and Wildlife Division

Mr Peter Burnett, First Assistant Secretary
Ms Michelle Wicks, Acting Assistant Secretary, Environment Assessment Branch
Ms Cathy Skippington, Assistant Secretary, Environment Assessment Branch
Mr Mark Flanigan, Assistant Secretary, Strategic Approvals and Legislation Branch
Ms Rose Webb, Assistant Secretary, Compliance and Enforcement Branch
Ms Kerry Smith, Assistant Secretary, Wildlife Branch

Arts Division

Ms Lynn Bean, First Assistant Secretary
Mr Mark Taylor, Assistant Secretary, Arts Development and Training Branch
Mr Paul McInnes, Assistant Secretary, Arts Policy and Access Branch

Australian Antarctic Division

Dr Tony Press, Director
Mr Mathew Sutton, Finance Manager

Australia Council

Ms Kathy Keele, Chief Executive Officer
Ms Robin Cowdery, Executive Director, Corporate Resources

Australian Government Land and Coast

Ms Alex Rankin, First Assistant Secretary
Mr Hilton Taylor, Assistant Secretary
Ms Mary Colreavy, Acting First Assistant Secretary
Mr Ian Thompson, Executive Manager
Ms Kate Gowland, Acting Assistant Secretary, Business Planning and Performance
Ms Kathleen Mackie, Assistant Secretary, Indigenous Policy
Mr Rod Shaw, General Manager, Landcare and Sustainable Agriculture
Ms Glenda Kidman, General Manager Acting, Community Partnerships and Communications
Mr David Lambert, Director, Policy and Governance

Bureau of Meteorology

Mr Neville Smith, Acting Director of Meteorology
Dr Rob Vertessy, Deputy Director

Corporate Strategies Division

Mr Malcolm Forbes, First Assistant Secretary
Mr Darren Schaeffer, Assistant Secretary, Financial Management Branch

Culture Division

Ms Sally Basser, First Assistant Secretary
Mr Kim Allen, Assistant Secretary, Collections Branch
Mr Peter Young, Assistant Secretary, Film and Creative Industries Branch
Mr Stephen Cassidy, Acting Assistant Secretary, Literature and Indigenous Culture Branch

Environment Quality Division

Dr Diana Wright, First Assistant Secretary, Environment Quality Division

Great Barrier Reef Marine Park Authority

Dr Russell Reichelt, Chair and Chief Executive
Mr Bruce Elliot, General Manager, Corporate Services;
Ms Margaret Johnson, Manager, Strategy and Policy Unit

Heritage Division

Mr James Shevlin, First Assistant Secretary
Mr Theo Hooy, Assistant Secretary, Historic Heritage Branch
Mr Terry Bailey, Assistant Secretary, Natural and Indigenous Heritage Branch
Mr Greg Terrill, Assistant Secretary, International Heritage and Policy Branch

Marine Division

Ms Donna Petrachenko, First Assistant Secretary
Ms Tania Rishniw, Assistant Secretary, Marine Conservation Branch
Mr Andrew McNee, Assistant Secretary, Marine Environment Branch
Ms Clair Howlett, Acting Assistant Secretary
Mr Charlton Clark, Acting Assistant Secretary

Murray-Darling Basin Authority

Mr Rob Freeman, Acting Chair/Chief Executive

Mr Frank Nicholas, Executive Director

Dr Tony McLeod, General Manager

National Water Commission

Mr Ken Matthews, Chair and Chief Executive Officer

Mr Gary Bullivant, Corporate Manager

Ms Kerry Olsson, General Manager, Water Reform Group

Mr Ross Martin, General Manager, Water Markets and Assessments Group

Parks Australia Division

Mr Peter Cochrane, Director of National Parks

Policy Coordination Division

Mr Malcolm Thompson, First Assistant Secretary

Mr Sean Sullivan, Assistant Secretary, Portfolio Policy and Advice Branch

Ms Sally Troy, Assistant Secretary, Environment Research and Information

Mr Richard Webb, Assistant Secretary, Communications and International

Mr Peter Webb, Director, Portfolio Policy and Advice Branch

Renewable Energy Efficiency Division

Mr Ross Carter, First Assistant Secretary

Mr Stephen Oxley, Assistant Secretary, Renewable Energy Branch

Mr Chris Baker, Acting Assistant Secretary, Energy Futures Branch

Ms Anne Pellegrino, Acting Assistant Secretary, Energy Efficiency Branch

Ms Mary Wiley-Smith, Acting Assistant Secretary, Community and Industry Partnerships Branch

Screen Australia

Ms Lyn Maddock, Interim Chief Executive Officer

Ms Fiona Cameron, Executive Director, Strategy and Operations

Mr Chris Fitchett, Executive Director

Mr Ross Pearson, Chief Commercial Officer

Supervising Scientist Division

Mr Alan Hughes, Supervising Scientist

Sydney Harbour Federation Trust

Mr Geoff Bailey, Executive Director

Water Reform Division

Mr Tony Slatyer, First Assistant Secretary

Water Efficiency Division

Ms Mary Harwood, First Assistant Secretary

Dr Rob Wooding, Assistant Secretary, Murray Branch

Richard McLoughlin, Assistant Secretary, National Irrigation Efficiency Branch

Ms Chris Schweizer, Assistant Secretary

Water Governance Division

Mr Ian Robinson, First Assistant Secretary

Mr Steve Costello, Assistant Secretary, Urban Water Security Branch

Ms Gayle Milnes, Assistant Secretary, Market Development Branch

CHAIR (Senator McEwen)—Good morning. This morning, we continue the examination of the Environment, Water, Heritage and the Arts portfolio in accordance with the agenda.

Under standing order 26, the committee must take all evidence in public session. This includes answers to questions on notice. I remind all witnesses that, in giving evidence to the committee, they are protected by parliamentary privilege. It is unlawful for anyone to threaten or disadvantage a witness on account of evidence given to a committee, and such action may be treated by the Senate as a contempt. It is also a contempt to give false or misleading evidence 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 departments and agencies which are seeking funds in the estimates are relevant questions for the purposes of estimates hearings.

I remind officers that the Senate has resolved that there are no areas in connection with the expenditure of public funds where any person has a discretion to withhold 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 or of a state shall not be asked to give opinions on matters of policy and shall be given reasonable opportunity to refer questions asked of the officer to superior officers or to a minister. This resolution 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. If a witness objects to answering a question, the witness should state the ground upon which the objection is taken and the committee will determine whether it will insist on an answer, having regard to the ground which is claimed. Any claim that it would be contrary to the public interest to answer a question must be made by the minister and should be accompanied by a statement setting out the basis for the claim.

An officer called to answer a question for the first time should state their full name and the capacity in which they appear. Witnesses should speak clearly and into the microphones to assist Hansard to record proceedings. Mobile phones should be switched off. The committee has set a deadline for the return of answers to questions placed on notice as the close of business on Thursday 4 December 2008. Senators are reminded that written questions on notice to those agencies or divisions nominated to appear at this round of supplementary estimates should be provided by close of business this Friday. I welcome Senator the Hon. Penny Wong, Minister for Climate Change and Water and representing the Minister for the Environment, Heritage and the Arts, and portfolio officers. Minister, do you wish to make an opening statement?

Senator Wong—Yes, thank you. I will just give a brief update on some of the developments that have occurred since we last appeared before this estimates committee. You may recall that, in the estimates post the budget, we outlined the \$12.9 billion which was identified by the government under Water for the Future. Since that time, we have progressed a range of matters pursuant to those policies. I will focus primarily on the Murray-Darling Basin. As you would be aware, we have now completed an intergovernmental agreement with the states on the Murray-Darling Basin, and legislation is currently being passed through the lower house and is progressing through the parliaments in the relevant jurisdictions.

Regarding the \$5.8 billion which has been committed to water infrastructure, we have committed approximately \$3.7 billion of that amount. That includes \$1.3 billion to New South Wales for new priority projects identified by the state to improve irrigation infrastructure and

river health and \$400 million to deliver on our election commitment in relation to the Menindee Lakes. We have agreed to pay \$610 million to South Australia for projects, including \$200 million for an enduring solution to the problems facing the Lower Lakes and Coorong, with an indication that \$10 million be immediately available to the South Australian government to accelerate projects for the Lower Lakes and Coorong. We have also committed \$120 million for piping works to connect towns, communities and irrigators currently relying on the Lower Lakes to a higher point in the Murray, thereby ensuring those irrigators retain access to water in this very difficult time. We have committed \$1 billion to Victoria for stage 2 of the Victorian Food Bowl Modernisation Project, subject to due diligence. We have committed \$103 million for infrastructure projects in Victoria's private irrigation districts and \$99 million to fast-track the Wimmera Mallee Pipeline. We have committed up to \$510 million to new priority projects in Queensland, including up to \$400 million for water purchasing.

In relation to the longer term management of the basin, I can report that we are progressing the establishment of the Murray-Darling Basin Authority. We have appointed a former South Australian, Mr Rob Freeman, who is present here today, as the CEO of that authority. We are currently progressing the amendments to the Water Act which split the chair and the CEO functions, which was part of the intergovernmental agreement with the states. We are currently in the process of discussing with the states the appointment of the four part-time members to that body.

This is obviously the subject of another Senate inquiry in relation to the Lower Lakes and Coorong, but I will say that we remain in very difficult circumstances, particularly in the southern part of the Murray-Darling Basin but also more generally. My advice is that, in the southern part of the basin, five out of the eight catchments we are currently tracking are worse than or equivalent to the worst-case climate change scenarios that the CSIRO have predicted. We continue to experience extremely low inflows and water storage has remained at very low levels. So the situation in the Murray-Darling Basin continues to be extremely difficult. The government is committed to progressing both our water purchase buybacks and our infrastructure investment to effect an adjustment of the situation that we face there, which is a present and a future where we are likely to see less rainfall.

CHAIR—Thank you very much. I will now call agencies in accordance with the agenda. I call officers from the department in relation to outcome 3 and from the National Water Commission. I note that there are many senators who have questions in this portfolio area. I will attempt to allocate the time as reasonably as possible. With your cooperation, everybody should get a turn.

Senator NASH—We might start with the general water buyback process. Firstly, how was the figure of \$3.1 billion that has been allocated to the water buyback process determined? How was it arrived at as an appropriate figure?

Senator Wong—That was a figure that was determined through the budget process and in fact is consistent, from recollection, with the figure for purchases that was identified by the coalition government.

Senator NASH—Very basically and simply, what are the aims for the use of that \$3.1 billion?

Senator Wong—Very clearly, we on this side of the table and we in this government recognise the reality of climate change and we recognise the historic reality that the Murray-Darling Basin has been overallocated for a significant period of time. Through the purchase process and the investment in infrastructure we are essentially engaged in an adjustment to reflect that what is sustainable on an ongoing basis in terms of the extraction from these rivers is less than the current level. Can I say, Senator, notwithstanding the fact that there may be differences of views—for example, amongst irrigation communities—about the best way forward, in my engagement with irrigators the vast majority accept that we do have a problem with overallocation. They understand firsthand the realities of the current weather patterns.

What we do see, as I outlined in my opening statement, is a situation where we are tracking at equivalent or worse than the worst-case climate change scenarios for much of the southern basin. If you accept those scenarios, two things have to be done. The first thing is to manage this basin more effectively on a whole-of-basin footing, and we are progressing that through the reforms to the management of the basin, the establishment of the Murray-Darling Basin Authority and the referral of powers from the basin states to enable a scientific cap and a scientifically informed basin plan to be established. That is the first time, can I say, that we will actually have a whole-of-basin plan for this great river system. For the first time in the nation's history we will actually have a scientifically based cap across the basin.

If you accept, and we do, that the cap and basin plan, which is due to be completed by 2011, is likely to be at a lower level than current extraction levels—and I do not meet anybody who suggests otherwise—then the responsible thing to do is to enable early adjustment to that cap. The way in which the government is proposing to assist these communities and this basin to effect that early adjustment is by purchasing of water and by investment in irrigation infrastructure in order to enable people to do more with less.

Senator NASH—Okay, that is a very simple answer.

Senator Wong—It is not a simple proposition, Senator Nash, and if it had been maybe previous governments might have fixed it.

Senator NASH—I understand that, Minister, very well. How much water do you actually intend to target with that \$3.1 billion?

Senator Wong—At this point we have not set a figure, and in part that is going to be informed primarily by the basin plan. But obviously we are purchasing ahead of that plan. The first purchase round, conducted early this year, was undertaken against criteria which looked primarily to not only value for money but environmental criteria—in other words, whether or not the water purchase was going to be able to be used for environmental purposes, to have benefits for the health of the rivers and environmental assets identified. So that is the way in which we are approaching it. Obviously the basin plan that is being developed will inform our purchasing activities in this regard.

Senator NASH—To date, how many offers to buy entitlement have there been?

Senator Wong—Can I just be clear which process you are talking about? One of the things I probably should have gone through during my opening comments just to give you the context is the range of different approaches we are proposing to take. Obviously we are in a new area here in that no federal government has done this before. We have taken a multi-pronged approach. The first \$50 million was an open tender.

Senator NASH—Can we just take them one at a time and concentrate on the first one.

Senator Wong—If I can just outline the process, I am happy to come back to it. We have also put out guidelines for what we have called targeted purchase, whereby irrigation areas can put offers to government which enable an adjustment in terms of water savings or reduction in water extraction and additional efficiencies. We have said we are open to community initiated propositions on that basis. In August the cabinet also agreed to purchase activities in terms of joint land and water purchase where there were environmental benefits in both of those aspects.

Senator NASH—If we can start with the initial \$50 million buyback, what was the total amount of water that you intended to purchase through those arrangements?

Senator Wong—We put up \$50 million.

Senator NASH—No, I am talking gegalitres. How much water?

Senator Wong—As you would know, Senator—you are familiar with this area—the price per gegalitre or megalitre varies considerably depending on the nature of the entitlement.

Senator NASH—Sorry, Minister, I think you have just misunderstood. I am talking about the actual volume of water.

Senator Wong—That is my point. It depends on the mix of entitlement.

Senator NASH—So what was the total volume of water?

Senator Wong—I can give you the figures in terms of the volume actually purchased or the volume of offers, which is what you sought. But you are asking ahead of time: did we set a particular target? Is that the question?

Senator NASH—No, I am asking how much entitlement you bought with the \$50 million.

Senator Wong—The initial tender resulted in us pursuing purchases of around 35 gegalitres worth \$53.6 million. A number of those have since not proceeded. Some offers were withdrawn prior to final settlement, others failed the due diligence conducted by the department and some were not approved due to the four per cent rule. You are familiar with the four per cent rule, I think, Senator?

Senator NASH—Yes.

Senator Wong—The figure I have in terms of settled trades—and this is at 20 October—is 22.6 gegalitres worth \$32.3 million. They are settled trades. There are obviously still trades being pursued under that tender. I will just check with Dr Horne that I have given you the full information.

Senator NASH—To follow up, only a few weeks ago—and Mr Slatyer and Ms Harwood may have been involved in this conversation during a previous inquiry; I am not sure—we

were given evidence that, at that point, only 4.8 giga litres had actually transferred through to the Commonwealth from that \$50 million package. If it is now 22.6 giga litres, has there been a sudden flurry of completion of transfer?

Dr Horne—What we have been doing is working through the process, and we are reaching the point now where quite a few are moving to settlement. The next stage is from settlement to registration. So in fact 9.1 giga litres completed registration as of 15 October. And 13.5 giga litres have registration pending.

Senator Wong—Settled trades is 22.6.

Senator NASH—And 9.1?

Dr Horne—You have 9.1 giga litres where is registration complete, 13.5 giga litres where registration is pending and incomplete trades at this point are 5.4 giga litres.

Senator NASH—The government was talking recently, within the last few months, that it was going to be 34—obviously that was the total purchase amount the government was pursuing—but to date it is only 9.1.

Dr Horne—That is right.

Senator Wong—That is registered—let's be fair. It is 22.6 for settled trades and it is 35 giga litres for the purchases which we were pursuing. It would not be unusual in an open tender process not to get 100 per cent completion on a number of purchase offers. We have, as you know, undertaken some stakeholder consultation on this. Probably, in hindsight, we could in fact have accepted more offers given that a number have not been pursued.

Senator NASH—Have fallen over.

Senator SIEWERT—If I understand that correctly, out of the \$50 million, \$17 million worth of purchases did not proceed.

Senator Wong—This is settled trades. This will not be the final figure. I do not have in front of me what that is anticipated to be.

Senator SIEWERT—Because you said there is 22.6—

Senator Wong—Yes. This is settled trades. There are still trades which will be pursued, but can I indicate to you that if we do not spend the full \$50 million, it will be retained in the purchase budget—if that was where your question was going.

Senator SIEWERT—So the 9.1 registration and the 13.5—

Senator Wong—Registration pending.

Senator SIEWERT—Registration pending, make up the 22.6, and the 5.4 are incomplete, which make up the other 17.7 million, which you are still chasing?

Ms Harwood—For the completed trades of 22.6, the value is \$32.3 million. The incompleting trades, on their way through to settlement, are 5.41 giga at \$7.9 million. So the total purchase if all those trades follow through to registration will be \$40.2 million.

Senator SIEWERT—And the other ones fell over—the difference between 40.2 and 50?

Ms Harwood—Either people withdrew or they failed due diligence—for various reasons the sale did not go through.

Senator Wong—The three reasons I can provide you with are that, firstly, sellers withdrew, as they are entitled to, prior to contracts being finalised or prior to the trade being settled; secondly, some failed the due diligence test; and, finally, there is the four per cent rule, which I think you are aware of.

Senator BIRMINGHAM—What are the mix of licences that are held amongst those different transaction status points you are talking about here?

Senator Wong—You want settled trades first?

Senator BIRMINGHAM—That would be good.

Senator Wong—I will turn to Ms Harwood on that, if she has that information.

Mr Robinson—I will answer that. In terms of the 22.6 that have been settled, there is a long list, but I can go through it. In New South Wales, there are 2,916 megalitres of general-security water in the Gwydir, 300 megalitres of high-security water in the Lachlan, 6,914 megalitres of general-security water in the Lachlan, 724 megalitres of general-security water in the Macquarie-Cudgegong and 4,480 megalitres of general-security water in the Murray. In Victoria there are 335 megalitres of high-security water in the Campaspe, 650 megalitres of high-security water in the Goulburn, 265 megalitres of low-security in the Goulburn, 5,347 megalitres of high-security water in the Murray, 353 megalitres of low-security in the Murray and 50 megalitres of high-security in the Ovens. In South Australia there are 340 megalitres of high-security in the Murray. That totals the 22,674 megalitres, which is the number.

Senator NASH—Of that total of 22.6, how much of that is allocation and how much is real water?

Senator Wong—That is a point in time question, Senator Nash.

Senator NASH—The whole point, as I asked you earlier, is that it is about trying to get water back out of this system. Even at this point in time if the allocation is not there, there must be some indication of what the allocation is likely to be against each of those entitlements.

Senator Wong—Likely to be before the end of the water year—because I do think that depends on how much it rains.

Senator NASH—Absolutely. I am just trying to get some handle on the water.

Senator Wong—Just as your farmers are having to make a judgement about how much will be allocated, and that will depend on what states do and on inflows, we stand in the same shoes. The difference is that the river, through the Commonwealth Environmental Water Holder, actually has an entitlement. But we stand in the same shoes as farmers do and as other licence holders or allocation holders. We do not have a higher priority or a lower priority than a farmer who holds an equivalent allocation.

Senator NASH—I understand that, Minister, but the point of the government spending taxpayers' money on this is to gain access to water.

Senator Wong—Yes, to remedy—

Senator NASH—What I am trying to determine is, in the best judgement at this point of the department, of that 22.6 billion entitlement, how much water will be allocated—how much real water?

Dr Horne—Perhaps I can make a few comments on this. At this point in time, it is a very dry year—

Senator NASH—It is indeed.

Dr Horne—so the allocations are low. Against registered entitlements, which total around the nine gegalitres point, there are currently allocations of about 850,000 megalitres, so they are averaging about nine per cent. For those of you who will be following, because of the distribution of the purchases and the mix between high-security entitlements and general-security entitlements, the allocation is pushing up towards 10 per cent with the announcements last week, which resulted in some improvements. But, as the minister said, the allocations against those registered entitlements—and we only receive allocations once the title is registered in the Commonwealth's name, so at this point in time there are nine gegalitres which have been registered in the Commonwealth's name and we have just under a gegalitre attached to those registered entitlements.

Senator NASH—How much did that 9.1 cost?

Senator Wong—No, Senator—

Senator NASH—It is a fair question.

Senator Wong—No, it is not, Senator Nash, and you know it.

Senator NASH—Yes, it is a fair question.

Senator Wong—No, it is not.

Senator NASH—I think it is a fair question, Minister.

Senator Wong—No; let me finish. We are purchasing entitlement. We are doing what no government has previously done—

Senator NASH—This is exactly the point I am trying to make.

Senator Wong—If I can finish, Senator. We are seeking to reduce the extraction for productive purposes of a river which has been overallocated by successive governments on a state basis and, frankly, in the context where no federal government has had the will to take on this issue. And, yes, we are having to spend money on that and taxpayers are having to spend money on that. Taxpayers are having to spend money because previous governments have failed to face up to the reality of overallocation and have been content with telling people what they wanted to hear and not facing up to the problem. This government is not doing that. We are facing up to the problem, and that does require the expenditure of taxpayers' money to address the problem.

In terms of assessing the value of the entitlement, you need to look at the entitlement, not just the allocation, just as the people in the state you represent and some of the communities that I am sure you deal with currently have entitlements where they are getting a very small proportion—sometimes zero—of their allocation. You would know, for example, that in Deniliquin, there is a zero allocation. So it is not reasonable to suggest that it is only the nine

that the government has purchased. What the government has purchased is entitlement, because that is what the government can purchase. In terms of allocation, the government, like every farmer, every irrigator and every other entitlement holder, is dependent on how much it rains and how much the state authorities allocate.

Senator NASH—Indeed. Your words were, though, Minister, that the point of it is to reduce extraction for production purposes. You then followed up to say that the government was buying entitlement. The only way that you can affect the extraction for production purposes is through the allocation itself. So it is a fair question to ask the department—just so that we can get a hand on this; it might adjust as the numbers change—what was the cost of the 9.1 gegalitres if, at this point in time, we are only seeing one gegalitre of real water.

Senator Wong—Senator, are you suggesting that somehow we should change the allocation system?

Senator NASH—No.

Senator Wong—That would mean robbing from some of the people you purport to represent.

Senator NASH—I am asking a simple question about the cost of that 9.1 gegalitres, because that would have had tenders allocated to it and you would be able to know how much you had spent on getting that 9.1 gegalitres right through to the point of registration. That is what I am asking.

Senator Wong—Senator, the answer that we will give you is that we have settled trades for 22.6 gegalitres of entitlement worth \$32.3 million. And the actual allocation associated with that will be determined by the end of the water year, because it is only at that time that we will actually know how much has been allocated. Like farmers and other entitlement holders we will be in the hands, to some extent, of how much it rains and the allocation decisions of state authorities.

Senator NASH—Indeed, and I am sure I will be asking these questions again at that time. It is quite within the rights of this committee to ask, as an ongoing process, where we are at—as you said before—at this point in time.

Senator Wong—And we have given you that figure. We have given you what the allocation—

Senator NASH—You have not given me the figure of the cost of the 9.1 gigs that has gone right through to registration.

Senator Wong—That is because, frankly, it is inaccurate to suggest that that is what is purchased. What is purchased is entitlement, and what is allocated over the period of the water year will fluctuate. So, as at March or April that figure would have been far less than it is now, because we have had allocations subsequent to that time.

Senator NASH—Indeed, and that is not the question I am asking. That 9.1 gigs is an amalgam of entitlements that have been bought by the government. I am trying to determine how much it cost the taxpayers to get that 9.1 gegalitres that has gone right through the transfer process to the point of registration. That is not a difficult question. Senator Heffernan

has just suggested that if you do not know the answer you could say that you do not know the answer, take it on notice, and come back.

Senator Wong—Senator Heffernan knows enough about water policy to also know how inaccurate the question is.

Senator NASH—How can the question be inaccurate?

Senator Wong—It assumes that this figure is what the allocation will be. If you want—

Senator NASH—I am not talking about the allocation.

Senator BIRMINGHAM—Listen to the question: 9.1 gigalitres is actually the entitlement of transferred licences, on the evidence you have given.

Senator Wong—The 9.1 gigs, not the nine per cent.

Senator NASH—I said 9.1 gigs all the way along, which was the figure given earlier by the department as that which had transferred right through to registered trades.

Senator Wong—The registered trades, is about 16½, from memory.

Senator NASH—Wonderful!

Senator Wong—It is 16.4.

Senator Nash—So it is \$16.4 million for the one meg of real water so far.

Senator Wong—For the registered trades.

Senator HEFFERNAN—Really, the question is: how much are we paying per meg for the allocation, which is a very temporary, expensive way to have a fix, because as you know, Dr Horne, it is only this year's water you are talking about, not next year's. Obviously this needs to be divided into a long-term strategy of the entitlement versus the short-term cash strategy of the allocation.

Senator Wong—We are not buying temporary water.

Senator HEFFERNAN—But what we want to know is, are you paying double what the market says it is? Is it \$5,000 a megalitre or \$2,000 a meg? I know what the market is. You tell me what you are paying and I will tell you whether you paid too much. Up in Toorale you have paid about 2½ times the market.

CHAIR—Senator Nash, have you finished your line of questioning? Other senators have questions on the same area.

Senator Wong—Can I respond to Senator Heffernan. Senator, you asked the price and I will see if we can assist you further, but I can say to you that the approach that was taken with the \$50 million was to pay market price or close to it. You will recall—and I think you and I have had these discussions—that in fact some irrigators were very keen for us to pay in excess of market price and we resisted that for a range of reasons, including value for money for the taxpayer.

Senator NASH—Chair, I have a range of questions. I am happy just to do one more and then to cede to colleagues and come back. On the fees and charges that obviously go with the purchase of this entitlement, obviously the assumption is that the Commonwealth will behave

as any other entitlement holder and those fees and charges will be payable to the relevant state authorities. When is that actually due for what you have purchased so far?

Senator Wong—This is registration fees and so forth?

Senator NASH—The ongoing fees and charges for the use of the water. There has been a very serious issue with farmers having to pay these fees and charges and actually having zero allocation from the state governments—but that is a separate issue.

Senator Wong—I think Mr Robinson can assist.

Mr Robinson—One of the jobs I have is as the Commonwealth Environmental Water Holder. I am responsible for management of the environmental water when it has acquired. You are correct in that we are paying the fees and charges associated with the water. When we pay those charges or when they are due varies according to the states. In some jurisdictions they are essentially prepaid, so they may have been paid by the previous owner of the entitlements. In other jurisdictions they are paid the following year. So it varies. All I can say is that we have provisions to pay those charges.

Senator NASH—Is there an assessment by the department of what that annual cost for the next 12 months may be?

Mr Robinson—Given the allocations and given the complicated situation I explained, we expect the cost will actually be less than \$200,000 for the water that has been acquired to date.

Senator NASH—Thanks. I am happy to cede for a while, Chair.

Senator SIEWERT—One of the reasons that some of the purchases did not succeed was the four per cent cap. How many purchases did not succeed and in which districts?

Senator Wong—Only one, I think.

Dr Wooding—One in the Campaspe.

Dr Horne—At this point one on the Campaspe.

Senator SIEWERT—What size was that? I will put it on notice if it is hard for you to find.

Dr Wooding—Yes, sorry.

Senator SIEWERT—Maybe we can come back to it later in the day. As I understand it, there were a lot more expressions of interest that were received that were not accepted. How many of those met due diligence and if you had had enough money could have been purchased?

Dr Wooding—We did not send them to due diligence if we do not decide to pursue the offer.

Senator Wong—They would only proceed to the due diligence stage if the department accepted the offer.

Senator SIEWERT—Fair enough. How many were there that you could now look at to make up the difference to the \$50 million?

Senator Wong—The tender is closed, but we have announced a further southern and northern tender subsequently. I do not know what information the department can provide. Certainly, from memory, on the website there was an indication of additional offers. What we can give you is the number of offers that the government actually received through the \$50 million tender process and the number that were accepted.

Senator SIEWERT—That information is available. What I am after is—

Senator Wong—If we can give that information it might be helpful. Do we have the number of offers that were actually made to us? It is in excess of 900, from memory, but I do not have the exact figures.

Dr Wooding—In excess of 900 and around 100 were initially pursued.

Senator Wong—So only 100 out of those were initially pursued.

Senator SIEWERT—And that was because you drew the line at 50 million?

Dr Wooding—No, Senator, there were three criteria that we addressed and one was price, one was the environmental uses to which they might be put and another one was accessibility and security. So there were a range of reasons why offers were not pursued.

Senator SIEWERT—While I am on that one, you have given us the areas where they were pursued. Are you able to take on notice the assets to which that water has been linked? You said that one of the criteria were the assets they were linked to. On notice, because I am conscious of time, could you provide a list of assets that are associated with those areas of purchase?

Dr Wooding—We will take that on notice. I think you will find on the website that we have actually listed for each catchment the key assets, and I do not know that there is a lot more that we can say.

Senator SIEWERT—Okay. I will check there. Thank you. In terms of the water that you have bought that is low-security water, will you be moving to make have that allocated as high-security water?

Dr Wooding—I think that is a question for Mr Robinson.

Mr Robinson—It is an option as we go through, forward looking, but it has not explicitly been looked at at the moment. It is an option in future years to keep on looking at the options for conversion, but it is not currently being considered.

Senator SIEWERT—How much of that water do you, as the Commonwealth Environmental Water Holder, hold at the moment?

Mr Robinson—That was basically the previous answer, Senator, which is the amount of water which has been registered, which is the 9,000 megalitres.

Senator SIEWERT—Which is the 9.1?

Mr Robinson—Yes.

Senator SIEWERT—That is all you hold at the moment?

Mr Robinson—Yes, Senator.

Senator SIEWERT—So, out of all the different purchasing programs that have been going on, that are valuable under different programs, you are just holding the 9.1 that has been purchased under this program?

Senator Wong—Registered.

Senator SIEWERT—Registered, sorry, yes.

Senator Wong—Sorry; that is important.

Senator SIEWERT—I appreciate it; thank you.

Mr Robinson—There was a slight amount of water which was purchased through the Living Murray program. Most of the Living Murray water is elsewhere, but there is a very small amount of water which is with the department.

Senator HEFFERNAN—Is Rick Bull running that?

Mr Robinson—I do not know, Senator. It is a small amount of water, but that small amount of water is actually controlled through the Living Murray process that is part of our entitlement holdings.

Senator SIEWERT—But that water does not then transfer to you as the Commonwealth water holder?

Mr Robinson—It has transferred to us, but it is already precommitted to the decision-making processes. How it is delivered is through the Living Murray, and there are actually no allocations against that water this year.

Senator SIEWERT—Thank you. In terms of the 13.5 that is in process, how soon is that expected—I missed it earlier—to be finalised?

Dr Wooding—It typically takes three to four weeks, up to six weeks.

Senator SIEWERT—Can I go back to the expressions of interest that were lodged. Of the 992, are there expressions that could still be viable in the new rounds and, if there are, do they have to submit again?

Dr Wooding—Yes, Senator, they will have to resubmit their offers.

Senator SIEWERT—Mr Robinson, again, I am conscious of time, so you might need to put this on notice. Could you tell us the process you will use for determining the plans for how you are then going to go about watering the environment assets?

Mr Robinson—For the coming year, because the water allocations are relatively low and the holdings are just being established—

Senator SIEWERT—And there is no water.

Mr Robinson—we are predominantly looking at working with the state programs and the Living Murray program, basically so we can look at options for joint delivery and maximise the use of whatever water is available. That is our general approach for the next year.

Senator SIEWERT—Minister, going back to a point you made in your opening statement, how much money was allocated to the Wimmera pipeline? You said you have spent \$3.7—

Senator Wong—No. From memory, the election commitment was up to \$99 million.

Senator SIEWERT—When you were talking about how much of the infrastructure budget you have already allocated, you mentioned the pipeline. Can you tell me how much that was?

Senator Wong—I said that, from memory—I will go back and check—the election commitment was up to \$99 million.

Mr Robinson—This was the second element of the government's funding to the Wimmera-Mallee, and \$78 million of the second part of the commitment of \$99 million was paid in the last financial year, with the balance coming across the next two financial years.

Senator NASH—Was it \$125 million initially and then it was readjusted to \$99 million to be the more appropriate figure?

Mr Robinson—I believe the commitment was up \$124 million.

Senator NASH—It was initially, wasn't it?

Senator Wong—Yes, up to \$124 million and we have committed \$99 million so far on a matching funding basis.

Senator NASH—And there is a commitment to put that extra \$25 million in if needed, though, isn't there?

Senator Wong—On a matching funding basis.

Dr Wooding—Senator Siewert, I found the answer to the Campaspe trade: 300 megalitres of high security was blocked by the four per cent.

Senator SIEWERT—And that is the only one?

Dr Wooding—Yes.

Senator BIRMINGHAM—Minister, how much of the \$3.1 billion allocated to water buybacks, or how much other funding, is allocated to structural adjustment and assistance funding for communities impacted by water buybacks?

Senator Wong—What I would say is that the \$5.8 billion investment in irrigation communities, irrigation infrastructure and on- and off-farm efficiencies is investment in adjustment.

Senator BIRMINGHAM—That may assist those communities that still have water entitlements, but, for those communities where water buybacks are made, infrastructure spending is of fairly minimal consequence.

Senator Wong—I do not think \$5.8 billion of taxpayers' money is minimal consequence. I do not think \$120 million to the Langhorne Creek irrigators is minimal consequence. I do not think this amount of taxpayers' money is minimal consequence. The fact is, as I outlined in my opening statement, that we are engaged in a policy task which is about recognising the reality that communities and the nation face in the Murray-Darling Basin. It is a difficult process. It has been made more difficult by the failure of past state and federal governments to face up to and address this issue. We have to focus on the best way to adjust. We think the best way to adjust is to substantially invest in those industries which are so important to these regional communities, namely through irrigation. It will mean things will change, and I think people understand that. Certainly the rice growers at Deniliquin, who have had a zero

allocation for, I think, three seasons, understand that. But what we have to do to ensure a viable and positive future for these communities is enable irrigators to do more with less.

Senator BIRMINGHAM—For those communities that may be disproportionately impacted by water buybacks as against infrastructure spending, what assistance is available for the adjustment of those communities?

Senator Wong—I have responded to that. Our view is—

Senator BIRMINGHAM—No, you have not, Minister. You have addressed those communities—

Senator Wong—If I could finish, we have committed, firstly, \$3.1 billion to water buyback. Let's remember that that money in a number of areas may be used by irrigators to restructure, to change their practices or to reinvest. But we are focused on a very substantial investment in regional Australia to enable these communities to adjust to a future where there is likely to be less water. And it is unfortunate that we are doing it now and not five years ago.

Senator BIRMINGHAM—Aside from funding infrastructure upgrades, is there any funding allocated to assist communities, particularly townships rather than irrigators, to adjust to reduced incomes or reduced water availability in their communities?

Senator Wong—We have committed to spending \$3.1 billion for purchases and \$5.8 billion for investment. That investment is all about adjustments.

Senator BIRMINGHAM—The answer is no, regarding townships or other places that may require assistance? There is no particular assistance for those communities who will see potentially large tracts of water bought out of local irrigation properties?

Senator Wong—I find it extraordinary that you as a South Australian, who have been urging me to do more for the Lower Lakes, would come in here and talk about water walking out of communities. You are one of the senators who has gone down to the Lower Lakes and said to them that they should be entitled to more water.

Senator BIRMINGHAM—Could you please address the question rather than trying to impugn my motives?

Senator Wong—You asked me a question. I am going to respond to it.

Senator BIRMINGHAM—I am very happy to be here and defend the position of the Lower Lakes, but I also care about all of the upstream communities in the Riverland and further up the system.

Senator Wong—You have urged us to do more to provide water for the Lower Lakes.

Senator BIRMINGHAM—I am also urging you to look after the communities.

Senator Wong—Now you are using language like 'water walking out of communities'. You know that we face a dire situation in the Murray-Darling Basin. You know that we face extremely low inflows. I anticipate that you are smart enough to have a look at what the CSIRO is saying about future water availability. This is a very difficult problem. We are responding to it by investing a very substantial amount of taxpayers' money into ensuring that regional communities in the Murray-Darling Basin, who have traditionally relied on this river for their livelihoods, are enabled to do more with less water. That is the responsible approach.

Senator BIRMINGHAM—The question that I was asking there was particularly about support for those regional communities. I do not appreciate you coming in here impugning my motives. I am very happy to support sensible initiatives that supply extra water into the river.

Senator Wong—So you support water purchase.

Senator BIRMINGHAM—Each of the questions I have asked to date has gone to the point of assistance to communities along the river system. You have managed to dodge and weave that, but the clear point is: is there any assistance to those townships or communities, to the non-irrigation businesses or townfolk in communities up and down the river who need to adjust to a life with less water?

Senator Wong—I have answered that. It may not be the approach that you would take. To be frank, I am not sure whether you support water purchases or not. I await a very clear indication on that. But I have answered—

Senator BIRMINGHAM—I have made it very clear publicly and previously and in these estimates committees that there is a role for water purchases, but there is also a role for supporting local communities. That is what I am seeking from you.

Senator Wong—Correct. There is a role for supporting local communities, and the way that most ensures that these communities have a viable long-term future, in a context where we are likely to see less water, is to invest very substantial amounts of taxpayers' money to enable their industries to cope with a future where there is going to be less water.

Senator BIRMINGHAM—How much of the funding for infrastructure has been allocated to on-farm infrastructure spending?

Senator Wong—I will come back to that. I will remind you that Mr Turnbull himself has recognised that the purchase of water has a structural adjustment effect and has said so. He made the point that the farmer who sells the water, of course, gets a cheque, and I suppose that, in a sense, is a structural adjustment package. I thought there was a bipartisan position on this issue.

Senator BIRMINGHAM—That is true. If you check the *Hansard* or if you listen to the questions I asked, you will see that my questions were specific to the communities, to the non-irrigation businesses and to the townfolk and townspeople along the river. I acknowledge well and truly that the farmer who sells his or her water rights obviously enjoys some recompense for that. The question related specifically to assistance, but you have chosen to dodge answering that—

Senator Wong—No, I have not.

Senator BIRMINGHAM—and cite purely infrastructure spending, which again goes to the on-farm component rather than to anything related to townships.

Senator Wong—I will address the on-farm as well. I am not dodging the question; we simply have a difference of policy views here. Our view is that these communities are best served and most responsibly served by a government that is prepared to invest in the very industries on which these communities rely. That is the responsible approach. In your question in relation to on-farm you asked: what is allocated within the 5.8 for on-farm? We have not

retained the previous government's specific allocation in numerical terms and that was made clear in the budget. What we have said is that there will be a on-farm component to this funding and we are open, through the process of investing this 5.8, to consider on-farm in the context of projects put to us.

Senator BIRMINGHAM—How much of the 5.8 has already been allocated?

Senator Wong—I think I have gone through that.

Senator BIRMINGHAM—Could you give us a total?

Senator Wong—My recollection is \$3.7 billion, but I am looking down the table at officers to make sure that that is correct. Sorry—3.7 is for state priority projects, I think, which included some water purchase. One of the state priority projects, which is Queensland, has a purchase component in it which would actually be funded out of the 3.1 and so does South Australia. So it is 3.985.

Senator BIRMINGHAM—3.985 has already been allocated of the 5.8 in infrastructure?

Senator Wong—Within the basin. Just to be clear, Senator Birmingham, so that you do not accuse me of not having told you everything, there were other ex-basin election commitments that we also funded in part out of the 5.8. I can provide those if you want them.

Senator BIRMINGHAM—If it is brief, Minister, or if it is easier, you may wish to table something.

Senator Wong—\$49 million to Hervey Water in WA, 6.62 Gascoigne Water in Carnarvon, \$140 million commitment to Tasmania, \$4 million to Lithgow, \$0.3 to Oberon, \$12 million to Nyngan-Warren pipeline, the \$99 we have discussed to Wimmera-Mallee, \$160 to the Spencer Gulf desal plant, the \$400 million to Menindee Lakes—those are the non-basin commitments?

Senator BIRMINGHAM—Isn't Menindee Lakes in the basin?

Senator Wong—Sorry, that is part of it. These are non-COAG commitments.

Senator BIRMINGHAM—And they come off the 5.8, just to be quite clear?

Senator Wong—Correct.

Senator BIRMINGHAM—How much of the 5.8 that has been allocated already—the 3.985—relates to on-farm irrigation?

Senator Wong—I am not sure it is possible for us to indicate that because a very substantial component of the allocation is to state priority projects where we await the states' propositions, which may involve on-farm components, and I anticipate would in a number of cases.

Senator BIRMINGHAM—Of that infrastructure spending, how much will be spent this financial year?

Senator Wong—The budgeted figure for this component is \$172.9 million.

Senator BIRMINGHAM—That is \$172.9 million on infrastructure this financial year. Will that be spent on projects in the basin or outside the basin?

Senator Wong—My staff have reminded me to clarify that I erred in saying ex-basin commitments. I should have said non-COAG commitments under 5.8 because, as Senator Xenophon correctly pointed out, the \$400 million for Menindee Lakes, for example, is clearly a basin commitment. Sorry, what were you saying?

Senator BIRMINGHAM—How much of that is being spent within the basin?

Senator Wong—We would have to take that on notice.

Senator Birmingham—What water saving is the \$172.9 million expected to generate?

Senator Wong—We would have to take that on notice.

Senator BIRMINGHAM—What water savings are the \$3.985 million of already allocated infrastructure spends expected to generate?

Senator Wong—We would not have that information as yet because the state priority projects, for example, have yet to be put in detail to us in a number of areas and the water savings would be proposed as part of that bilateral process. It is also subject to due diligence. For example, there has been some discussion about the food bowl project. That is obviously subject to due diligence.

Senator BIRMINGHAM—Why are these allocations being made before clear commitments of the water savings can be outlined?

Senator Wong—Perhaps I should just clarify what allocation means in this context. This is in principle agreement with the states to fund these amounts obviously subject to due diligence and various criteria being agreed. Water savings would be part of that.

Senator BIRMINGHAM—Indeed they would be, Minister. You are almost pre-empting the next question. Sorry, I was not sure if you were getting further information then or not.

Senator Wong—I was just suggesting to Ms Harwood that it might be useful to have in front of her the criteria for the state priority projects because I anticipate where you are next going to go, Senator Birmingham.

Senator BIRMINGHAM—You anticipated that, Minister. What criteria of water savings are required from the state infrastructure projects?

Ms Harwood—I can go through this, but it is two pages of description that presents the due diligence criteria for the basin state priority projects.

Senator BIRMINGHAM—If you could table the criteria, that would be excellent. What I am particularly interested in is what the threshold water savings are. There must be some minimum amount of water that has to be saved before it is worth spending a hundred million dollars on an infrastructure project.

Ms Harwood—There is no minimum. Each of the projects is of a different character and given that the business cases have yet to be developed, until you have the structure and scope of the project it is not possible to give a precise estimate on the savings, but they do have to deliver lasting returns of water to the environment. So the basic criteria are that projects must deliver substantial and lasting returns of water to the environment to secure real improvements in river health.

Senator BIRMINGHAM—We would hope that they would each give lasting returns of water to the environment. The question is how much?

Senator Wong—I am happy, if we can get a clean copy of this, to table the Commonwealth due diligence criteria for basin state priority projects. You might have some difficulty with your National Party colleagues if you required too high a threshold savings requirement before we would invest. The quickest way to get water back into the river is to purchase.

Senator BIRMINGHAM—I am looking to find some savings threshold, Minister. We can argue whether it is too high or not

Senator Wong—It will depend on the project. Different projects will have a different reasonable requirement of environmental water. If we are able to provide a clean copy of the due diligence criteria which have been provided to basin states, we will.

Senator BIRMINGHAM—Can you give us one or two examples of the savings threshold? Or is it outlined for each of the projects in the criteria?

Dr Horne—No it is not. We have three sets of criteria here: economic and social criteria; environmental criteria; and value-for-money criteria. There are different projects, and some projects are going to be put up which help to sustain a region—a particular area—into the future and they may have only relatively modest water returns. Other projects will have very substantial water returns and may offer very little to the local region. With a suite of projects you are putting together a portfolio of projects which deliver economic outcomes, environmental outcomes and value-for-money outcomes. You cannot—

Senator HEFFERNAN—Which one of those projects did Toorale pass?

Senator Wong—That is not a state priority project, Senator. I know your view on this, but I am happy to respond.

Senator BIRMINGHAM—I am sure we will come to Toorale in a second. Surely you can understand my frustration here, Minister and Dr Horne. The government has notionally allocated \$3.985 billion for infrastructure projects.

Senator Wong—In principle.

Senator BIRMINGHAM—Yes, I said notionally or in principle—whichever words you wish to put around it. I would have thought that just as there is some in principle allocation of this amount of funds, there must be some in principle or notional idea of the total water savings from those funds, or some clear examples of the water savings that will be generated from some of the big ticket items within those projects.

Senator Wong—Yes, and we will require that. We will need to assess the projects which are put to us in order to determine what the thresholds are that we would require in order to fund the projects. That is reasonable, because there would be some projects where you would expect a far greater return in terms of water savings than others just by dint of the sort of project.

Senator BIRMINGHAM—Have the department and the government set those thresholds for each project?

Senator Wong—We do not have the projects yet. We have in principle allocations for state priority projects and we are engaged in the bilateral process with the states. Dr Wooding may be able to assist here.

Dr Wooding—We have now received details of one project, which is the potable water pipeline for the Lower Lakes and the Narrung Peninsula. That is currently undergoing due diligence.

Senator BIRMINGHAM—How much is—

Dr Wooding—It is undergoing due diligence.

Senator BIRMINGHAM—How much is it estimated to save? I do not see that this is a state secret. It is not like Senator Conroy yesterday with his commercial negotiations and probity requirements.

Senator HEFFERNAN—Do you know? If you do not know, say so.

Dr Horne—That project is a good example of when I said these are portfolio project. It is an example of a project which will ensure fresh water to households, so it is focused on the community. The aim is, in a sense, to take some of the direct pressure off people using the Lower Lakes directly. At times like this, when the Lower Lakes are under genuine threat and when the water quality in the Lower Lakes is going down, this project will ensure that the communities around there are provided with water—if it stacks up in terms of the due diligence. If they come to us and say ‘This project is going to cost us \$X million’, and we look at it, and other people look at it and say ‘It is going to cost \$3X million’, we need to ask why we would get involved in this when it could blow out on us.

Senator BIRMINGHAM—That is the answer I suspected for that particular project—

Dr Horne—Good.

Senator BIRMINGHAM—Of course, the infrastructure spend for the Narrung Peninsula and Lower Lakes is about providing water security, to use that much bandied about phrase, to those communities—taking them off the lakes and piping, essentially, the same volumes of water from a different point on the system. The odds are it is not going to save very much at all. But, of course, it is part of the government’s all-up infrastructure spend. I do not begrudge that funding because it provides water security to an important community.

Senator Wong—Correct.

Senator BIRMINGHAM—But in this general context, we are trying to come up with some clear evidence of where the government is applying infrastructure spending to save water, and the one example that we have been offered is of something that is at the due diligence stage and is an example of a project that will save little, if any, water.

Senator Wong—But you do not begrudge that community. Just to make it clear in case I have not been, this is about ensuring that we assist communities to adjust to a future where there is likely to be less water. You and I both know—and all South Australians understand the situation in the Lower Lakes—that there is not much capacity for water savings, is there? So the response in that region has to recognise the unfortunate reality that the end of the river system is facing as a result of drought, climate change and overallocation, and this is a project

that does that. But you asked for an example. A high-profile example that was discussed at COAG is the one I raised earlier which is food bowl where the Victorian government proposes that there is 100 gigalitres of savings. Obviously, we will assess that in accordance with these criteria through the due diligence project and we have made that clear. The Menindee election commitment from memory indicates that there might be water savings in the order of around 200 gigalitres. Again, we will assess that, but it is undoubtedly the case that significant water savings can be made with the appropriate infrastructure works at Menindee. So it is the case that there are water savings that can be made. It is also the case that the rollout of infrastructure takes far longer than water purchase. That is the reality, and I would note that this is the same approach in large part that your government proposed to take but never actually got off the ground.

Senator BIRMINGHAM—We can go to some political debates around that if you want, Minister, but I would rather we did not because we are actually trying to deal with the future.

Senator Wong—Senator Birmingham, whoever you try and blame, the cold, hard facts remain that your government promised money to invest in infrastructure and never did out of this package.

Senator BIRMINGHAM—Minister, we have just spent 15 minutes extracting some information from you that you knew all along and could have given to the committee a little earlier. The 100 gigalitre saving from the Victorian food bowl project—

Senator Wong—I am sorry. What did you just say?

Senator BIRMINGHAM—I said we have just spent 15 minutes trying to extract these estimated water savings for infrastructure projects from you and we went around and around in circles on—

Senator Wong—I told you that we would provide you with the due diligence criteria and I think I have been very clear with you about the approach the government is taking on these issues. I have also been clear that we cannot give you information on projects that have not yet been put to us. That is reasonable.

Senator BIRMINGHAM—Nonetheless, you could have given us at least those two examples of the Victorian food bowl project and Menindee Lakes at the start of the questioning line that I asked. If my memory is correct, the 100 gigalitres is a \$1 billion project for the Victorian food bowl.

Senator Wong—Correct.

Senator BIRMINGHAM—That is right? How much has the government notionally allocated to Menindee Lakes project?

Senator Wong—I have already given you that information.

Senator BIRMINGHAM—It is \$400 million?

Senator Wong—Yes, I have already given you that on two or three occasions.

Senator BIRMINGHAM—Thank you, Minister. That is okay. Sometimes it pays just to double-check. It is \$400 million. What component of the Menindee Lakes redevelopment does that fund? Is that a 50 per cent contribution or a 60 per cent contribution?

Dr Horne—There are a number of projects which are under consideration for the Menindee Lakes. There are a lot of background studies being done there on the best way to spend the money and the returns in water saved from making those infrastructure investments. There are two groups of work being undertaken. A series of studies is being done with New South Wales around the lakes themselves as well as an important piece of work being done on looking at the water supply for Broken Hill to see whether that can be more effectively supplied. Currently, Broken Hill which uses a small relatively small amount of water requires very large amounts of water to be held in one or more of the Menindee Lakes, so the evaporation is measured in metres there. We have had to look at a different way to supply Broken Hill and we think we have found it. We have had Geoscience Australia working on it for most of the past year.

The studies will go from desktop studies to actually gathering data in the field, and when that is done we will know whether the project looks as though it is a goer and we will start to look at the financial costs, look at the due diligence and go into the next stage which is the feasibility study business case. Hopefully, at the end of it there will be an actual investment, but that whole process probably takes two or three years. We are a year into it. It will probably take another couple of years before we get to the point where we say, 'Look this is a project which is going to save a large amount of water. It might be a couple of hundred gigs and it might not, but it is a large amount of water and it is worth spending however many million dollars on it.' That is the whole process.

A lot of these projects that are on the table from the states have that sort of a profile to them. In another area in modernising irrigation, the private irrigation companies are doing work developing modernising plans. For example, we gave Murray Irrigation half a million to do that. That will be finished some time in the first half of next year. As a result of that, there will be projects which no doubt they will propose in the government's private irrigation call when that happens in due course. Putting infrastructure in place really does take time.

Senator BIRMINGHAM—Doctor Horne, I acknowledge that it takes time although I do find that two to three years to go through the processes around Menindee Lakes to come up with a final option seems to be an inordinate amount of time given that everyone around this table agrees there is an urgency about the situation. People will differ about how it should be addressed but we all agree there is an urgency, and two to three years in the planning and decision-making stages does seem to be amazing for a project that can save, as the minister said, an estimated 200 gegalitres a year.

Senator XENOPHON—Dr Horne, in relation to Menindee Lakes, when I met with the Darling River Action Group a number of months ago they said that they have been agitating state and federal governments for the last 10 years in relation to these projects. Can you take on notice providing some history in relation to that in terms of the works—and I understand this well predates you or the Minister's time in this position. Also, is there any way to fast-track those water savings because clearly if those measures were in place it would have meant increased flows for South Australia in the context of—

Dr Horne—Certainly. We will take that on notice. You can rest assured that we are working as fast as we can with the groups that are doing this work to get these projects up to a stage where they can be delivered as quickly as possible. But there is a lot of work to see

whether genuine savings can be made from some of these projects. There is a lot of talk generally that you can get this amount or that amount, but when you come to do the hard yards you have to go and look in some detail to establish whether the project is in fact a viable project.

Senator XENOPHON—Regarding what is almost a governance issue with a 640 gigalitre threshold before the commission can be involved and take over control of Menindee Lakes, there have been allegations that it is manipulated or worked in such a way before it gets there that the plains are flooded or there is release of water so that it does not give the commission control. I am asking you or the minister, is consideration being overruled to deal with what some would say is an unhelpful rule, a rule that is not in the best interests of the basin as a whole.

Dr Horne—The rule that you point to is one of the rules under the Murray-Darling agreement itself. These rules on how effectively different parts of the basin are managed can only be changed through consensus. This is one of them. You look at it and you can see that currently we have less than 640 gigalitres in the Menindee Lakes system and it is quite accurate to say that that system does not come under the control of the Murray-Darling Basin Commission until there are 640 gigalitres within it. Therefore, it also stands to reason that New South Wales, which currently controls that part of the system, has the ability unless there is a big unregulated event to keep the water level under 640.

Senator XENOPHON—They can manipulate it if they want to.

Dr Horne—I would not use that sort of language because over the past 18 months when water has been very scarce, there has been a lot of cooperation amongst jurisdictions to ensure, for example, that Adelaide received enough water. There has been some genuine cooperation in these very difficult times. At the moment we are in a sort of a no man's land where some people would like to see it come back into the Murray-Darling Basin Commission's control more quickly.

What is the process then with this agreement? At some point when the new Murray-Darling Basin Authority has been established and is in place with what are currently the Murray-Darling Basin Commission's activities absorbed within it, no doubt with all the rules within the Murray-Darling agreement not only the Menindee ones, New South Wales will say they are not prepared to allow this particular rule change until we look at changing the rules down there.

Senator HEFFERNAN—We surrender. I am starting to get a bit angry here because this is all irrelevant. Under the Water Act, the new act coming through parliament, it is a complete farce and a waste of time unless you do away with the states' veto.

CHAIR—Senator Heffernan, either ask a question or we will keep going. Senator Xenophon has the call.

Senator Wong—You did not get that in government, did you? That was not your plan.

Senator HEFFERNAN—Forget about the politics. Governments of all persuasions and for all time have cocked it up and the cock-up is continuing.

Senator Wong—I do not agree with that. I am happy to talk to you about the—as you called them—‘cock-ups’ by previous governments if you wish.

Senator HEFFERNAN—You are about to visit some of the present cock-ups.

Senator Wong—We are trying to deal with a situation that is very difficult, and you know that.

Senator HEFFERNAN—None of this takes into account that this is all based on this water saving where they spend, whether it is allocation or entitlement, based on the history of the basin in the past rather than the science of the future. If Mother Nature is going to take between 3,500 and 11,000 gigalitres out of the system, this is a waste of time.

Senator Wong—I do not agree it is a waste of time.

Senator HEFFERNAN—It is not a waste of time, but it will not have the impact you think it is going to have.

Senator Wong—But you and I both know that you know a lot about water issues and we do not always agree, but I understand you are also concerned about the impact of climate change, drought et cetera and you understand the overallocation. But you also understand that if a federal government sought to take over the basin in a way that was not cooperative, either we would not achieve the IGA or we would probably end up in a legal challenge for a long time which would not assist in achieving the outcomes we want.

Senator HEFFERNAN—The people of Australia should say that we should take the veto away from the states because this thing at Menindee is about the veto power. For between \$80 million and \$110 million you will fix Menindee if you want to. That is what it will take to fix it, but you will not fix it while they have the veto.

Senator Wong—Can I make the point though, Senator Heffernan, that it is important and you know the states will not have a veto on the basin plan. You know that. That was a hard-fought agreement but the states will not have a veto on the basin plan. They will have a right of consultation, but ultimately the basin plan will be signed off by the Commonwealth minister.

Senator XENOPHON—This question is to either the minister or Dr Horne. You have said it is by consensus but is it not the case in relation to the Menindee Lakes 640 gigalitre rule that should New South Wales seek to veto any changes with respect to that 640 gigalitre rule it could do so? That cannot change unless New South Wales agrees. Is that correct just in terms of the government’s position?

Senator Wong—This is 640?

Senator XENOPHON—For instance, the 640-gigalitre rule.

Senator Wong—Obviously we are talking ahead of the basin plan here, and those arrangements are in place currently. They require, as Dr Horne has outlined, compliance with the Murray-Darling Basin Agreement. What happens subsequent to the basin plan obviously will be a matter that will have to be the subject of negotiation and discussion between the Commonwealth and the states.

Senator HEFFERNAN—Best of luck.

Senator Wong—Thanks.

Senator HEFFERNAN—Put me on the payroll.

CHAIR—Have you got further questions, Senator Xenophon?

Senator XENOPHON—Yes, I have. I just want to clarify that. Minister, I appreciate what you have said, but ultimately there can be a veto by the ministerial council.

Senator Wong—The agreement has to be renegotiated. The Murray-Darling Basin Agreement requires consensus, but the basin plan does not. So, if there is going to be an inconsistency in the future, you would anticipate that future governments will have to discuss those matters.

Senator XENOPHON—So, going back to the original question, in relation, for instance, to the 640-gigalitre rule at Menindee Lakes, should one state seek to veto a change in that rule, that would still be the case.

Senator Wong—I know you have a bill in the parliament on this issue which is essentially a federal takeover bill. We are seeking to put in place a basin-wide plan and gain the referral of powers from the states, and we have done so—we are in the process of getting that through the parliaments. The prospect of a Commonwealth government seeking to simply override an agreement with the states really lands you in a legal conflict situation. Our judgement as a government was very clearly that the interests of those in the basin would be served by us getting on with it, not by lawyers arguing. I appreciate from some people's perspectives, including your own, that that is an imperfect outcome. The judgement we make is that, to move from where we have been to where we need to go, this is the most responsible approach.

Senator XENOPHON—You acknowledge that the Commonwealth does have a whole suite of constitutional powers to take over the river if it wanted to go down that path.

Senator Wong—I know from both your and my previous careers and from having studied constitutional law that constitutional lawyers can construct a whole range of very interesting arguments about the jurisdiction. I recall having done so myself on the basis of the preventative powers of the industrial relations head of power, but you also know there is always an answer. Our judgement is very clearly that the approach we are taking is the most responsible approach. We do not see benefit in either the political stand-off that occurred under the previous government or, frankly, a legal stand-off which is not going to enable us to progress the on-ground actions that we need to progress.

Senator HEFFERNAN—But the states have an emergency power at the present time, and they will in the future. The South Australian bloke, when we were in Adelaide the other day, walked away from that emergency power because they have not got the political guts to implement the emergency powers that they have. At some stage, Madam Chair, I would like to get to some of the serious stuff that is happening on the Queensland border, which pales all of this into insignificance.

CHAIR—I understand that. We will get to you when I get through the other senators, all of whom wish to ask questions. Have you finished, Senator Xenophon?

Senator XENOPHON—For now.

CHAIR—Senator Pratt, you have a few questions.

Senator PRATT—Thank you. I have but a brief question. I want to return to the topic of structural adjustment. In relation to the National Plan for Water Security as announced by the previous government, we have had some discussion about the amounts of money put aside by this government for structural adjustment. What moneys were put aside specifically for structural adjustment by the former government?

Senator NASH—Relevance?

Senator FISHER—Relevance to the future?

Senator PRATT—I think it is highly relevant in terms of the legacy that this government has to deal with and in terms of its capacity to find money to invest in these programs.

Dr Horne—Under the National Plan for Water Security, the plan envisaged within the \$3.1 billion that there would be assistance provided to relocate non-viable or inefficient irrigators, but there were no explicit dollars set aside for that function.

CHAIR—I should really go to Senator Heffernan now.

Senator NASH—I am still on water buyback and I think Senator Heffernan wants to change the issue, so could I just finish off on that first?

CHAIR—That is fine.

Senator NASH—I want to go to the issue of transparency, most appropriately about the \$50 million buyback. Are you aware of concerns around the transparency of the process?

Senator Wong—I am aware of some concern expressed by some irrigators about a number of issues. One concern, for example, that has been expressed to me is that the department did not say what price they wanted. There is a very sound reason for that: it is an open tender. We assess against market value. We do not set the price.

Senator NASH—Perhaps you could run through how the process works for the committee. That might be quite useful. My understanding is that the tenders go in and obviously the government then determines what is the best value for money. But my understanding is that at no time, even region by region, does the government determine what any kind of potential value is for those tenders that are going in, so it is not until the end of the process that there is any kind of transparency on pricing. Is that correct?

Senator Wong—I do not agree that it is not transparent. What you are suggesting is that the government should be advising people who offer to us what offer they should make. That places us in essentially a market adviser position when we are actually a purchaser. I am sure the Auditor-General would have some concern about that.

Because I was aware of this issue and because this is a new program in the sense that no government has previously done it, I established a stakeholder committee. We can provide you with the names of the people who are on that committee, which has a wide representation from across the basin, various states and different interests, including irrigators as well as others. The people were Laurie Arthur, who you know is the NFF Water Task Force chair; Colin Thomson, who you might know from the New South Wales Irrigators Council; Ian Johnson from the Queensland Irrigators Council; Sharon Starick from the South Australian

Farmers Federation; Richard Anderson from the VFF; Dick Thompson, who is the Chair of Murrumbidgee Irrigation Ltd; Mike Logan from the Cotton Research and Development Corporation; Dr Arlene Buchan from the ACF; Mary Annand, who is from the MacIntyre Brook Irrigators Association; Mary Najar—that should be Ray, but it is down here as Mary.

Senator NASH—He will not be impressed about being called Mary!

Senator Wong—This is good! Our website has Ray as a Mary. He is not going to be very happy with me about that. I apologise, Ray, if you are listening—Ray Najar, who you would know from the Murray Darling Association; Professor Richard Kingsford from the UNSW; and Professor Quentin Grafton from the ANU. I asked that committee to consider and look at the experience of the \$50 million. As part of that process, the government commissioned Hyder Consulting to review the water purchase, and I released that the weekend before last. Is that right?

Ms Harwood—The one just gone.

Senator Wong—The one just gone—sorry. That does go through a whole range of the issues and in detail about the water purchase program. It goes through some of the issues which were raised. It was also substantially supportive of the management of this water purchase. It found that, for example, the short-term effects on prices were duly taken into account, the purchase decisions were appropriate and it goes through various issues that performed well. It also raises a number of issues that we have been asked to consider and the government will consider the issues which have been raised. One of them is communication about the program. We will certainly consider the findings of this report and the feedback from stakeholders. But it is not appropriate for the government, as purchaser, to be giving advice to people about what amount they should sell their water for.

Senator NASH—I was not talking about government advice rather than just using a market value.

Senator Wong—It is a market value—that is how we assessed it. But the point I make—

Senator NASH—But the market does not work like that. It is a different process.

Senator Wong—There is a market value. But I am making that point that a number of people contacted my office or spoke to me and said, ‘You should tell us what you are willing to pay.’ I do not think government should be the ones advising vendors of the appropriate value. They need to make that assessment. We can provide more information to enable them to assess that. But if we were buying each other’s houses I am sure you would not want me to tell you what it was worth.

Senator NASH—You are welcome indeed! Just before we move on from that report, who are Hyder Consulting and what did that cost the department to have done?

Dr Wooding—Hyder Consulting are a consulting firm that undertakes rural and water-related research.

Senator HEFFERNAN—Where do they hang out?

Dr Wooding—I think they are a national company, possibly even international.

Senator HEFFERNAN—Who are the principals?

Senator NASH—A very important report—I am sure you know who did this very important report.

Dr Wooding—The principals are in Canberra. Roland Breckwoldt was the principal who ran the process for us. The cost of the consultancy was \$128,092.

Senator HEFFERNAN—How did you tender?

Dr Wooding—We have a panel of tenderers.

Senator HEFFERNAN—Can you give us the details of the applicants and why you chose them?

Dr Wooding—We can take that on notice.

Senator HEFFERNAN—Because the place is full of potential leeches.

Senator NASH—How many other proponents were potentially being considered to do this?

Dr Wooding—I would have to take that on notice.

Senator BIRMINGHAM—Does that report encompass the findings of the broad reference committee that Senator Wong detailed the membership of before?

Dr Wooding—You will find that on the release of the material from the report, the committee also provided some conclusions which are available there. They did that separately, however the committee worked closely with Hyder, and both the committee and Hyder were involved in the public consultation processes around the review.

Senator NASH—When you provide that information on notice, can you also provide the criteria which led to the decision to appoint Hyder Consulting to do this?

Dr Wooding—I will have to take that on notice. I am not sure how much of that material I can provide. But we will see and provide what we can.

Senator NASH—Okay, thank you.

Senator FISHER—The conclusions to which you refer—are they publicly available? You said they were provided separately if I heard you correctly?

Dr Wooding—I have got them here somewhere. There is a one pager and I am just trying to find it.

Senator FISHER—If I understand you correctly, Hyder Consulting provided a separate set of conclusions?

Dr Wooding—The Hyder report has recommendations—

Senator FISHER—It does.

Dr Wooding—And then there is also a separate set of conclusions from the 12 member stakeholder committee.

Senator SIEWERT—It is on the web.

Dr Wooding—It is all on the web.

Senator SIEWERT—It is on the web, just look up the department's website.

Senator FISHER—I have done.

Senator Wong—See, that is transparency in action.

Senator NASH—Luckily it is showing somewhere.

Senator Wong—Oh, please! Perhaps you could be transparent about why your government refused to invest in infrastructure?

Senator NASH—This is about your government, it is not about ours—come on!

Senator Wong—It is very easy when you have been in government for 12 years and have done nothing on this front to say ‘It’s about now’.

Senator NASH—Come on! You are the ones that say you have the answers.

Senator Wong—We are dealing with the consequences of your policy failure, Senator Nash.

Senator NASH—The issue is about your responsibility. I appreciate you might be a bit prickly about this, but if we—

Senator Wong—We are dealing with the consequences of your government’s policy failure and your lack of will to actually do something about this issue.

Senator NASH—Your role is to answer questions from this committee and you know perfectly well that is the case.

Senator Wong—We are dealing with the consequences of your policy failure. And the communities that you purport to represent are doing so.

Senator NASH—They are dealing with the fact that it has not rained. That is why you do not get it.

Senator Wong—You should have done something about this years ago, and you know it and the people who you purport to represent know it.

Senator BERNARDI—You are buck passing this issue.

Senator Wong—No, we are prepared to do the hard yards, Senator Bernardi. You buck passed.

Senator BERNARDI—It is the shame game.

Senator Wong—Victoria did not sign up and you used that as an excuse to not invest in infrastructure. In answer to Senator Birmingham’s question, the reason that investment in infrastructure did not occur previously is because your government played politics with it.

CHAIR—Order!

Senator NASH—Just before we move off the water buyback, can we have some discussion around the issue of the socioeconomic impact of the buyback on communities? To date, there have been some concerns raised that there has not been nearly enough work done on the potential socioeconomic impact on communities of removing water from those communities, and yet we have still seen decisions taken by government to remove that water. I understand that ABARE is going to prepare a report that is due in early 2009 on precisely this issue. Is that correct?

Senator Wong—I will just make the point that I thought that originally you were saying that we had not bought enough and now you are concerned that we are buying too much.

Senator NASH—No, I did not say that you had not bought enough. That is a misunderstanding on your part, Minister.

Senator Wong—ABARE has been asked to do a report for us in relation to the purchase of water. The economic impact of the program was the subject of consideration by the Hyder report and that made some comments regarding the effect of the water buyback on those communities. I suggest that Dr Horne respond on the issue of the Hyder report. What were you asking about the ABARE study?

Senator NASH—I thought that you were going to give me some information from the Hyder report about the economic impact.

Senator Wong—Yes. I will ask Dr Horne to give you some information about what the Hyder report said about the impact on—

Senator NASH—And very briefly. I do not want you to quote slabs; just be very brief about what it says.

Dr Wooding—The Hyder report recommended that understanding the economic impacts of the water purchase program would be further enhanced by a greater understanding of what farmers selling their water are subsequently doing with the proceeds—in particular, where and how they are investing the proceeds. It also says that the—

Senator HEFFERNAN—Do not read it.

Senator NASH—Hang on, Bill. It is fine; keep going.

Dr Wooding—To obtain a complete understanding of likely regional impacts of a sale to the water purchase program, it would be beneficial to know what the seller is doing with the proceeds. For those who say that they will retire debt, it would be useful to know what they intend doing once the debt is retired. Understanding as to whether the proceeds from the sale of the water entitlement are used any differently to the annual proceeds of the sale of their agricultural production will be also be a valuable addition to any further social research. It also recommends that an understanding of the impact of the purchases would also benefit from economic modelling of the direct on farm impacts of the purchases and the subsequent impact on both the water market and the local and broader regions. Analysis could be applied to both the impacts of the purchases already made and the impacts of future purchases by the water purchase program—

Senator HEFFERNAN—You paid someone to say this dribble?

Dr Wooding—when the volume of water purchase becomes greater and if allocations return to their previous long-term average, then the impacts of the water purchase program are likely to be far more significant than those experienced in this first round. We are addressing these in forthcoming program reviews.

Senator WONG—The bit that I want to draw your attention to is this:

The survey results indicate that most sellers have used it to retire debt and there has been a minimal impact on the wider community. This first round of the WPP has had a generally favourable result by

providing opportunity to retire debt when there was little income from the water entitlement. The surveys also show that the higher proportion of water purchased under the WPP was used by the seller for lower value per megalitre crops and pasture. Water used for higher per megalitre value products such as fruit, grapes and vegetables only comprised a very small proportion of that offered for sale to the Commonwealth under the WPP.

The point is that generally the impact was minimal on the wider community and in fact a number of purchases had a generally favourable result because a number of purchasers used it to retire debt. I would also acknowledge that this is something that we need to continue to consider as we roll the program out. We need to consider our impact on the market and how best to manage. We have undertaken quite a substantive amount of stakeholder consultation. This report was done so that we can continue to inform ourselves as we roll out this purchase program. The final point that I would make is that the impact of the \$50 million purchase is minimal when you compare it to the impact of the low-level of allocations due to drought and climate change.

Senator NASH—Chair, I am going to need some time on this. Do you want to break now and then come back to it?

CHAIR—We will have a break now and resume on the same topic. The committee will suspend until 11:03.

Proceedings suspended from 10.46 am to 11.03 am

CHAIR—Proceedings are now resumed.

Senator NASH—We were discussing the socioeconomic impact issue. Thank you, Dr Wooding, for giving us what you did from that report, and thanks, Minister, for your response, just recapping where we were before the break. The contribution from Dr Wooding from the report was really only suggestions about what the next steps should and what should be considered. Minister, you quite rightly brought up the issue of what farmers would do with funds received as a result of this process. But in none of that was there any consideration given to the effect on the community from the lack of production from those properties as a result of taking water off those properties. My question is this: will that come under the ABARE report? Is that specifically what it is set up to do? I notice that in some of the answers to questions on notice this point was missed. We are not specifically talking about water being moved from a particular property and the effect on that particular farmer and what they are going to do with the money; we are talking about the broader aspect of the reduced production on that property affecting the broader community. I am trying to understand what work the government is doing to understand that.

Senator Wong—I will make a couple of points. The first is that the report makes clear that there is, certainly from the initial purchase program, a minimal impact on those communities.

Senator NASH—Just on that specifically, how long did they take to compile the report and over what period did they look at the impact?

Senator Wong—I would have to take that on notice.

Senator NASH—Given that only 9.1 gigalitres have gone right through, I would imagine the impact to date is, of course, going to be extremely minimal.

Senator Wong—And far less than the current allocation levels themselves. You can see that, can't you? The greatest impact at the moment in the basin is the low level of allocation due to the low level of influx. That is the greatest impact and that is far greater than the impact of the purchase to date, okay?

Senator NASH—That is why the report would have said that there has been minimal impact.

Senator Fisher interjecting—

Senator Wong—Am I responding to you or Senator Fisher?

Senator NASH—What I am trying to understand, Minister, is you said earlier about taking water out because you want to reduce extraction for production purposes. In the long term, if you are going to reduce extraction for production purposes, you are going to have less production, obviously, and quite simply. It is quite potentially the case.

Senator Wong—That is where we disagree.

Senator NASH—It is quite potentially the case. You certainly can—and I do not want to get into a debate—retain production but in a lot of areas there will be reduced production, as has been the case to date. So what work has been done on the potential reduced production on those communities?

Senator Wong—Have you finished?

Senator NASH—Obviously—I stopped speaking.

Senator Wong—I take issue with the first proposition that you put, which is that reducing extraction for productive use necessarily equates to lower levels of production. It may—

Senator NASH—Toorale would be a good example.

Senator Wong—It may, I can absolutely recognise that, or it may not depending on what investment can be put in place to enable irrigation communities and industries to become more efficient. The whole point, as you would know, of the \$5.8 billion is to make those efficiency savings to enable communities to continue to produce but to do so with less water.

The second point I would make is that this purchase program has far less impact than the drought and climate change. The fact is that there have been no purchases, for example in Deniliquin, prior to our government coming into place. I know there have been at least three seasons of zero allocations. That has a far greater impact than the purchase. I will make two more points, at the risk of making a political point. It is interesting that the coalition chooses to run on this when you and your policy did not propose any community based funding under your national water plan, the National Plan for Water Security. So clearly you are making a political point.

We take a different view about the way to progress this adjustment. We take the view that the best, most responsible thing for governments to do and the best use of taxpayers' money is to purchase on the one hand and on the other hand to invest in communities and irrigation to make it more efficient. So we have a different approach to the one you appear to be putting to me.

Senator NASH—If I can go back to the question. I am not making a political point; I am merely trying to get—

Senator Wong—I am sorry—I should have addressed the ABARE study. I think I did address the question, Senator Nash. I just did not agree with the propositions you are putting to me. The department has engaged ABARE to undertake a study investigating the potential future impacts of the government's water entitlement purchase programming on the water market, on regional economies and on the community. The study will draw on published research available such as economic and farm survey data, including the 2006-07 and 2007-08 ABARE farm irrigation surveys, which have also been separately funded by my department. ABARE will also undertake the economic modelling. The study will highlight the impacts of water buyback on different stakeholder groups, regions and industries and consider also the context of these impacts in light of other structural changes such as declining water availability, water pressures and water market reforms. What I can indicate to you is that the outcomes of the study are expected to assist the government in guiding the future development of our water purchase activities and informing the rollout of not just purchase but other aspects of water for the future.

Senator NASH—When are you expecting to get that report?

Senator Wong—The advice in front of me says mid-2009.

Senator NASH—I think I have asked Ms Harwood this before in another forum: given that report is being structured to give advice to the government on any potential impacts on those communities, one would assume that it will also take into account any potential negative impacts on those communities from the water buyback. What plans or processes does the government have in place if it is indeed determined that the purchase of water in some of those communities has had a negative impact on those communities?

Senator Wong—I am not sure I understand precisely what the question is.

Senator NASH—I will try and make it a bit simpler—it is a bit like the cart before the horse, isn't it? If you are having a report to look into the impact of water buyback on communities, and those water buybacks have already taken place, then if there are negative impacts that are highlighted in that report there would have to be some sort of plan or process in place to address it?

Senator Wong—Two points: the first is we have already commissioned the Hyder review and the stakeholder consultative committee to look at the first purchase round, so we are progressing this carefully. We have subsequently announced the next purchase round. But this is a long-term program, so mid-2009 does give us the ability to assess at that point how we roll out subsequent expenditure.

But there is a more important fundamental point. You use the horse and cart analogy. The horse, as it were, is climate change and overallocation. That is what we have to deal with, and those two factors have a far greater impact on these communities than the government purchase. The government purchase program and the government investment in infrastructure are designed to deal with the reality of climate change and overallocation, both of which have an economic impact without government intervention. You and I have already discussed that.

You know, because you represent these communities, Senator Nash—although some of them are further south-west than where you are. I cannot remember where you live—

Senator NASH—Everywhere.

Senator Wong—But you know that the biggest impact on these communities at the moment is that there is insufficient rain for the allocations which are required. In other words, industry has been predicated in many parts of the basin on an assumption of levels of inflow which are no longer occurring. That is a result of policy failure, overallocation, climate change and, perhaps, temporary drought—we will know in 10 years what proportion it is but we are tracking pretty badly at the moment. As Senator Heffernan says, mother nature looks like she is taking a pretty big percentage. Those two things will have a far greater economic impact than the government's water purchase program.

Senator NASH—Indeed, they will have an impact, in particular the insufficient rain. But the issue we are talking about here is different. We can have an impact on neither of those two things. Even if you accept that there has been an overallocation in the past, that is history—it is in the past. We cannot change that. We can alter the forward—

Senator SIEWERT—You can change that.

Senator NASH—I had not finished, Senator. We can alter the forward path, but we cannot change the decisions that were taken at that time. Rain, of course, we have no control over whatsoever.

Senator Wong—I think people are suggesting otherwise!

Senator NASH—Where we do have some input is in the government decisions, because the government is making decisions that are going to have an effect on the community. I understand the points that you make, but the decisions that the government is going to make are potentially going to have an impact on those communities. I have merely been trying to determine how much work has been done to assess the level of that impact, notwithstanding those other two areas we were talking about that you say are going to have a larger impact.

Senator Wong—Sure.

Senator NASH—What the government is doing is going to potentially have an impact and we are just trying to understand how much work is being done to assess the level of that impact.

Senator Wong—More work than was done prior to the preparation of your plan.

Senator NASH—That is not a very good answer, Minister.

Senator Wong—No, it is important.

Senator NASH—Just answer the question I have asked you.

Senator Wong—Can I finish, Senator, because you have put a range of things to me. In government you put down \$3.1 billion. You never commenced it, but there was no analysis that I am aware of prior to that as to how that would be rolled out and what the impact would be on communities, and no allocation to structural adjustment for communities, as you are now putting to me this government should do. So you have changed position since you went from government to opposition. The second point is that we are undertaking this carefully. We

have been criticised by some other senators in terms of, for example, the \$50 million, because we were very careful in how we approached it, and that has resulted in fewer trades being registered than might otherwise have been if we had taken a less measured approach to the first purchase. We were very conscious of our impact on the market and the need to progress this carefully. We put in place a stakeholder consultative committee to look at the first round of purchase. A \$50 million purchase is not a large expenditure in the context of government expenditure, but we recognised that in the context of the water market it is a significant purchase, so we wanted to make sure that first purchase was carefully considered by stakeholders and by experts through the Hyder report so we can inform ourselves on that.

The evidence that we have given you today is that we have also commissioned ABARE to undertake further study. But if the proposition you are putting to me is that the government, through this next season, should not do what we told the Australian people before the election we would do, which is purchase water, before we get the ABARE report I am not with you on that. We were elected with a very clear election policy that we would purchase water. And I recognise—

Senator NASH—Okay. You are misrepresenting what I was saying—

Senator Wong—And I want to make this clear, Senator—

Senator NASH—because I was not saying that at all.

Senator Wong—I understand that this is a difficult set of propositions for a great many communities in the Murray-Darling Basin. I understand that. But, as I have said to irrigators in different regions: ‘You may not agree with everything we do, but one thing this government will do is call it as we see it. We will not continue to do what too many people have done in this area, which is tell people what they want to hear.’ The reality is that we do have to make an adjustment in the basin, and it is hard, and the best thing we can do as a government is invest taxpayers’ money wisely to ensure that these communities have a viable, prosperous future in a context where they are likely to receive less rainfall.

Senator SIEWERT—Can I perhaps follow that up—the strategic planning around that. I am coming from a slightly different perspective of taking a more structured and strategic approach to where water purchases are being made and where the infrastructure money is being spent—that is, looking at land capability and engaging the community in discussion about what we want the basin to look like in the future. I am predicating that on the Wentworth Group’s comments that water use is going to have to change or allocations are going to have to be reduced by between 42 and 53 per cent.

Senator Wong—That was Mike Young, I think, not the Wentworth Group.

Senator SIEWERT—No, the Wentworth Group presented figures to our inquiry that suggested water use has to decrease by between 42 and 53 per cent. They were also advocating a speed-up of the plan—and we can have a dialogue about that some other time. But the issue there is about taking a much more strategic approach, and I am wondering how much that is being factored into the ABARE work.

Senator Wong—Sure. Can I say, broadly, that in terms of decisions about what to plant, which was the first part your question, we take the view that it is not for government to tell

farmers what they should plant, but we do also think that farmers and irrigators should make those decisions based on sound information about what the future likelihood of water availability is going to be. I am often asked, for example, ‘Why don’t you ban cotton?’ and I say, ‘I don’t think it is for federal governments to tell farmers what they should and shouldn’t plant.’ That is a decision for individual farmers.

Senator SIEWERT—Yes, and the Greens are not advocating that. But you can make a strategic decision about where you will focus your resources without saying ‘you shall do this’ and ‘you shan’t do that’.

Senator Wong—Sure. What I was getting to was two things. Remember that we are talking about two separate time frames here, or two separate stages in this rollout. The first is pre the basin plan, where I will acknowledge, Senator Siewert, we are doing it on, I suppose, a ‘best endeavours’ basis because we do not yet have a basin plan. But our judgement is, as I outlined before, that when you know you are going to have to adjust down you are better off seeking to adjust through the measures we are putting in place pre the basin plan because then the scale of the adjustment post that plan is less. So this is an investment now to try and anticipate where the basin plan will go and make an early adjustment to the cap. But you are correct: the basin plan will have much more detail about the different sustainability likelihoods in different catchments in the basin and a whole range of other matters.

In terms of how we handle water purchase, Mr Robinson and others have gone through some of the criteria, which are environmental criteria. That is a proxy, I suppose, for environmental purposes—that is, for the health of the river. On the point that you make about viability, that is one of the things that the targeted purchase guidelines—and I do not know the formal title—address. We released them a number of weeks ago. They arose out of discussions with various parties, including irrigators and, frankly, some members of parliament about the need to enable irrigation communities to come forward to government with their own proposals about how to restructure. This is picking up one of the issues that you raised about engagement with the community.

Government can purchase, and we will. But we wanted to have an avenue by which particular irrigation areas could put to us propositions which involved a reduction in water entitlement and a restructure for them, with them determining what the best way forward is—what investments they would seek in terms of infrastructure efficiencies et cetera. We have released those guidelines because wanted to give that opportunity to irrigation communities. Pre the basin plan, as Mr Robinson said, environmental water purchases are based on identified environmental assets, assessment of water needs and value for money.

Senator SIEWERT—Does that meet the requirements of the previous ABARE report in which they looked at the purchasing of water in the Murray-Darling Basin? It was a report from last year which, as I understand it, has only been publicly released relatively recently. They ask in that report for an environmental index. I asked ABARE last night about that and they said that they had not had discussions with you about implementing that particular part of their recommendations. Have you taken on board ABARE’s previous recommendations to you about government water purchasing?

Senator Wong—I am not sure which report that you are referring to. I might ask an officer from the department to respond on that.

Dr Wooding—That report was released with the Hyder report because it was the basis for our design of the water buyback and provided a lot of input into that and therefore was able to be assessed against what we did. We did not adopt every recommendation in that report. The recommendations in that report about environmental indexes have informed our thinking about environmental priorities, but we have not adopted every recommendation in its entirety.

Senator SIEWERT—I am very conscious of time. Could you take on notice to provide a brief explanation about which recommendations you took on board and which ones you did not and why.

Dr Wooding—Yes.

Senator Wong—This is of the October 2007 report?

Senator SIEWERT—The 2007 report that was released with the Hyder report.

Dr Wooding—Yes.

Senator FISHER—What is the process for determining the government's response to the Hyder report?

Dr Wooding—The Hyder report was for the department. Our responses were, in the broad, published at the same time as the report—on the weekend. That is the department's assessment of how it will proceed.

Senator FISHER—Will the government be considering its views as to the Hyder report? If so, when?

Senator Wong—I am not sure that Dr Wooding had finished his answer.

Dr Wooding—As I said, it was a review for the department to consider. We will be putting other policy advice that to the government based on that report, which will give the government the opportunity to respond to our response to the Hyder report.

Senator FISHER—What is the timeframe for that advice?

Dr Wooding—That is ongoing.

Senator FISHER—When would the government expect to announce its response to the Hyder report?

Dr Wooding—Senator, I should clarify. It is a departmental report. The department has announced its response to the report, which sets out its evolving thinking in relation to the water purchase program. But at the end of the day we will be providing advice to the government on what should be done with the water purchase program in future.

Senator FISHER—Okay. Thus far, we have also heard about a report which I understand will come to hand in mid-2009—that is what I think the minister said.

Senator Wong—That is the ABARE report.

Senator FISHER—The ABARE report. On what basis are decisions being made to spend on infrastructure, to spend on purchasing water allocations, to spend on groups of irrigators

proposing to the government group buybacks and to spend on initiatives in partnership with state governments which involve buying significant properties with water entitlements attached? On what basis is the government proceeding to implement decisions to bring water into the system or to attempt to do so through each of those tranches?

Senator Wong—What do you mean by ‘on what basis’? We made it very clear that we are delivering on an election commitment.

Senator FISHER—Minister, what are your priorities, then? How do you prioritise your purchase of significant properties with water entitlements attached? How is the government prioritising its assessment of water buyback opportunities? How is the government prioritising its assessment of the proposals of groups of irrigators, who may come to the government proposing that the government buy back their water? How is the government prioritising its assessment of those propositions and the decisions to implement them? You have left a series of questions this morning.

Senator Wong—You have not let me answer any of them, Senator Fisher, so I am not sure how you can say that I have left them. There are criteria in relation to those. But I will make the general point that I made first up. Firstly, in relation to joint purchases—that is, purchases of land and water with the states—that was a decision of the cabinet announced by the Prime Minister in August in Adelaide. We made it clear that there would need to be environmental benefit in both the water and land aspects of any such purchase. You asked specifically about that.

Senator FISHER—Your press release talks about value for money as well.

Mr Borthwick—For each of the various tranches of water, there are established criteria. In terms of targeting or identifying irrigation districts, should they want to come to us, there are criteria that will underpin the evaluation. In terms of the state priority projects, there are criteria that will underpin the assessment of those projects. Similarly, in terms of private irrigation proposals that come forward, all the criteria are out there. All of that is transparent and has been released publicly.

Senator FISHER—Thank you. We heard earlier—and it might have been from Dr Horne—that these assessments, a feasibility case and then a business case, will take some months, if not years. So on what basis is the government therefore able to make decisions to proceed in a timely way if the decision is some 12 or 18 months out if it is not underpinned by some sort of modelling?

Senator Wong—You asked about 17 questions back a series of four questions in relation to criteria. I would appreciate it if we could have the opportunity to answer those. You asked for the criteria in relation to different aspects of the purchase program. I will ask Dr Horne to go through some of those issues to enable you to move on to the next aspect of questioning.

Senator FISHER—Thank you, Minister. But didn’t we hear that criteria earlier today?

Senator Wong—Hang on. We have been asked a question, Chair. I do not know whether Senator Fisher thinks that the purpose of estimates is to simply ask questions and not allow anyone to answer, but we would actually like to answer the questions.

CHAIR—The officers will answer the questions.

Dr Horne—I will make a couple of comments. First, I want to correct a small point that the secretary made on the private irrigator guidelines. They are not yet in the public arena, but they will be in the public arena shortly. There are guidelines in the public arena on group buybacks. We have all our assessment criteria in the public arena in the public tender rounds for the northern part of the basin and the southern part of the basin and due diligence criteria for the infrastructure projects. Clearly, the government has put out levels of commitments for each of the states in terms of the infrastructure projects. It has said how much it is prepared to allocate to the private irrigation schemes. It has put on the table how much it intends to buy back in each individual year—

Senator FISHER—So that is the target for spending?

Dr Horne—That is right.

Senator FISHER—And the target for buying back what—water itself?

Dr Horne—For buying back the water, that is right. That is all out there in the public arena. As I said earlier, projects will come to the government from different parts of the basin at different points in time. What we have going at the moment is a whole range of projects and we will manage them and take them forward as they come to the table.

Senator FISHER—So it is first cab off the rank in terms of the government's consideration and assessment of them?

Dr Horne—No, it is not the first cab off the rank. As projects come forward they will be assessed against the criteria. There is a whole suite of projects that have commenced and we will be getting projects back on each of those. There are criteria out there and we will assess each of those projects against the criteria. Some of them are assessed at once—

Senator FISHER—By a series of projects that have commenced, does that mean you have given them an amber light and they will go ahead subject to the criteria or that they are still under consideration to go ahead at all? Have you press go on them or not?

Dr Horne—No, at this point they are at a stage of development where, for example, some of the states have indicated that they want to pursue a particular type of project and they have not come back with a business case on that project. When the business case comes forward we can then assess the project and do a due diligence assessment. To give a green light to that project before the due diligence assessment would not be a good use of public money, Senator.

Senator FISHER—We heard much of that this morning. I am sorry, but I do not find myself any better informed as to the government's priorities.

Senator Wong—I am not sure what you mean by 'priorities'.

Senator FISHER—I can ask my questions again, Minister.

Senator HEFFERNAN—Let's go back and do the technical stuff—

Senator Wong—The criteria for the various components of the purchase programs have either been made public or will be. Most of them have been made public and one component is pending and will be made public. So we are being extremely transparent about how we approach purchase. In terms of priorities, I am not sure if what you are saying is that we

should prioritise particular areas or particular regions. I have answered questions in response, I think, to Senator Siewert and perhaps Senator Birmingham, about environmental water, and Mr Robinson explained as a Commonwealth Environmental Water Holder how that is assessed against environmental merit, broadly, and value for money. So that is clear.

Senator FISHER—You still have not identified priorities in that regard, Minister.

Senator Wong—If you mean regional priorities like particular locations, I would make this point—and I think that the Senate committee inquiry confirmed this and I would invite the committee to consider the CSIRO's sustainable yield study. The evidence is that we have environmental pressures across the basin. The evidence is that, whilst some areas may get more public attention, there are environmental pressures and overallocation across the basin.

Senator FISHER—So on what basis is the government making its decisions to deal with those?

Senator Wong—Can I finish? Purchasing across the basin, given that background, is quite justifiable. If you are asking again, I do not know whether you need Mr Robinson to take you through it again. Perhaps you did not understand the first time, Senator, how environmental water is considered. I am happy to invite him to do so. Senator Heffernan probably could explain it to you. Would you like us to explain that again?

Senator FISHER—No, thank you.

Senator Wong—Because you keep asking us how do we identify environmental priorities in terms of location. I think we have answered that question now on a number of occasions.

Senator FISHER—My question is about the basis upon which the government is prioritising its decisions to bring water back into the system and make water available. You have several tranches of your plan. I am asking on what basis you are prioritising your decisions under each of those tranches. Thus far, we have heard that there is no modelling upon which you are basing those decisions. You have no priorities other than those that come to hand.

Senator Wong—That is inaccurate. I find it extraordinary that we could have given you the information we have and that you still misunderstand that evidence such that you could ask that question.

Senator FISHER—I think I do understand it and it is unfortunate. Thank you, Minister.

Senator Wong—We have explained to you how environmental water is determined and how that is assessed. We have explained to you—and I can take you through it again—the water purchase criteria. We can point you to where the purchasing criteria I made public are, and what I have said to you is: the reality is, across the basin, we see very significant levels of overallocation. I will leave it there.

Senator FISHER—Thank you.

CHAIR—Thank you, Senator Fisher. Now we will go to Senator Nash and then Senator Heffernan.

Senator HEFFERNAN—God help us.

Senator NASH—For me or for you? Can I just turn to the purchase of Toorale Station in New South Wales. Who decided on the purchase, what led to that purchase and what advice was given to you by the department on the purchase?

Senator Wong—Sorry. There was one other thing—I had a mental blank before. I apologise to Senator Nash. Senator Fisher, you also asked how we are making a decision to allocate. We do not decide to allocate water. That remains a function of the state authorities, as I think I have previously outlined.

Senator FISHER—Which, at the moment, is not done on a uniform basis.

Senator Wong—No. They do it in accordance with their judgement about what is appropriate to allocate.

Senator FISHER—Yes, thank you. I understand that.

Senator Wong—Senator Nash, in relation to Toorale, can I just start by making clear, first, the decision-making process for this part of our purchase program more generally. As you may recall, community cabinet met in Adelaide on, I think, 14 August 2008, but I could be wrong—mid-August sometime. The cabinet received—and I can say this because this was made public—a briefing in relation to the state of the Murray-Darling Basin. One of the decisions determined there was to initiate a purchase. A purchase in the northern basin was indicated and I have subsequently announced that.

We also announced that we would, where there was environmental benefit in purchasing both land and water, be open to doing that under the \$3.1 billion. However, given the nature of Commonwealth and state functions, that would have to be in agreement with state governments. Subsequently, there were quite a number of properties that we have been asked if we are interested in. Some of those have been through the media and we consistently said that we do not propose to negotiate through the media in relation to those properties. Only one property, however, was put to me by the department as being a property where there was environmental merit of both land and water and where there was a willingness by the state government to consider purchase. That then resulted in the department working with New South Wales in relation to the Toorale purchase.

There were a range of policy issues which needed to be dealt with. One of them, obviously, is the water-sharing plan, which I think is the title for New South Wales. That had not been completed in relation to the New South Wales part of that river, which created some issues but also, frankly, demonstrated the merit of the cabinet's policy decision, because water and land title could not be separated. In fact, I can ask Ms Harwood to take you through precisely how that was progressed, if you wish, Senator Nash, but that was the genesis of that purchase.

Senator NASH—In the interests of time, I might ask Ms Harwood to take that on notice, to give us the detailed chain of events, if you like, rather than go through it now to any great extent. But can I just ask if perhaps the department could advise the committee. I think the minister said that the only property that had both the environmental and water value in it was Toorale. How did the department arrive at that assessment?

Ms Harwood—It is the only property that the state government approached us on. The model proposed by Prime Minister was essentially a joint action by the Commonwealth and

the state, with the state government interested in acquiring the property for nature conservation reasons. It is the only property that a state approached us about with the twin values of water and environment.

Senator NASH—Okay, but what did you base your assessment for the minister on to say that there was value both environmentally and through the water analysis? What did you base your assessment on?

Ms Harwood—My colleague can talk about the land based values. In terms of the water values, we had a list of the water entitlements held by Toorale and we were able to do an assessment of that. We had two valuations done on those water entitlements.

Senator NASH—Senator Heffernan, I am happy for you to jump in.

Senator HEFFERNAN—In due course I want to go right back to the start of the 23,000 gigs that runs off, but just on this: you did an assessment. This is a big mistake you have made, by the way. How much did you value the A-class licence of 67 megs at? I had better start at the start. How much did the Commonwealth put into the sale?

Senator Wong—I can give you that, and the reason Mr Cochrane is at the table, I assume, is that some of the funding came out of Mr Garrett's portfolio, because obviously—

Senator HEFFERNAN—They played you on a break, mate, if you were in the deal.

Senator Wong—The NRS, the National Reserve System, contributed to this. The total amount paid by New South Wales and the Commonwealth—

Senator HEFFERNAN—No, I want the break-up.

Senator Wong—Yes, I will give you that—was \$23.75 million. The Commonwealth land component was \$8.26 million, of which \$3½ million was National Reserve System funding. The water component was \$11.36 million.

Senator HEFFERNAN—Break that \$11.36 million down into megalitres for me. If you don't, I will. And you might run through the licences and how you valued them, because this mob have played you on a break. You have paid, from what I have worked out—how much an acre for the land did you pay?

Senator Wong—I have gone through the components.

Senator HEFFERNAN—No, I want to know how much per acre you got for Australia's taxpayers, to get an idea of how they have just been shunted. How much an acre?

Senator Wong—We do not agree with your assessment.

Senator HEFFERNAN—That is fair enough, but by the time you have finished the taxpayers will agree with me. How much an acre did you pay for it? Take out the water. How much an acre for the land?

Ms Harwood—We had an independent valuation done on the land and fixed assets—

Senator HEFFERNAN—Yes, I am aware of that.

Ms Harwood—And the property has two sorts of land—developed, irrigated land and just open grazing land.

Senator HEFFERNAN—I am aware of all that.

Senator Wong—Senator, let Ms Harwood finish.

Ms Harwood—That valuation basically placed values on both those types of land, and the independent valuer provided us with an estimate of the land value.

Senator HEFFERNAN—Could you give us the valuation?

Ms Harwood—It is a valuation that was done for the New South Wales department of the environment and conservation.

Senator HEFFERNAN—Could you give us the valuation? Surely, if you are putting the money up, you saw the valuation.

Ms Harwood—We did.

Senator HEFFERNAN—Can you give us the valuation? You must have seen it.

Senator Wong—Senator, I do not particularly have an issue with that, but because it was a New South Wales valuation we would need to consult with New South Wales about that. So I would ask—

Senator HEFFERNAN—All right.

Senator Wong—Senator, I am being genuine. If we could take that on notice, we will consult with New South Wales about that. What I can tell you from the information in front of me is that the valuation is consistent with the price that was paid, and there were two valuations obtained.

Senator HEFFERNAN—You paid about 50 per cent over the market price, if you want to know!

Senator Wong—Well, Senator—

Senator HEFFERNAN—That is the land; you will let us know, you will let us see the valuation. But you must be able to tell us how much an acre—forget about the valuation—you paid for the land.

Senator Wong—Sorry, my computer has just decided to die.

Senator HEFFERNAN—How much did you pay for the land?

Ms Harwood—The price for the property, for the land, water and fixed assets—

Senator HEFFERNAN—No, the land.

Ms Harwood—Can I just explain how—

Senator Wong—Senator, I have given you the figure for the Commonwealth land component, which was \$8.26 million. The New South Wales land component was \$4.13 million.

Senator HEFFERNAN—So what does that come to?

Senator Wong—\$8.26 million plus \$4.13 million.

Senator HEFFERNAN—Yes, but give us the figure.

Senator Wong—\$12.39 million.

Senator HEFFERNAN—Righto. Divide that into whatever it is you divided it into to give us the price per acre.

Senator Wong—I do not have that in my brief.

Senator HEFFERNAN—Surely to God, if the government is buying—

Senator Wong—No, I do not have that in front of me, Senator. I am happy to provide it to you—

Senator HEFFERNAN—With taxpayers money, someone in the room here would be able to tell us, ‘Oh, shit, we valued it at \$50,’ \$35 or whatever the valuation was.

Senator Wong—Can I say the taxpayers’ interests were assured. There were two independent valuations obtained, and the purchase price is consistent with those. Now, I appreciate that there are those who do not wish us to buy such properties—

Senator HEFFERNAN—No—

Senator Wong—I know you are not one of them, Senator, but there are some on your side of the political divide who do not—but this is what the Prime Minister said we would do. We said in August in Adelaide that we would look at joint purchases between state and federal governments.

Senator HEFFERNAN—But when the people on the properties say, ‘God help us; Father Christmas came’—PrimeAg is a really good example. PrimeAg are a public company. They have been operating in a buyers’ market with a seller’s value. They have been very generous and rescued a whole lot of people who were going broke. I just want to know why, for instance, the CEO would think, ‘Bloody hell, that was a good deal; that was a lot more than what we thought.’ But I will leave you to come up with a figure.

I really want to go to the water licences and go through the water licences and how you valued them, because that really is your task. So could you take me through the water licences and give me a value on each licence—and we will start with the Darling River licences. You have got three licences: a 67-meg A licence, a 1,437-meg B licence and a 6,168-meg C licence. How did you value them?

Senator Wong—There were two different valuations. Is there an officer who can assist here?

Senator HEFFERNAN—While you are at it, you might provide details for the 6,009-meg licence on the Warrego, how you valued the carryover—there was 33,756, even though it was not available as carryover. You might also provide details for the area based licence, which was based on 620 hectares; they reckon it is six megs a hectare. By the way, that is a unique licence in New South Wales that they scrubbed years ago. This should have been scrubbed. Also can you provide details on the 188 area based licence on 162 hectares—if necessary, the artesian bore licence, no volume specified, which was out of the groundwater resource there.

Senator NASH—And, while you are at it, maybe somebody from the department could actually work out that per-acre figure for the land. I am sure that, with all the departmental officials here, somebody could actually work out that per-acre figure for the land.

Senator HEFFERNAN—Can I tell you this is pretty scary.

Dr Horne—We will go through those in detail, and Ms Harwood will provide figures on the land.

Senator HEFFERNAN—While you are answering that, I will just describe Toorale, because some committee members are not aware of the details. There are about 91,000 hectares—say, 230,000 acres for easy working. It runs about 30,000 sheep. It runs about a thousand cows. It has about 5,000 acres, or 2,000 hectares, laid out for irrigation down in one little corner, and they use about two-thirds of that annually if there is an event in the system. It is all low security. The water on the Darling is based on the level of the weir at Louth. As for the overland flow component from the Warrego, no-one really knows what goes on there. It is just the same as the Lower Balonne: it is all a big guess. Anyhow, I will be interested to hear how you valued it.

Ms Harwood—We had two valuations for the water. Unfortunately, I only have one with me. I will go through the one that I have.

Senator HEFFERNAN—Who provided this one?

Ms Harwood—This one was provided by Arche Consulting and it was committed by us.

Senator HEFFERNAN—Who are Arche Consulting?

Ms Harwood—The contact person is John Madden.

Senator HEFFERNAN—Where are they based?

Ms Harwood—They are based in Sydney.

Senator HEFFERNAN—How were they selected?

Ms Harwood—I will have to ask.

Senator HEFFERNAN—You mob did not know—

Ms Harwood—They are off our panel of people who assist us with matters to do with water value and water purchasing.

Senator HEFFERNAN—Could you provide the details of that on notice. How much did you pay them to do this valuation?

Ms Harwood—I will have to take that on notice. Did you ask me about the cost of the valuation?

Senator HEFFERNAN—Yes, for this job.

Ms Harwood—I will take that on notice and get it to you. This is the summary of the estimated value for the licences looked at by this consultancy. There is a—

Senator HEFFERNAN—You might table them as well.

Senator Wong—Can we just respond, Senator? I know, Senator Heffernan, that you do not agree with this purchase.

Senator HEFFERNAN—I have not said that.

Senator Wong—Yes, you have. That is fine.

Senator HEFFERNAN—It is a stupid purchase—

Senator Wong—You said—

Senator HEFFERNAN—if the purpose was to get the water.

Senator Wong—I understand that that is your view. We do not share that view. Ms Harwood is trying to—

Senator HEFFERNAN—I will come to why I think that it is stupid in a minute: it is because the ROP finishes at the border. This is all crazy stuff, and you are about to see why.

Ms Harwood—For a Barwon-Darling A-class unregulated licence for 47 megalitres, the total estimated value was \$37,600.

Senator HEFFERNAN—How much a megalitre, though?

Ms Harwood—\$800.

Senator HEFFERNAN—That is the A-class?

Ms Harwood—Yes. Another Barwon-Darling A-class licence for 20 megalitres, also estimated at \$800 per megalitre, had a total estimated value of \$16,000.

Senator HEFFERNAN—That is exactly what I have here.

Senator WONG—Maybe you could give us your figures, Senator Heffernan, and we can compare them.

Senator HEFFERNAN—No. The B-class licence for 1,437: how much did you put on that?

Ms Harwood—For 1,437 megalitres on a Barwon-Darling B-class unregulated licence, the valuation was \$800 a megalitre.

Senator HEFFERNAN—By the way, could you tell us the variability on the river while you are doing this. What is the percentage variability on the river? I want to get an idea of this for the taxpayers.

Ms Harwood—I have not got the reliability figures with me by licence, but we can get that to you.

Senator HEFFERNAN—But the valuers should have had it.

Ms Harwood—The total value for that was \$502,950. Then we had a Barwon-Darling C-class licence.

Senator HEFFERNAN—6,168.

Ms Harwood—Yes, 6,168 litres. The estimated value was \$450. The total for that was \$2,775,600. Moving to the Warrego River, we have a 6,000 megalitre licence—

Senator HEFFERNAN—6,009.

Ms Harwood—at \$350 a megalitre. That was valued at \$22,100,000.

Senator HEFFERNAN—We are dealing with a river there that has a 760 per cent variability.

Senator Wong—I know that Senator Heffernan knows a lot about this area, but can Ms Harwood be permitted to finish her answer? Then Senator Heffernan can make his other points.

Ms Harwood—Then we have a Warrego area based licence for—

Senator HEFFERNAN—So did you pay anything for the water that was in the storage?

CHAIR—Senator Heffernan, let the witness answer the question.

Senator HEFFERNAN—I am going through what water is on the place. I know my stuff. How much did you pay for the water in the storage?

Ms Harwood—Can I work my way through the entitlements?

Senator HEFFERNAN—Righto. I will come back to it.

Ms Harwood—Then there is a licence for 9,720 megalitres. Essentially, it is an area based licence based on 1,620 hectares—

Senator HEFFERNAN—At six megalitres.

Ms Harwood—with the best estimate based on six megalitres per hectare, which comes to 9,720. That was estimated at \$350 per megalitre. That comes—

Senator HEFFERNAN—Holy dalooley. That is the jackpot right there.

Ms Harwood—to \$3,400,002.

Senator HEFFERNAN—Three hundred and fifty dollars for an area licence, my God—which you cannot have these days, by the way. The only reason they have got it there is that they do not have a plan. That was a 1960s model.

Senator Wong—Senator, you do know that some of your colleagues are urging us to pay above market price for water.

Senator HEFFERNAN—Keep going.

Ms Harwood—Okay, then there is another Warrego licence for 972 megalitres valued at \$350, coming to \$342,200.

Senator HEFFERNAN—So what about the artesian bore licence?

Ms Harwood—There was also an estimate made of the value of the water in storage under this valuation. I just have to find the figure. The valuation done by the New South Wales department placed a slightly different value between the different classes of licence but, overall, came to a similar aggregate figure. So some prices were up and some were down but then you add it up to a grand total for the water and see the price that we paid for the water. However, I have to emphasise it was a notional split. That is, we negotiated a package deal gross price for the land, fixed assets and water. But, in our minds, to set the price that we were prepared to pay for the property and that New South Wales DECC as the body acquiring the property was prepared to pay, it was built up from valuations of the land and water. The notional water price paid in the \$23.75 million was in tune with the valuation done on the water for the property in terms of comparing both licences.

Senator HEFFERNAN—So how much did you value it at?

Ms Harwood—Sorry?

Senator HEFFERNAN—What was the price of the water in storage?

Ms Harwood—From memory, it was \$50 a meg. I would have to take that on notice.

Senator HEFFERNAN—Take it on notice. Did you put a value on the artesian bore licence?

Ms Harwood—I do not think we valued the bore licence. The stock and domestic is fixed to the property.

Senator Wong—But there is a benefit there, is there not, Senator?

Senator HEFFERNAN—Forget about the stock and domestic. There are two bank licences there and they divert water for joining neighbours.

Senator Wong—Is this the Warrego?

Senator HEFFERNAN—Yes. I presume, Dr Horne, you are going to take the banks out, are you?

Ms Harwood—We are going to be having—

Senator HEFFERNAN—You will reduce the flood.

Ms Harwood—Can I just explain? The next step that we are going to do is to do an assessment of all the water structures on the property, all the water infrastructure, and to look at the options in terms of decommissioning and what needs to be done in terms of returning the property to environmental flows.

Senator NASH—You did not do that prior to the purchase?

Ms Harwood—But we are well aware—

Senator NASH—Can I ask that as a serious question? You did not do that prior to the purchase at all?

Senator Wong—Can I say something? I do not mind you asking the question, but Ms Harwood keeps being interrupted by senators on this. If she could finish her answers, we are happy to take further questions.

Senator HEFFERNAN—Righto; we will all calm down.

Ms Harwood—We are well aware that there are neighbours who—

Senator HEFFERNAN—You were not aware at the time of the purchase, by the way.

Senator Wong—Bill, can I just say I would hate to have seen you in primary school. The poor teacher!

Senator HEFFERNAN—I used to get flogged.

Senator Wong—There are 15 seconds—or five seconds!—between each interruption. Can we try again, Ms Harwood?

Senator HEFFERNAN—The cane is coming back, they said.

Ms Harwood—We are aware that there are neighbours who have an interest in water management on the property because they rely on it for stock and domestic. So the assessment will expressly look at their interests and see what their needs are and how those can be met.

Senator HEFFERNAN—When did you become aware of that? You were not aware of it at point of sale; I can assure you of that.

Senator Wong—Which issue are you on now?

Senator HEFFERNAN—The poor buggers that are next door that get their domestic water off these banks—because, at the point of sale, you fellows did not know about it. It is no big deal. Just say you did not know. Do not bother with all the gibberish.

Ms Harwood—It was not reflected in the purchase documents from Toorale.

Senator HEFFERNAN—No, it was not. It was a serious trauma for the neighbours, I can tell you. If only somebody had gone and had a look and had a yarn with people up there. But to buy this place sight unseen—I am not blaming the minister; I am blaming the mob that advised the minister—is crazy.

Senator Wong—I am the minister so I am responsible. We did rely to a significant extent on the information provided by New South Wales because, let us recall, the land is held by New South Wales. The whole purpose of this approach, as the Prime Minister announced, is to purchase with state governments. The Commonwealth is not going to hold the land; the Commonwealth will hold the water but not the land. It was our first purchase. I think the criticism you make is one we will certainly take into account in assessing any future purchase.

Senator HEFFERNAN—Fair enough. Why I have really got the heebie-jeebies is that, as you know, Minister, the ROP for the Warrego finishes at the border, which makes it silly—wouldn't you agree, Dr Horne? The river finishes at the Darling and the ROP finishes at the border. The resource operating plan for the river finishes before the river finishes. All this activity that we are talking about is in the area that is outside the ROP.

Senator Wong—Senator, that problem is a problem in various aspects of the basin.

Senator HEFFERNAN—You do not have to explain that to me.

Senator Wong—You know that.

Senator HEFFERNAN—That is why I was on about the veto a while ago.

Senator Wong—It would have been good if, historically, these issues could have been resolved by previous governments, including state governments.

Senator HEFFERNAN—I am not apportioning the blame politically.

Senator Wong—What we did have to do, as a result of that—and this is probably the issue you are seeking to raise—is recognise that, therefore, because there was the water-sharing plan and the ROP equivalent for New South Wales had not been finalised, safeguarding the environmental character of the water would need to be negotiated with New South Wales. We were aware of that. My recollection is I directly wrote to both Queensland and New South Wales seeking assurances on those issues, on that very issue that you raise, prior to signing off on the purchase.

Senator HEFFERNAN—So has anyone sighted in your department, Minister, the scoping study for the Warrego?

Senator Wong—I think the answer is yes.

Senator HEFFERNAN—So it says that the licences that are now waking up are sleepers and there is about 120 kilometres of river that has most of the sleepers in it. Dr Horne, you would be aware of that. Dunstons have got 43,850 megalitres and they are planning to wake them up. Bill Fanning—he is a bit of an adventurer from St George—has got 23,300 megalitres he has put together which he has now cashed to some overseas loser and he has taken on Amenda, which is a 5,800 megalitre licence.

There is a total of 93,492 megalitres of water allocated from the Warrego in Queensland; 92 per cent of that sits on 120 kilometres of the river. I would love to know how you have bought Toorale to return water. In a reasonable event, in all but one year in recent times there has been an event in the Darling River when there was an event in the Warrego, and about 2,000 megalitres is what gets down there. Correct me if I am wrong. The pipes allow about 800 megalitres through. If you allow those sleepers, bearing in mind that they are out of the control of New South Wales because they are in the ROP in Queensland, to wake up and you have bought whatever it is—say, 8,000 or 9,000 megalitres of water; forget the area licences because they are old-fashioned—

Senator Wong—Are we talking the Darling and the Warrego?

Senator HEFFERNAN—Yes, the Warrego.

Senator Wong—You are just talking about the Warrego?

Senator HEFFERNAN—If you look to return, say, 10,000 megs from the Warrego in a normal event, which would normally flood 20,000 acres to the south-west and then join the Darling—with the pipes it might flood 30,000 acres—but at the same time allow the lighting up of 60,000 megs over the border, the water you are trying to save at Toorale is not going to get there.

Ms Harwood—The water resources plan that relates to the Queensland section of the Warrego requires—

Senator Wong—This is the ROP.

Ms Harwood—This is the ROP. That requires that at least 89 per cent of the average flow into New South Wales is maintained. What that means is the cap on allocations or extraction in the Queensland part of the Warrego adds up to no more than 11 per cent of the average flow at the New South Wales border—

Senator HEFFERNAN—They are saying 44 per cent will have to—

Ms Harwood—and within that 11 per cent are the licences that you referred to as sleeper licences. So even if all the licences—

Senator HEFFERNAN—Well, they are not really sleepers.

Ms Harwood—in the Queensland Warrego were activated, there would still be 89 per cent of average flow across the border into New South Wales.

Senator HEFFERNAN—I have not come to the tricky bit yet.

Senator Wong—Why don't you tell us the tricky bit.

Senator HEFFERNAN—In the ROP there is no calculation on overland flow, is there? It is a guess. The guess is about 40,000 megs.

Senator Wong—There are estimates, as you know, particularly in the northern basin, around those figures, across catchments.

Senator HEFFERNAN—A best guess. So why would a responsible government on behalf of taxpayers not insist, Dr Horne, on redoing both the water resource plan and the ROP for these rivers? I am coming to this, based on \$350 a meg, on the extravagance that is going to happen in the Condamine-Balonne in a minute, because it has within 30 per cent of the same variability as the Warrego. So if you are valuing it at 350 megs with an 800 per cent variability, which is fairly generous in the Warrego, we will cross that over. But wouldn't it be sensible to redo the ROP based on the environmental impact on a place like Toorale? Toorale has some good environmental aspects to it—it is a beautiful property.

Senator Wong—At least we agree on the environmental aspects.

Senator HEFFERNAN—No, there is no disagreement. I am a bloody greenie. I am as green as this mob over here!

Senator SIEWERT—I doubt that!

Senator Wong—I think Dr Horne will respond in a minute, but your proposition that we should alter the ROP—and I know this is your view in relation to a number of areas, and as you and I have discussed, Senator Heffernan, this is—

Senator HEFFERNAN—There is no science in the ROP.

Senator Wong—It is legislatively a difficult thing to do.

Senator HEFFERNAN—Listen, Australia! That is not a good reason not to do it, though.

Senator Wong—It a good reason to assess whether or not it could be done.

Senator HEFFERNAN—Well, I think it should be done and it should be the political will—

Senator Wong—Whether or not we like it, these decisions were made by previous governments. For example, Senator—and I am sure you will recall this—New South Wales, Victoria and South Australia capped it at 1993-94 levels and that was not applied in Queensland under the previous government. The point is, there is a lot of history that one could point to about the allocation of licences.

Senator HEFFERNAN—You will not have an argument with me on that.

Senator Wong—Yes. And, whether we like it or not, people have made certain decisions on the basis of those decisions. That is, irrigators have made certain decisions on the basis of those decisions, whether or not we regard them as appropriate. So we as a government do have to deal with the situation with which we are presented.

Senator HEFFERNAN—Yes, and I am here to help. So would you agree, Minister, that ideally, if we could find a political solution to this problem? Wouldn't it be ideal, Dr Horne, to

redo these plans if there was a way we could do it? They said there was science. I have been asking for bloody years: where is the science? It is not there.

Senator Wong—In an ideal world—

Senator HEFFERNAN—Why don't we aim to be that?

Senator Wong—In an ideal world you would completely rewrite the whole way in which the Murray-Darling has been managed—

Senator HEFFERNAN—I am coming to that.

Senator Wong—including how it has been allocated, and Queensland is not the only problem area. You know that.

Senator HEFFERNAN—Under the science—

Senator Wong—Can I just say something, Senator. Dr Horne was going to respond to a question that you asked about five questions ago. I am going to ask if he can do that.

Dr Horne—Minister, I think in fact you have provided nearly all of the answer that I would have given. What we have here is a lot of history, and we probably all have private views on all the water-sharing plans in New South Wales, Queensland and elsewhere.

Senator HEFFERNAN—This is sort of Russ Hinze stuff!

Dr Horne—There are a lot of them that, if you had the time over again, you would do very differently. They are all up for renewal and most of them will be renewed around 2014. When that happens that will be done in terms of the Basin Plan, which will be prepared between now and 2011. Then there will be extensive discussions and consultations with the communities. We all need to remember that the preparation of these plans in the various regions around the basin takes a considerable period of time because there is a lot of consultation with the communities. Everybody in this room would know that some of the plans are overallocated, have resulted in overallocation. Some of them are relative, where rates of extraction are much more modest. Overall, the way the Water Act was put together was to recognise all the water-sharing plans which were in place, to take them as given. As soon as you step away from that you are really in no-man's-land.

Senator Wong—Or no-woman's-land. Senator, can I make another point. The sleeper licence to which you have referred: you and I both know that they could be activated at any time, regardless of what the Commonwealth did in relation to Toorale.

Senator HEFFERNAN—But why wouldn't you—

Senator Wong—Hang on; Senator, you agree with that.

Senator HEFFERNAN—I appreciate that. So if you wanted to save and do some good to the system, why wouldn't you have bought the sleepers? That is a good question, isn't it? I will not tell you what I think. Stupid!

Senator Wong—We do have a northern tender. They were not offered to us in the context of this purchase, Senator.

Senator HEFFERNAN—Anyhow, I actually think there should be a judicial inquiry into some of this stuff that is going on up there right now, and I am going to come to that if this mob will tolerate it.

Senator Wong—Senator Boswell is in the room, so he might have something to say about your view about that, Senator.

Senator HEFFERNAN—Well, Russ Hinze did a lot of damage.

Senator BOSWELL—If we want to play personalities—

Senator HEFFERNAN—We are not playing personalities.

Senator BOSWELL—You are. You start picking on the National Party and you will get it back in trucks!

Senator HEFFERNAN—Woo hoo!

Senator BOSWELL—Yes, you will!

Senator HEFFERNAN—I could run away from you, Bosie; you wouldn't be able to catch me!

CHAIR—Can we get back to the questions.

Senator HEFFERNAN—Calm down, Bosie.

Senator Wong—Senator Heffernan, can I—

Senator FIELDING—The more he picks on you, he doesn't pick on Family First, mate.

Senator Wong—Okay. I am really not going to get involved in this.

Senator BOSWELL—He goes down to Port Macquarie and rubbishes them and then he comes in here and tries to rubbish the National Party. Back off, China!

Senator HEFFERNAN—With great respect, Bosie, I have not been to Port Macquarie for three years.

CHAIR—Order! Can we return to the questions.

Senator HEFFERNAN—A bit of entertainment for the department!

CHAIR—Order! Senator Heffernan, have you got a question?

Senator HEFFERNAN—I certainly do.

Senator WONG—Could I just respond to one thing?

CHAIR—Sorry, Senator Heffernan. Minister.

Senator Wong—Senator, your proposition about the purchase of other licences generally in the northern basin is a sound one and we have announced a northern basin tender purchase for that reason.

Senator HEFFERNAN—The Mirage Plains ones—

Senator WONG—I just wanted to be clear about that.

Senator HEFFERNAN—I appreciate that. But if you were going to buy a property, with great respect, that is for sale, Fanning had Mirage Plains for sale. On it was actually 23,300 megs of water. I would have thought that would have been a good one to buy.

Senator Wong—Senator, I can flick to the department on this. But can I say that the number of people, the number of political parties and through the press who tell me that we should or should not buy, that we should buy this property or that property—we have to assess these things on merit, on the water evaluation and on the environmental benefit. We also have to ensure, because the Commonwealth is not going to purchase land and hold land, that state governments are interested in the purchases for environmental reasons. Toorale met those criteria. I do not know whether the one you are putting to me now does.

Senator HEFFERNAN—The scoping study, according to what is written in the scoping study, says—

Senator Wong—Where are you reading from, Senator ?

Senator HEFFERNAN—You probably gave it to me. The Warrego River scoping summary. It says that there will be a reduction of 44 per cent.

Ms Harwood—That is including Toorale.

Senator HEFFERNAN—Yes. So I think we have put the cart before the horse. I am not blaming anyone. Everyone has cocked it up. But we are continuing to. Can I just go to the bigger picture. Can you give me the break-up between low- and high-security licences in the Murray-Darling Basin?

Senator Wong—The total—not the ones we have purchased?

Senator HEFFERNAN—Just the total.

Senator Wong—Could we take that on notice. I think that would be data that the commission has rather than us.

Senator HEFFERNAN—We are all packing the heebie-jeebies in the bush because we do not know if the event that we have got now, which I am sure Dr Horne would agree with, and the event we have had in the last couple of years is what the science says the future is going to hold. It is about where the reduction will be permanently. We are all wondering whether this is just a dry spell or whether it is the way the future is going to be. If it is the way the future is going to be, bear in mind that 23,000-odd gigs historically runs out of the Murray-Darling Basin. If we have a reduction of between 3,500 and 11,000 gigs across the Murray-Darling Basin, that is going to be emphasised, Dr Horne, in the southern Murray-Darling Basin. As you know, 38 per cent of the run-off comes from that two per cent of the landscape. And there is going to be an increasing run-off, if the science is right, from some of the south-west Queensland stuff. That is why what is going on in the Warrego et cetera—and the Balonne—is seriously important. What I would like the answer to is: if we have that sort of a modelled reduction and the great trauma that is going to cause us humans in Australia in having to consider resettling the Murray-Darling Basin away from how we have settled it at the present time, after you disproportionately return water as the run-off falls to the freight of the river and away from the work, will there be enough water left in the system even to service the high-security licences?

Senator Wong—That is really a question that—

Senator HEFFERNAN—But it is a question that ought to be put very publicly.

Senator Wong—Yes, look, I think that is a question about where you think climate change will take us. That is.

Senator HEFFERNAN—You will not have an argument from me.

Senator Wong—We can look at the CSIRO sustainable yields study, which puts very clearly the projections from the scientists' views about climate change and various scenarios. As I said to you, unfortunately we are tracking at or below the worst-case scenarios in five out of the eight catchments. So that is a very sobering prospect.

Senator HEFFERNAN—It is sobering, and it is the responsibility of us all—

Senator Wong—I agree with that.

Senator HEFFERNAN—to cut out the politics and—

Senator Wong—I agree that this is sobering and I agree that this is a very substantial responsibility on today's political representatives. In terms of the actual quantum, I think in answer to a question from Senator Siewert I made the point that we have to do a couple of things at once here. We have to put in place the architecture, the management systems to enable the basin to be managed differently, and that is the Murray-Darling Basin Authority and the plan and—

Senator HEFFERNAN—Take the veto away.

Senator Wong—Hang on. The states do not have a veto on the plan, Senator. That, as I said, was a fairly hard-fought negotiation. The Basin Plan will give us I think a better indication of the issues you raised, which is what is the, I suppose, finer grain impact of those scientific analyses. But before that we cannot wait for that to finish, Senator. So we have got to do things now which are about reducing the extraction levels. The strategies are the purchase and the investment in infrastructure that we discussed earlier.

Senator HEFFERNAN—But what troubles me about the short-term fix—and you and I both know that buying allocations is a very short fix and buying entitlement is a longer fix—

Senator Wong—We have not bought temporary water, Senator.

Senator HEFFERNAN—I appreciate that, but there are plenty of people who want you to.

Senator Wong—There are some who want us to.

Senator HEFFERNAN—Plenty of people want you to.

Senator Wong—And do you know the reason why we have not, Senator?

Senator HEFFERNAN—Well, it is too short-term a fix.

Senator Wong—Correct.

Senator HEFFERNAN—The Murray has a variability of 300 per cent. Is that right?

Senator Wong—A number of hundred, from memory.

Senator HEFFERNAN—Three hundred per cent. Is that about it?

Senator Wong—Can I take that on notice? I am not a hydrologist.

Dr Horne—We can find you the exact number.

Senator HEFFERNAN—Righto. To build a plan around a river that has a 300 per cent variability, and 38 per cent from two per cent of the catchment, you can sort of model it pretty carefully because of the variability and the confined catchment.

Senator Wong—The northern basin is harder. That is where you are going, isn't it?

Senator HEFFERNAN—No, what I want to point out is just some fundamental flawed thinking by previous governments, including the Queensland government, because of the lack of science in the design—don't you belt me, Bossie: he's coming around here to give me a hiding! When you have got a river with a seven to eight hundred per cent variability, which we have in the Condamine, Balonne and Warrego—

Senator Wong—Yes; I said the northern basin is more highly variable.

Senator HEFFERNAN—and then you build a ROP with 300 per cent variability thinking, which is what they have done, you have a flawed plan. My plea is for everyone to have an understanding that if the science is even half right we are absolutely going to have to reconfigure the way we have settled the Murray-Darling Basin. There is no question about that. And bear in mind that the bulk of the production in the Murray-Darling Basin is dryland production. Dryland is more adaptable than wetland. That Warcool proposition yesterday or the day before is the desperation that is in the community—

Senator Wong—Sure.

Senator HEFFERNAN—because we are all wondering whether this is what the greatest force on the planet, Mother Nature, is going to impose on us.

Senator Wong—Senator, whilst you and I may not agree on everything about how to do it, I think we share one thing, which is that we have to face up to the facts. We are seeking to do that. That is why we are doing what we are doing.

Senator HEFFERNAN—Can I just conclude with a visit to the Condamine-Balonne. I do not know how many people have read the ROP of the Condamine-Balonne but here it is, if anyone wants to read it. In the Condamine-Balonne we all know they are making serious errors and no-one knows how to solve the errors. And we all know that under the science those rivers are going to be more critical in the future than they have been in the past to the wellbeing of the Murray-Darling Basin. We all know that back in the nineties in the Condamine-Balonne, Senator Boswell, there were some cowboys around in government. There were some seriously bad decisions taken where the law was silent—no-one broke the law—and there were a lot of earthworks done up there in overland flow extraction harvesting as well as allocated pumping. As a consequence of that, under the ROP that is now in here, and it is draft form, we have got a series of licences ranging from the capacity in any one event to take from 469,000 megs to 100,000 megs for different properties in a system that has got an 800 per cent variability on the largest flood plain in Australia, with no science applied to the plan and no agreement, in the original water resource plan, between the top of the river and the bottom of the river—they both surrendered to each other. There is no capacity to understand what has been happening in the river system with water harvesting because the

bulk of the water that is extracted, which you see on the tele all the time in places like Cubbie, is overland flow. It is unlicensed, unregulated, unmetered and essentially free. I have taken Mr Scott Spencer through all this.

CHAIR—What is your question, Senator Heffernan? We are a bit pressed for time.

Senator Wong—He wants me to give my view about the ROP.

Senator HEFFERNAN—I want to know what they are going to do about this. The question is coming. The process that put this ROP in action was chaired by Leith Bouilly, who is the downstream neighbour of Cubbie—Scott Spencer said, ‘Well, that’s a commercial decision for the neighbours’—and her name appears on the largest water licence that is going to be issued in Australia: 469,000 megalitres. If you value it because of the variability—which we have extracted from you fellows a minute ago—on the Warrego, which has about the same variability, at \$350 an acre, then what is \$350 times 469,500 megalitres? That is a bloody lot of money. How can we ordinary Australians tolerate a system where the person chairing a government advisory body for the implementation of the ROP which produced this draft ROP becomes a major beneficiary of the same advice and does not have a conflict of interest? We are talking hundreds of millions of dollars.

CHAIR—What is your question, Senator?

Senator HEFFERNAN—I want to know what we are going to do about it.

CHAIR—There is the question. Can we have an answer, please?

Senator Wong—This is a process that is state government, not a federal government process, and you are aware of that.

Senator HEFFERNAN—It is.

Senator Wong—Senator, one of the decisions I made when I became minister is that, as federal water minister I was really going to try to avoid the sorts of state finger-pointing that unfortunately has bedevilled this area of policy too much. The fact is that you can point to decisions made by various state governments across the basin and be critical of them. It is not exclusive to—

Senator HEFFERNAN—We are talking about the wellbeing of Australia here.

Senator Wong—It is not exclusive to one state or another.

Senator HEFFERNAN—Nor one government.

Senator Wong—I have also said in relation to this particular area that it is true that, in various areas, various catchments, various regions within the Murray-Darling Basin, the history of entitlement does not make for pleasant reading. It is true. But the question is what we and what I do about it. You and I both know, and I think the previous government knew, that the way you have to shift from the position that Australia has been in to where we need to go is one that is going to have to involve the cooperation of the states.

Senator HEFFERNAN—Let me just put a bit more down. I don’t disagree.

Senator Wong—You and I also both know that the conversion to property rights—

Senator HEFFERNAN—From an authorisation.

Senator Wong—From an authorisation, the conversion to water property rights was a feature of the National Water Initiative and has been put in place in most of the recent—

Senator HEFFERNAN—But that was the separation of the land and the water.

Senator Wong—Whatever we think of this or any other water-sharing plan or ROP, this is what we are presented with and this is what we have to deal with.

Senator HEFFERNAN—I agree with that.

Senator Wong—The judgement that has to be made is: what do you do?

Senator HEFFERNAN—I will tell you what I think.

Senator Wong—Well, you and I both know that people, whether we like it or not, have made various investment decisions based on these rights that precede certainly our involvement in this—maybe not yours, but certainly precede mine. Our job as the government is to try and say, ‘Here is what we are presented with. How do we get to where we know we have to go in the future?’ We have made a judgement about that, Senator, and that judgement essentially revolves around changing the architecture, changing the management, getting a basin plan, a basin-wide cap that the states cannot veto and, prior to that, purchasing water and investing.

Senator HEFFERNAN—This is a dodgy deal.

CHAIR—Senator Heffernan, we are going to have to move on to other senators. You have had the floor for an hour now and there are other senators with questions. One last one.

Senator HEFFERNAN—The ROP, you may recall, Mr Borthwick, was withdrawn, and then it was brought back again and a couple of variations to licences were stuck into the ROP. I think that some of this stuff is jiggery-pokery. I think the proposition that you would issue licences based on past earthworks and no environmental planning—and I accept the argument that they have invested the money—

Senator Wong—Senator, this is a question for Queensland.

Senator HEFFERNAN—Part of the advisory committee’s job is to advise the government, both on the issuing of the licences—funny how you get no conflict of interest. That licence could be worth \$200 million or \$300 million. ‘Ah, I just happen to be on the licence.’ I have no capacity to qualify for a licence but I am on someone else’s licence. And it has to also be able to give the government advice on compensation for buying back the licences, in the same breath. We know that if these licences are issued—and Peter Cullen, who has been misquoted—God bless him and may God rest his soul—gave advice which was misquoted seriously many times that if these licences were implemented they would do serious long-term damage to the largest flood plain—it is already done—in Australia. Based on the size of the bulldozer and the bank that you built and the capacity of that bank to divert water, to issue licences, subject to the surveys, the storages, we—that is, the people of Australia—are going to pay for this, not any particular government. We are then going to have to buy these licences back in full knowledge that they should not have been issued in the first place in the proportion that they were. It was a great vision for the Lower Balonne on the wrong scale. Everyone knows that. Why doesn’t someone have the guts to do something about it? Thank you.

Senator Wong—Senator, we are doing something about it. The first issue—and I will reiterate this—is that many of the questions you raised about the process are not directed at this government. They are Queensland government processes. I appreciate you have an issue with them, but they are not matters that I have authority over. Second, whether it is in this area—

Senator HEFFERNAN—It is fraud to the public purse.

Senator Wong—But whether it is in this area or elsewhere, I do not think anybody seriously disputes that we have overallocation in the Murray-Darling Basin. And, yes, taxpayers are having to purchase to reduce that. That is across the basin. Those are decisions made by previous governments over too many years. What can we do about it?

Senator HEFFERNAN—I know what you can do about it.

Senator Wong—We have an approach that says: we recognise that this has happened; we cannot change that. What we can change is where we go from here. We cannot change the past but we can influence the future.

Senator HEFFERNAN—At Mulwala we seriously overallocated the groundwater. In the Namoi we seriously overallocated, in full knowledge that we were going to harvest the bloody thing in 30 years.

Senator Wong—Which is why the Basin Plan will look at both—groundwater and surface water.

Senator HEFFERNAN—Down in Mulwala we allocated about \$20 million to the whole basin for compensation. Some people lost 85 per cent of their water rights, with no compensation.

CHAIR—Senator Heffernan, we have to move on. You have had a fair go.

Senator HEFFERNAN—One second. Why not get a fair dinkum study, not the one that poor old Tom Hatton got landed with, which was just a guess at the future flows of the river and then calling that a scientific study.

Senator Wong—Oh, come on!

Senator SIEWERT—He has just won an award for that!

Senator Wong—Senator, the CSIRO sustainable yield study is one of the largest scientific exercises the CSIRO has ever done.

Senator HEFFERNAN—On the Condamine-Balonne?

Senator Wong—It is.

Senator HEFFERNAN—I am talking about the Condamine-Balonne. It was not a scientific drill-down into the environmental impacts. You will confirm, Dr Horne, that what it was was a study by the CSIRO into the future flow patterns, wasn't it?

Dr Horne—The study of the CSIRO on the sustainability and the basin-wide, as the minister said, is probably the largest scientific project undertaken in this country.

Senator HEFFERNAN—But all it did was look at future flows. It did not look at the environmental impact. So what we need to do is have a fair dinkum study, redo the plan—

Senator Wong—Which is the Basin Plan. The whole point of a basin plan is so we can better manage the basin going forward.

Senator HEFFERNAN—But in the meantime we are going to spend \$300 million buying licences that we are going to have to buy back. We are going to issue them then buy them back. Anyhow, I am finished.

Senator Wong—That is the reality with which we as this government have been presented, Senator Heffernan.

Senator HEFFERNAN—It is a disgrace.

Senator Wong—We might agree on that. But no-one else did anything with about it before now.

Senator HEFFERNAN—Well, I have been yelling about it for bloody years.

Senator Wong—True.

CHAIR—Indeed you have. Thank you, Minister. Senator Fielding, you have been very patient.

Senator FIELDING—Yes, I have been. In providing assistance to small, independent farmers that are struggling under the ongoing drought, there were some announcements made by the government to help farming communities along the Murray River, like those in Mildura, in the future. Could you go through the package?

Senator Wong—Yes, I can, insofar as I am able to. This is the small irrigators exit grant package?

Senator FIELDING—Yes.

Senator Wong—The government announced this package and it resulted from propositions put to us primarily from the South Australian government but also from similar views put subsequently by certain irrigators that there was an issue with the difficulty of some small-block irrigators in accessing the exceptional circumstances exit grant, which arose from the fact that they wanted to stay in these communities. In South Australia, the example is in the Riverland, where people may no longer want to irrigate but they are part of that community and they want to stay on the old soldier settlement blocks and stay in the community. We were conscious of that and we announced that we would enable an exit grant with some specific criteria attached to it, because you do have to ensure you get an environmental benefit and that you are genuinely helping people stay in the community. We announced an exit grant of up to \$150,000, with up to \$10,000 for advice and retraining and up to \$10,000 for the removal of permanent plantings and production related infrastructure.

Senator FIELDING—Was that for people all along the Murray or in certain sections? I am thinking of the people in Mildura who thought it was for them as well.

Senator Wong—I will be honest with you, Senator. The areas we particularly had in mind in terms of what had been put to us were Riverland and Sunraysia. Obviously when you create guidelines or a package there may well be people in other parts of the basin who would also be entitled.

Senator FIELDING—So what do we say to the people—say, in Mildura—who thought this was for them as well? They only heard the announcements.

Senator Wong—This is for Sunraysia, which includes Mildura.

Senator FIELDING—Yes, it is. That is good. I am just making sure that it is for those people.

Senator Wong—The purpose of this grant is to deal with the issue that the South Australian government in particular but also others, including people in those areas, raised with us about the difficulties with the EC package.

Senator FIELDING—Have those criteria been released publicly or not?

Senator Wong—No.

Senator FIELDING—What is the status of it?

Senator Wong—We have released a broad outline of the entitlements. I would anticipate that the detailed guidelines will be released imminently.

Senator FIELDING—Obviously there are quite a few farmers who have already been in really severe trouble for years, and they heard about the announcement on 20 September. I understand that it is only October, so it is a month, but they are worried that they have not heard anything, really. They wonder: ‘Have I missed out? Have I not heard? Are people in the queue in front of me? Am I late? Am I early?’ They are just not sure what is going on.

Senator Wong—I appreciate that. Obviously there are some technical issues that we needed to work through and that we will announce imminently. If you have particular constituents who are interested in this issue, I am happy to ensure that my department provides you with that information in a timely manner.

Senator FIELDING—Following on from there, are you still working it out? I can understand that.

Senator Wong—No, I think I said the announcement is in the very near future.

Senator FIELDING—Okay.

Senator Wong—I will make sure that you are advised.

Senator FIELDING—Thank you. What was the total money allocated to the package? What is the package called again? Is there a name for the package?

Senator Wong—In my brief we have called it the small block irrigators exit grant package, which is—no offence to the department—a very department-driven title, I suspect.

Senator FIELDING—It is obviously a working name.

Senator Wong—Yes, well! \$57 million was the amount announced.

Senator FIELDING—I think some of the concerns raised have been that if you divide that by \$150,000—which is, I think, the average assistance; maybe you would know more than I would on this from the figures—then that is about 380 packages out of that \$57 million. There have been reports from some of the irrigator groups that up to 1,000 irrigators could take up

this package, so you can see why people are concerned that, if they do not hear about it, they may not be in first. What happens when the money runs out?

Senator Wong—We will obviously assess that program. I am reluctant to get into a hypothetical discussion. I think we will need to assess that program as it is rolled out. Those figures that you just provided to me are significantly higher in terms of likely numbers than irrigators have raised with me.

Senator FIELDING—Going back a step, how did you actually determine on \$57 million, not \$60 million, \$100 million, \$30 million or \$200 million? How was the \$57 million actually determined; what process was used to determine that number?

Senator Wong—These are essentially demand driven packages, such as EC in Minister Burke's portfolio. In demand driven packages, there is an assessment done of likely take up and the assessment is then made on that basis.

Senator FIELDING—So I do not get the old 'it goes that way', who looks after this \$57 million package?

Senator Wong—That will be us.

Senator FIELDING—I am hoping that you have done the behind the scenes work.

Senator Wong—Hang on: it will not be delivered through our department, obviously. But the responsibility for the program lies with DEHWA.

Senator FIELDING—Do you have the details of how they came up with the \$57 million? If not, could you take that on notice.

Senator Wong—We are happy to take it on notice.

Senator FIELDING—You can see where I am coming from with this. If it has been sized incorrectly, you are going to have—

Senator Wong—I am sure that you will come and tell us.

Senator FIELDING—The farmers are thankful that there is an indication of support for people who realise that the drought is ongoing. It makes some sense for the government and for them to perhaps exit from farming but stay within the community to make sure that the communities do not collapse. But they are now getting nervous and thinking, 'Gee, if I don't get in first, I could miss out.' It would be a shame to see that happen.

Senator Wong—I do not think that I can add to my previous answer. When those details are announced, we will be happy to provide your office with the details to enable you to ensure that the constituents who have raised this with you can be informed.

Senator FIELDING—What sort of farmers was this package tailored to?

Senator Wong—Small block irrigators.

Senator FIELDING—Certain types of crops?

Senator Wong—No.

Senator FIELDING—So it is any crop at all?

Senator Wong—In my experience—and others may have a different view—you would generally have in that kind of small block horticulture, so it would mainly be horticulture. Certainly that is the case in the two regions that I raised.

Senator FIELDING—Could you go through, if you can, in summary or in as much detail as you want what the purpose of the \$57 million? What was it trying to achieve? I want us all to be clear on exactly—

Senator Wong—I think that I have done that.

Senator FIELDING—Okay.

Senator Wong—If you want more guidelines, I told you that we will announce or release those in the very near future. The purpose was to recognise the fact that there were some irrigators on small blocks who did not wish to leave their homes and currently exceptional circumstances criteria essentially require you to leave and the exemptions were, as I understand it, not going to assist these people. It reflected the propositions put to us by the South Australian government and subsequently other irrigator communities about the desirability of an exit package that enabled them to remain on that land but not irrigating. It was about an investment, essentially, into those communities.

Senator FIELDING—A lot of the farmers have taken it that way—that this is way of helping local communities survive.

Senator Wong—Correct.

Senator FIELDING—It was not totally about saving water; there was a parallel between the two.

Senator Wong—Sure. It is predicated, though—and we have said this—on the basis that there is a net reduction. People exit irrigation; we are just not requiring them to exist their homes as well.

Senator FIELDING—That is my understanding of it, too. Until the detail comes out on the package, obviously people will start to get concerned about whether this will force the price of land up or down and also affect the price per megalitre of water and those sorts of things. It does impact both. Obviously, you and I cannot go through that until the detail is out. But it is bit like the financial markets: it is not good to have uncertainty. All I can do is to encourage you to as quickly as possible get out there with the detail, because this is extremely important. If, for example, the government finds that there not enough of these farmers and irrigators can get access to the package purely because \$57 million is the cap, will the government look at that cap?

Senator Wong—As I said to you in answer to an earlier question, I am not going to get drawn on a hypothetical. We will release the guidelines and we will monitor the take up of the package.

Senator FIELDING—Part of the plan was the removal of permanent plantings. Can you go through some of that?

Senator Wong—My only concern about that is that once I get beyond the high-level of the announcement I am really traversing into the guidelines, which I have indicated to you that

we will release very shortly. As I have said to you, I am happy to provide that information to you subsequently; I am happy to organise a briefing if that is what you like. I can tell that, in terms of the high level, it was to assist with shifting those properties from an irrigation basis to a residential or domestic basis, essentially.

Senator FIELDING—You referenced \$10,000 before for removal.

Senator Wong—That was what was announced—up to that.

Senator FIELDING—If a farmer owns 15 acres, which is not—

Senator Wong—I am not doing this, Senator.

Senator FIELDING—It is important to at least get it on the table, though.

Senator Wong—I am not going to get into—

Senator FIELDING—You have not heard my question yet.

Senator Wong—You are saying ‘if this, then that’—

Senator FIELDING—You cannot presume what my question is before I have even asked it.

Senator Wong—I am trying to be—

Senator FIELDING—That is like me presuming your answer.

Senator Wong—There has been a bit of that this morning, although not from you, Senator Fielding.

Senator FIELDING—A farmer with 15 acres—and there is a farmer who owns 15 acres, by the way, so this is not fictitious—who is offered \$666 per acre to remove his permanent planting, which is up to \$10,000, will make a loss. They tell me that it costs about \$1,000 per acre to remove permanent plantations. What I am giving you a heads up on is that you need to make sure that these figures work on the ground. When you look at the final detail, make sure that it works practically on the ground, because some of the figures that have been banded around are going to cause some concern in the community.

Senator Wong—I appreciate the heads up. I am not going to get into ‘if this, then that’, because we should have the guidelines in front of us when that discussion occurs. But what I would say on the issue that you raised is that we do not suggest that this is going to cover every exigency. This is a taxpayer funded contribution for those irrigators who wish to exit. It is significantly more generous than they would otherwise receive.

Senator FIELDING—How will the details be announced? How will they get hold of the detail? How are you going to make sure that the farmers are aware of the detail? Given that the announcement is so close to being made, you must have detailed plans of how you are going to release that information to the public and let farmers know.

Senator Wong—We are very conscious of the need to get information out. I am not going to go into detail about that until the announcement is made.

Senator FIELDING—Is there a plan?

Senator Wong—There is always a plan.

Senator FIELDING—Can you share that plan?

Senator Wong—I think that I have answered that.

Senator XENOPHON—Various irrigation trusts have expressed some concern that once somebody leaves and there is no longer any water on the property that there is a question about the sharing of—

Senator Wong—These are some of the technical issues to which I referred.

Senator XENOPHON—So that is one of the issues that will be looked at.

Senator Wong—I assume from your question that you had the same conversation that I did with some of the organisations involved. We are conscious of those issues.

Senator XENOPHON—A concern that has been expressed to me by irrigators is that some of them want to know whether they should keep watering or put fertiliser on their permanent plantings. In terms of the timeframe, can you indicate whether ‘imminent’ means in the next two weeks, four weeks or six weeks?

Senator Wong—I would anticipate that it will be within the next two weeks.

Senator XENOPHON—Imminent.

Senator Wong—I said ‘anticipate’ and I am sure that if it is not then someone will tell me. In terms of your first question about irrigation trusts, did you want to put that on the record? It might be useful.

Senator XENOPHON—Yes. The concern expressed by irrigation trusts is that for those who exit there are questions of exit fees and there is a concern about the viability of or the financial impact on those remaining in the irrigation trusts—whether there is any adjustment planned for those. I think there is a suggestion that, even if the water has been sold, there would still be fees applicable to those properties. They are some of the concerns raised by irrigation trusts. There have been some discussions with the ACCC where I think even the ACCC has raised issues about perverse outcomes.

Senator Wong—Yes. Some of those issues, I will be clear, are broader policy issues about how the water market functions and how the water charge rules are put into place. I am aware of that issue. Those are amongst a number of issues raised in terms of exit and termination fees, and as you know the ACCC is undertaking some work on those. One of the challenges we have is that we have a water market that still needs a fair bit of work, to be honest with you. For example, on trades, there was a question asked today about how long the trades take to register, particularly interstate trades, in terms of, I suppose, not parity but comparability of different bases for charging and different termination and exit fees.

Senator XENOPHON—In terms of the whole issue of the trading and the market, what time frame do you see for there to be a national water trading regime and a national water register?

Dr Horne—At the moment I think we have a workable and working market. We have some proposals in front of COAG to improve those service standards for temporary trades within, really, a 12-month period. I would think that within a couple of years we will have significantly better service standards for permanent trade. It is probably a two- or three-year

time frame before there is a single electronic based trading system operating for what is more than a water register—it is really a water information system. We have had a lot of discussions over the last 12 months with jurisdictions on that. We have agreed to try and take forward a model developed from the Victorian model. All the other states have now agreed that this is at least a framework to work with and to bring forward, and we will try and get that resolved and decisions made there in, probably, the next six to nine months.

Senator XENOPHON—And that would require all the states to agree unanimously to new trades?

Dr Horne—Basically, we want a national system, so what we are working to do is to have all the state registers feeding into a single register. With that, in a sense we will have a system where irrigators anywhere can look at what is available to be bought and sold on the temporary market and the permanent market. People will be able to look up what the current allocation numbers are at different parts of the market. That is why I call it a water information system rather than just a register. It will also provide a vehicle for improving the speed of settlements when transactions take place within the market. It is being very actively pursued at the moment, but I guess it has taken a long time to get to this point.

Senator XENOPHON—I have a follow-on question from that. Unfortunately Senator Heffernan is not here—or perhaps fortunately from some perspectives, but not my perspective.

Senator Wong—Senator Boswell is not here either.

Senator XENOPHON—In relation to the question that Senator Heffernan put on notice about licences—general-security and high-security licences in the system—does that question also extend to the sleeper licences? Are they in the same category as a low-security licence?

Dr Horne—No.

Senator XENOPHON—I did not think they were, but can you provide information on notice about the number of sleeper licences that are in the system.

Senator Wong—As I said, we will take that on notice. I think that that data is probably held by the commission rather than the department, although Dr Wooding may tell me otherwise.

Dr Wooding—High security and low security?

Senator XENOPHON—And sleepers.

Dr Wooding—And sleeper licences.

Senator Wong—No, the whole-of-basin data on licences.

Dr Wooding—We will see what we can provide.

Senator Wong—What I want to mention is that it is my understanding that sleeper licences are not a separate category in themselves. They are other types of licences which have not yet been activated or licences not currently active. It may be that that data is trapped. We will check that.

Senator XENOPHON—But it would be essential for any basin plan to have that information.

Senator Wong—Absolutely; we agree with that.

Senator XENOPHON—Finally, going back to the questions asked—

Senator Wong—My point was that, as I understand it, they are the same type of licence; it just depends whether people are using them. They have the same rights.

Senator XENOPHON—But, in terms of whether they have been activated or not, there would be that information?

Senator Wong—Except that the current water sharing plans et cetera are predicated on the assumption that they are active, as I understand the evidence earlier today.

Senator XENOPHON—But, whether they are active or inactive, the extent to which they are active would be relevant in the context of a basin plan. Would that be the case?

Senator Wong—I actually probably look at it the other way, which is that you need to start with what the current entitlement level is, assume it is at the highest and then work back from there to what is a sustainable level of entitlement. I would probably look at it that way. Frankly, it will not be you or me, Senator; it will be the Murray-Darling Basin Authority, an independent authority. It will not be politicians determining those issues.

Senator XENOPHON—Perhaps after lunch we could talk about the government's issues. One final question has been put to me by a number of irrigators in terms of the exit package that was announced on 20 September, and I understand your constraints in terms of the full details of that. One of the concerns of some of the irrigators was: 'I am willing to get rid of, say, half my entitlement, but still stay on the land. It means I would scale down and do something else—so, sell my water and not be able to buy back that water—in other words, have a scaled-down operation so I still have some capacity.' Is that something that is being considered in this context?

Senator Wong—Obviously, the guidelines are yet to come, but this is an exit package, not a partial package. If people want to sell us water, we have northern and southern basin tenders which are currently on foot. But this is analogous to EC—exceptional circumstances exit package—and taxpayers are funding, essentially, a reduction in water extraction.

CHAIR—Have we got one quick question to fill the time until one o'clock?

Senator SIEWERT—We touched on this in previous estimates and it has been raised in the discussion this morning, sort of tangentially, and that is ecosystem health. We have now done a very comprehensive sustainable yield analysis. I think the work that Tom Hatton has done is very good work, but we do not have the equivalent level of data on ecosystem health. Previously, you have said, 'Yes, there will be some work undertaken on that.' Are we going to be undertaking a comprehensive analysis of ecosystem health and ecosystem requirements that complements the sustainable yield work that CSIRO has done?

Senator Wong—Senator, I think Mr Slatyer can assist on that as he has come to the table. But can I suggest this may be a longer answer and discussion than the time we have before one o'clock.

Senator SIEWERT—Perhaps you could take it on notice and we could discuss it when we come back.

Senator Wong—Chair, I am very happy to have Water all day, but we do have a lot of agencies waiting. I was just wondering if we could have a ‘not before’ time—

CHAIR—I will make an announcement about that in a minute.

Senator Wong—so I can send them off.

CHAIR—We are about to suspend for a break. There are a couple of things. The water infrastructure due diligence guidelines are on their way? You have got those ready—thank you. With regard to the order after lunch, at two o’clock it is proposed, if it is acceptable to the committee, that we go to outcome 2, the Antarctic Division, straight after lunch, then we will return to outcome 3 including the National Water Commission, and then the rest of the program as agreed previously.

Senator Wong—Chair, obviously this is a matter for the committee, but we had an issue last time with the Supervising Scientist, who came from Darwin and was not called. We also have GBRMPA, who are from Queensland. Could we get some indication of a time for those interstate agencies, as there are obviously implications for them. If they are on late they are going to have to stay another night. That is fine, but it might be useful if they can be advised of that. Can I leave that with you?

CHAIR—Yes, Minister.

Senator BIRMINGHAM—We could check what planes they may or may not have committed to because those two were always scheduled towards the end of the list, whereas the Antarctic Division would have rightly expected to be done in time to fly home, which is why we wish to deal with them. I am sure you are happy to check with the others.

Senator Wong—I am happy to, but I do not want to get to the end of the night with the Supervising Scientist having come down to find no-one has any questions again, which happened on the last occasion.

Senator BIRMINGHAM—Senator Ludlam has assured us he has questions.

CHAIR—Senator Siewert has a question about Ramsar.

Senator SIEWERT—I know I do this every time, and I always forget: are we dealing with it in the water outcome or the land outcome?

Mr Borthwick—We do it here.

Senator SIEWERT—That is what I thought we said last time. I just do not want to leave it and then get told I should have done it previously.

Senator Wong—So, Chair, we will commence after lunch with Antarctica Division, correct?

CHAIR—Antarctic Division for a short period of time, then we will return to outcome 3.

Senator Wong—Thank you.

Proceedings suspended from 1.01 pm to 2.01 pm

CHAIR—We will start with the officers of the Australian Antarctic Division. Senator Siewert has questions.

Senator SIEWERT—I would like to pick up where we left off at last estimates.

Senator Wong—Can you remember?

Senator SIEWERT—I have a little bit of a memory enhancer here. You may remember that we were talking about the contract with the Japanese in relation to the *Aurora Australis*. At the time we were discussing a memorandum of understanding that the Australian government was going to be negotiating with the Japanese. I asked at the time whether it was a public document. You said that you did not know. I said that you can rest assured I would be asking at the next estimates. So, this is the next estimates and I am wondering how the MOU is progressing. I would like an update on whether it has been concluded and whether we can have a copy.

Dr Press—In reply to a question on notice, we outlined when we began discussions with the Ministry of Education, Culture, Sports and Science and Technology—which is abbreviated in Japan to MEXT—over the MOU. We signed an MOU on 25 September 2007. That provided the basic framework for the conduct of the voyage and how MEXT and the division would work with each other to construct the purpose of the voyage and the finances around it. We are still in the process of negotiating the final text to an appendix to that memorandum of understanding which will be the final scope for how the fees are paid, how the voyage is conducted, who is in charge of the voyage and the conditions of the engagement.

Senator SIEWERT—Are you currently negotiating that?

Dr Press—Yes, we have sent a draft to Japan. The Japanese are very careful about these kinds of things. They want it executed in both English and Japanese, and at the moment we are just sorting out the words because some things are difficult to translate.

Senator SIEWERT—When is that expected to be completed?

Dr Press—It will be completed, I would say, in the next few weeks.

Senator SIEWERT—Could you run through what is going to be in the appendix—fees paid, who runs the voyage?

Dr Press—It outlines the details of what the voyage is for, a schedule of how we set the costs for the voyage and an understanding about variable costs like fuel and aviation. It has an indemnity provision. It has a clause that states who is in control of the voyage. It has clauses about delay and/or noncompletion of the voyage—false measure and the like. And then it has a clause on the payment itself—how it will be billed and when it will be billed.

Senator SIEWERT—What do you mean by ‘who is in control of the voyage’?

Dr Press—I can be quite explicit about that. Because the voyage is being conducted under charter to the Australian Antarctic Division by P&O, leaving aside the ultimate responsibility of the ship’s master under various international laws governing the conduct of ships on the high seas, we, the Australian Antarctic Division, are the controllers of the voyage. So we are the voyage leader. The voyage is under our command.

Senator SIEWERT—Is that appendix going to be a public document?

Dr Press—I did not intend to make it public. There might be some things in there that are commercial-in-confidence, but those details that I just read out would be available to the committee if it wanted them.

Senator SIEWERT—Thank you. When I was asking about this in May there was some—'confusion' is not the right word—discussion about how we make sure that the information collected is not conveyed to assist any whaling program. I will get to the science in a minute, but I was specifically at the time asking about communications. It was unclear at the time how you were going to prevent any transmission of information that might assist Japanese whaling.

Dr Press—Leaving aside the issue of transmissions being able to assist or otherwise Japanese whaling—I will answer that part of the question separately—aboard the *Aurora Australis* we have at the moment reasonably restricted access to telecommunications, insofar as the bandwidth and the communications that we have usually allow only one or two bulk transmissions a day of, say, email traffic back through our system to Hobart. We do not intend to vary that. We do not intend to have a communications blackout on the vessel, and we would operate the vessel and its telecommunications in the same way that we always do. It is basically under our control and ultimately at the convenience of the director of the Antarctic Division, leaving aside the fact that there might be other forms of communication that the ship needs to make which we would not have any control over. So the onboard email access is basically through the Antarctic Division's email portal.

Senator SIEWERT—The crew that normally operates the *Aurora Australis* will be the crew for this voyage?

Dr Press—Yes.

Senator SIEWERT—Thank you. Are the costs that were in the forecast still the same?

Dr Press—We estimate the cost will be between \$9 million and \$10 million, yes.

Senator SIEWERT—So there has been no variation to that?

Dr Press—No, there has not, but that does not mean that there will not be. That is our estimate. It will depend on the price of fuel when it is fuelled. It will depend on the absolute length of the voyage. We estimate it is going to be somewhere between 55 and 60 days. There are always contingencies like slow progress due to a build-up of ice—all of those kinds of things. But we estimate that it will be between \$9 million and \$10 million.

Senator SIEWERT—During the discussion that we had last time, we were talking about the scientific program and the types of projects that were going to be undertaken. I am just trying to find where I asked this question last time.

Dr Press—We did give you a detailed answer, but I do have some additional information, if you wish.

Senator SIEWERT—Yes. I want a follow-up from where we left off last time.

Dr Press—Sure. There will be a number of projects conducted. Some of those are purely Australian Antarctic Division projects and some of them you could describe as essentially

joint projects. There will be daily routine observations of the ocean, monitoring ocean circulation and plankton in the ocean. Japan has been doing that on a set transect between the north of the Antarctic area and the Antarctic itself since 1965, and this will be a continuation of that study.

There will also be underway observations. This is essentially Australia, Japan and the Scientific Committee on Antarctic Research projects looking at ocean circulation and plankton, the towing of a continuous plankton recorder. That is a part of a very long series of data over decades that we have been looking at what is in the Southern Ocean. We will be deploying Argo floats for CSIRO. These are oceanographic monitoring floats. We will be releasing meteorological drifters for the Bureau of Meteorology. We will be looking at ocean pressure for Japanese oceanographic work. We will be doing, if we have the time and the capacity, some ice edge or in the ice sampling of plankton and some oceanography studies, the same as what we would be doing out in the ocean water. And, if we are lucky, if we have the time, we will be collecting some live krill for the scientific work that is being done at our laboratories in Kingston, Tasmania.

Senator SIEWERT—Are those projects all joint projects or just the couple that you mentioned specifically?

Dr Press—The daily routine observations study is the Japanese project that I said has been going since 1965. All of the others I mentioned specifically as either being joint projects or projects we are doing on behalf of other people.

Senator SIEWERT—Do the Japanese use the information from the daily circulation project to inform their whaling program?

Dr Press—I do not know whether they do or not. It would be a fairly tangential relationship. One of the fundamental principles on which the Antarctic Treaty was negotiated and settled is that all Antarctic data is freely available. So data that is collected under the auspices of the Antarctic Treaty in the Antarctic Treaty area is made available to the global community and the global community has access to it. So how it is used after it is publicly available is at the discretion of those who use it. All of Australia's data, for instance, is made available through the Australian Antarctic Data Centre.

Senator SIEWERT—Do the Japanese make available their whaling data?

Dr Press—The Japanese data from whaling is made available through the IWC.

Senator SIEWERT—All of it?

Dr Press—I do not know.

Senator SIEWERT—I understood that they had produced few papers on their scientific whaling program.

Dr Press—I understand that as well. But, as far as I know, my understanding is that that data is made available through the IWC. To the extent that that covers everything they collect or not, I do not know.

Senator SIEWERT—Do they therefore not have to comply with the requirements under the Antarctic Treaty when they are whaling?

Dr Press—The competence for whaling as such is in the whaling convention, not in the Antarctic Treaty.

Senator SIEWERT—So the research they carry out under the Antarctic Treaty—

Dr Press—Is made freely available.

Senator SIEWERT—So therefore what is happening is that there is a petition of the scientific research that is done under the whaling convention and under the treaty?

Dr Press—That is a fairly accurate description, yes.

Senator SIEWERT—Obviously Australia gets access to the data under the IWC then.

Dr Press—Yes.

Senator SIEWERT—Thank you.

Senator MILNE—I have a couple of questions about where we are headed with our Australian Antarctic science. I understand that essentially the Science Strategy 2004-05 to 2008-09 is the basis for the current work and that there is a new strategy being developed in 2008-09 to go through for the next four to five years. Can you tell me where things are up to and what role you are playing in feeding into that new science strategy that will direct the work of the Antarctic Division?

Dr Press—If I can go back to the origin of the current science strategy which has been rolled over, the current science strategy grew out of the previous government's report on the future of Australia's Antarctic program. Under that framework over the last 10 years, in the period of time that I have been at the Antarctic Division, we developed two five-year plans and we are towards the end of the second five-year plan. That basically sets the overall direction and framework. The setting of that plan is a discussion between us as the lead agency for Australia's Antarctic program, the broader scientific community through focus groups and discussions that we have had with them and the Antarctic Science Advisory Committee. It is the Antarctic Science Advisory Committee that provides advice to the minister on the conduct and adherence to that five-year plan.

Over the last couple of years we have engaged in a very detailed discussion internally in the Antarctic Division and interdepartmentally about the future of Australia's involvement in Antarctica. We have a draft report which we are looking at at the moment to provide to government, and from that there will be a framework that a new strategic plan can be built on. My assessment from where I sit now is that the priorities that the program has evolved towards over the last 10 years are very high priority—they are environmental protection, the role of Antarctica in the global climate system and science that underpins the importance of Antarctica in its own right and regionally to Australia.

Senator MILNE—So, in terms of funding the new strategy, can you give me some indication of how that negotiation is going? Are you expecting to get a similar level of funding as before? Also, the climate work presumably is an increasing priority in terms of the Antarctic. How will it pan out in terms of the list that you just gave me of the sort of work you will be doing?

Dr Press—If I can separate funding from priorities for the moment, our forward estimates have not changed. So we are still able to conduct high-priority science in Antarctica with our current forward estimates. In the future—and you mentioned climate—there are a number of very important long-term global issues that can only be answered by looking at the Antarctic and its influence on the rest of the world. There are very strong climate factors in that. If you look at the last IPCC report, you will see that there are some uncertainties and a lot of those relate to climate and climate change in Antarctica. Our priorities in the future will be to try to find the information to narrow those uncertainties. They are to do with ice mass balance—whether there is more ice being lost from Antarctica than is being gained. They are to do with ocean circulation and the formation of Antarctic bottom water. They are to do with sea ice and the extent of sea ice around Antarctica, and they are to do with the chemical changes that are happening in the ocean as a result of elevated carbon dioxide levels.

They will not be the only priorities in the future, but, in relation to climate change, information from Antarctica will be crucially important. There is also the issue of what Antarctica can reveal about past climate. The paleoclimate history of Antarctica that is locked up in the deep ice cores will be significant in helping the modelling but also in answering the questions about what elevated carbon dioxide levels in the future might do to long-term climate fluctuations.

Senator MILNE—I have looked at the work you have been doing during the International Polar Year and all the collaborative research that has been going on with scientists around the world. A lot of the projects you have just mentioned are critically important for the whole planet. The thermohaline conveyor work is critical to Northern Hemisphere countries. Is there any potential to increase the funding source and therefore the intensity of the work you are able to do by collaborative arrangements with scientific institutions funded by other governments or other research institutions?

Dr Press—The answer to that is yes. I have said before that Antarctic science is a very expensive business. It is a long way away. The future is about collaboration. This year in Antarctica we will be engaged in two very big collaborations. One is looking at the formation of the Antarctic ice sheet in the Gamburtsev Mountains, inland from the Davis station. Another big project, which will overlap with a project that we are doing on our own, is looking at the depth and the structure of the ice inland from Casey station.

Both of those projects will have as a spin-off the possibility of finding the world's oldest ice and the ability to take our climate history back over a million years. We could not do either of those projects on our own. None of the participants in those projects would have been able to do them on their own. So it is a pooling of resources, and I do not just mean money. What we are contributing is the ability to get people deep inland by using our CASA 212 aircraft, our deep field experience in setting up base camps and looking after people in the field. That gives us a leg up on one of the projects. On the other one we can use our airstrip at Wilkins for the aerial survey of the Aurora basin. That is going to be crucial to the long-term paleoclimate studies.

We have also been engaged in the last few months with other Antarctic nations operating in east Antarctica—the Chinese, the Russians, the Japanese, the French, the Italians, the Romanians and the Indians—in not only how in the future we might be able to collaborate in

science but also what opportunities there are to do logistic collaboration and therefore reduce logistic costs to free up more money to do important science.

Senator MILNE—In relation to sampling and modelling and what is happening with the thermohaline conveyor and the slowing of the ocean systems, how much more field work do we need to be done? I understand that basically the restriction up until now has been the lack of actual monitoring in the field.

Dr Press—That is a hard question to answer precisely. Ten years ago it was suspected that if global warming was happening then at some time in the future you would see the freshening of the deep ocean water and that, in turn, would indicate a slowing of the thermohaline circulation. Around 2003-04 we started on the work that CSIRO was doing aboard *Aurora Australis*—Dr Rintoul and others. We started to get some indication that the water was getting fresher. In the last few voyages the signal is fairly strong. That is that the deep ocean water is colder and fresher and because it is less dense it does not have as much energy. The prediction is it would not travel as far.

I think in the future not only will there be a need to continue measuring where we have already measured to see whether that process is continuing and permanent but there may be the need to look at other parts of Antarctica where this deep ocean Antarctic bottom water is being produced and see whether the same things are happening there.

Senator MILNE—I understand that the other senators have questions so I will finish with this particular topic. This is a critical issue for the world in terms of climate change. Given that you have said there will be the need for that research, what is stopping us increasing our capacity in this particular research field? Is it just money, a lack of collaborative partners, priorities? What is the issue?

Dr Press—I do not think you can put it down to a lack of collaborative partners. At the recent Scientific Committee on Antarctic Research meeting in St Petersburg there was a general consensus amongst climate scientists from the northern polar regions and the southern polar regions that the climate signals were a lot stronger than they expected them to be at this stage of their understanding. Being able to form those collaborations would be easy. It is just how much money there is in the world to do that and who has access to it.

Senator MILNE—So it is a resourcing issue at this stage? It is not for want of identification as a scientific priority?

Dr Press—At least in the polar community, the Antarctic community, it is not seen as a low priority by any means.

Senator MILNE—So what do we need to do to get money? Obviously it cannot be funded totally by us. What are we doing to actually advance that?

Dr Press—As I said, there has been a lot of discussion in the scientific community about collaboration. There is a lot more collaboration happening now in Antarctic science than there has been. I think one of the legacies of the International Polar Year—as it was back in 1957-58—will be an increased focus on collaboration. I think forging those links with other significant institutions is important. In Australia, some of the work that we can do gives us access to facilities that the US and Great Britain have. I think there are other institutions such

as the Alfred Wegener Institute in Germany that, if we can forge those international partnerships, will be able to bring more money in. It takes a lot of groundwork to get that done. We are working very hard to try to make it happen.

Senator MILNE—I guess what we are asking for is: how can we help make it happen?

Dr Press—By keeping it high on the agenda.

Senator MILNE—I will leave that with you on notice.

CHAIR—Thank you, Senator Milne.

Senator BIRMINGHAM—Dr Press, just very briefly, has the division finalised its flight schedule for the coming season?

Dr Press—As finalised as the weather will allow, yes. I will just actually look at my briefing on this so I get it entirely correct. We will be operating from, all things being equal, 11 November. This is the A319 flying from Hobart to Wilkins Runway. From 11 November to 17 February we have scheduled, at this stage, about 16 flights.

Senator BIRMINGHAM—Has the division received any request from Customs or any other agency of government, minister or any other authority for any use of that aircraft or lease arrangements of the division for the purposes of surveillance around whaling?

Dr Press—I have received no such request.

Senator BIRMINGHAM—Thank you. Thanks, Chair.

CHAIR—If there are no further questions of the division, thank you very much, gentlemen, for appearing before us this afternoon. We will now return to outcome 3 with the department and the National Water Commission. I understand Senator Nash is going to lead off.

Senator SIEWERT—Except they were going to answer my questions.

CHAIR—Yes. Fair enough. Officers, I understand we have an answer for Senator Siewert. Is that right?

Mr Slatyer—Senator, as I recall your question, it was really about how our environmental needs are being identified through the basin and progress on that front. The short answer to your question is that the responsibility under the new arrangements for identifying and specifying environmental priorities through the basin will sit with the new authority and it will be incorporated in the basin plan, and there are fairly detailed provisions in the Water Act which lay out the basis on which those provisions will be devised and incorporated. But we are of course currently doing a significant amount of work ourselves which is both informing the Commonwealth's view but also will be available to the authority to draw on as it goes about that work. I will ask Ms Schweizer to briefly run through the various tasks that we are currently doing which, I think, get to the heart of the question you were asking.

Senator SIEWERT—Okay, and then we will go back to the act, because I think I dispute your claim that there is enough in the act to help. I remember having an argument about that during the debate on it.

Senator Wong—Which act?

Senator SIEWERT—The Water Act. If you recall, I tried to amend it.

Ms Schweizer—As Mr Slatyer alluded to, we are doing a series of works across the basin to try to better understand the ecological character of the basin and the key assets. Just to remind you, in terms of doing water and water planning, we were tasked under the NWI to identify the high conservation value aquatic systems, both surface and groundwater, and then to make provision for them on the basis that the identification of these major systems is indicative of some of the health of the basin.

We have been building on work that has been done under the CSIRO sustainable yield study, where, while they did not look at environmental assets in their entirety, they did do some preliminary analysis on what was in state water resource plans. We are also being informed by the work done by the Murray-Darling Basin sustainable rivers audit which has recently been released—the second major report on that—which does look at river reaches in terms of their health, looking at a number of indicators such as hydrology, invertebrates and fish, and there are a number of other indicators they will do in the second phase. So that is a long-term program that is being done.

We also have a series of works underway looking at that portion of the Ramsar estate that falls within the Murray-Darling Basin. There are 16 Ramsar sites at the moment in the Murray-Darling Basin. We are working through those sites bringing up to date the ecological character descriptions, which are detailed documents which set out the key ecological character elements of the sites, thresholds for change and major threats to them. So they do not just look at the site; they look at a larger area. We have completed about 8½ of those. The half is because in the marshes there is a private site and a government site and we have done one of them and we have about another quarter underway, so that is a priority to do with that.

We have also been doing some work with the Murray-Darling Basin Commission to properly map acid sulphate soils on any of the other 15 sites over and above the Coorong and Lower Lakes site to understand whether or not there is an issue there that could be triggered or exacerbated by falling water levels. At the same time we are doing some collaborative works with the commission and the states looking at any other water related stresses or threats to those Ramsar sites within the Murray-Darling Basin to make sure that we are aware of any issues as early as possible and are able to take remedial action where this is possible or, alternatively, make 3.2 notifications. We have also done a Ramsar snapshot, which we did some months ago, which looks at whether we have all of the necessary documentation for these sites and does a preliminary threat analysis on a generic basis—that is, threats over and above water shortage such as things like invasive species and the rest of those.

There are also a range of studies that are being done by other agencies that are doing work in this area. These include the National Water Commission, the Murray-Darling Basin Commission, other components of the Australian government's work such as the Commonwealth environmental research facility—there are some key research programs in the basin—the states and territories and of course the CMAs. The unifying vehicle for all of this information will be to work on a catchment-by-catchment basis to capture these key sets of information, and the main vehicle for doing that will be the basin plan. What we are doing is doing our best to collect this information, identify gaps, work with partners and commission as many of those studies. I would be happy to table a list of the full sets of work.

Senator SIEWERT—If you could, that would be useful. So the basin plan is going to start, though without that having been put together on a catchment-by-catchment basis?

Ms Schweizer—We are proceeding to do it and it is done to varying degrees and by different players in different catchments, because this is not a vacuum, of course. The states have been managing and looking at assets, so it is a collaborative exercise of pulling it together.

Senator SIEWERT—So who is actually responsible for pulling it together catchment by catchment?

Ms Schweizer—Ultimately, that will be the new Murray-Darling Basin Authority.

Senator SIEWERT—Okay. So what I said before is accurate—that is, we are going into this process with the sustainable yield process done but that is not done on a catchment-by-catchment basis ecologically? The authority has to do that?

Ms Schweizer—They do, yes, but they will be drawing on a wide range of information that is being prepared in anticipation of their needing to pull it together.

Senator SIEWERT—How long is it anticipated that pulling that together would take?

Mr Slatyer—That is a matter for the authority really to answer, Senator. But, in response to a comment you just made, whilst the CSIRO sustainable yields work does not go into great detail about the ecological impacts of the water availability scenarios, it does do so on a catchment-by-catchment basis. So that information, as far as it goes, on a catchment-by-catchment basis from those studies will be available to the authority.

Ms Schweizer—Senator, the sustainable rivers audit does the same thing. It works on a catchment-by-catchment basis looking in quite some detail and has been running for some years. So there is a wealth of information. It is the assembling it and interpreting it, because interpretation, as much as anything, needs to be a shared exercise in terms of understanding and capturing those values and understanding the watering needs of those systems.

Senator SIEWERT—So in your estimation how long will it take?

Ms Schweizer—I really cannot speak for how long it would take for the authority to do this. It depends on what process they decide to put in place to do it.

Senator Wong—A lot of this work should have been done some years ago. You would be better having a situation where you are proceeding on the basis of quite a lot of the sort of scientific and knowledge bases, some of which you have alluded to, having been formed prior to either policy being progressed. In our judgement, it is not appropriate, given the urgency of the situation, to await all of this analysis before purchasing water and investing, for the reasons I have outlined. We can anticipate this.

If you refer either to the CSIRO sustainable yield study, which you are quite familiar with, or the Sustainable Rivers Audit they are pretty clear in their assessment of the state of the basin. It would be a pretty sound bet that purchasing water, reducing extraction, returning water to the river for environmental flows would be required in quite a number places, if not in all of the basin.

Senator SIEWERT—I am not having a go at the purchase of the water. As you know, we want you to purchase it quicker, not slower. I am concerned that we do not have an adequate understanding ecologically of the system on which to soundly plan. In terms of what you said the authority is going to do, what funding is being made available to ensure that happens sooner rather than later?

Mr Slatyer—Resources are being provided for the authority to undertake all its work, including this. That funding is sourced from the Driving Reform in the Basin program, the profiling of which was outlined in the last two budgets. That will be the source of funds for the authority. That funding line does not separately identify how much the authority would direct at this particular task within the department. We are continuing to resource the groundwork that Ms Schweizer was outlining, as I said, both to inform ourselves better but also to help when the authority initiates its basin planning task so it has some material to start off with.

Senator SIEWERT—So it is up to the authority to allocate that line item once they start?

Mr Slatyer—Yes.

Senator SIEWERT—But it has not started yet?

Mr Slatyer—The authority CEO has been appointed and staff have begun to be appointed to the authority. If you have questions about the inner workings of the authority, now that it does formerly exist, you should direct them to the authority.

Senator SIEWERT—Thank you.

Senator NASH—I will return briefly to Toorale Station. There were a number of questions which we did not manage to get to before we went across to Senator Fielding before. Can I ask you what consultation took place with the local community before the purchase went ahead? Given the magnitude of the property as a contributor to the local region, what community consultation took place?

Ms Harwood—There was no consultation.

Senator Wong—Can I make the point, Senator Nash, that this was an auction that went on afterward. You have suggested that any other buyer would have been required to consult?

Senator NASH—No, but given that we are looking at the use of taxpayers' money and government decisions, I think it is appropriate to see whether the government was aware of any impact on the local community.

Senator Wong—I am not sure when the commercial-in-confidence negotiations were proceeding that it would have been a prudent way of dealing with those negotiations to have the Commonwealth publicly engaging with other parties in relation to those negotiations. I appreciate from where you are sitting that you might say that. But we have to treat this as a commercial negotiation. I refused, for example, to discuss aspects of this through the media in the lead-up to the decision. I would have thought that it would have been quite difficult, given the nature of those negotiations, for them to be the subject of a consultation process. This is a commercial transaction.

Senator NASH—Indeed, but I thought there might be some way for the government to ascertain if there was going to be any impact on the community perhaps other than community consultation. Was there any work done on the current levels of production at Toorale and what of that went to the local community? Do you know what the current levels of production are on Toorale?

Senator Wong—Can I remind you that the New South Wales government purchased the land. They hold the land. We purchased the water and we have assisted with the funding.

Senator NASH—Indeed.

Senator Wong—I am making the point about who owns what. We do not own the land.

Senator NASH—I am very clear about that. Unfortunately, they are a tiny bit linked because the water was actually enabling the land to operate and produce. Even though I do understand the difference between the Commonwealth-state responsibilities here, they are linked.

Senator Wong—I have seen some advice about New South Wales discussions subsequent to purchase but they are really matters for the New South Wales government. I do not know whether anyone can assist on that. I think Mr Cochrane may be able to.

Mr Cochrane—My responsibilities include the national reserve system program which contributed to the purchase of the property. I am sorry, I came in late. Can you ask your question again?

Senator NASH—I just wanted to know whether the department had any information on the current levels of production at Toorale across the various agricultural pursuits?

Mr Cochrane—As my colleagues have indicated, New South Wales has been monitoring that.

Senator NASH—Is that a no? I am happy for it to be a no.

Ms Harwood—We have had information about the size of the current wheat crop.

Senator NASH—What are the other agricultural pursuits, for the information of the committee?

Ms Harwood—Grazing.

Senator NASH—Of?

Mr Cochrane—Cattle.

Senator NASH—No sheep?

Ms Harwood—There may be some sheep.

Senator NASH—There may be some sheep.

Senator Wong—Senator, I am not sure what point you are seeking to make.

Senator NASH—If you could just give me a moment, Minister.

Senator Wong—We are not running away from the suggestion that this purchase with New South Wales did put this property into the national reserve system and Ms Gock will be more across the land tenure details than I—that is, it took it out of production and put it onto a

reserve footing—nor that we will purchase the water. We are doing what we committed to prior to election.

Senator NASH—I understand that.

Senator Wong—You may not agree with that, and I appreciate that.

Senator NASH—I understand that.

Senator Wong—You may not agree with it. That is what our election commitment was.

Senator NASH—Unfortunately, that does not answer the very few questions I have left. Perhaps I could ask them. We can then move on to another area. You can take on notice for the committee and gain from the appropriate New South Wales department the current levels of production. Can I move then to the issue of the entitlement that was bought and the allocation and three very clear questions. I know we did discuss this in some detail with Senator Heffernan. Could I have the total amount of the entitlement purchased, the current allocation or, if there is not one, to date the most recent allocation that was granted against that entitlement and what the government is assuming an average allocation will be against the purchase of that entitlement?

Senator Wong—We will take that on notice. We will do our best. In relation to the third issue, I put the caveat I have put before in relation to the purchase. In terms of the allocation against entitlement, we stand in the same shoes as any other licence holder.

Senator NASH—I am just at an absolute loss here. You say that the whole point of purchasing Toorale was to return water to the system and take stress out of the system and then the next moment you say that you are in the same shoes as everyone else in terms of allocation. You have no idea how much water is going to go back to the system.

Senator Wong—Your criticism means that government should not purchase. If you are putting seriously the proposition that a government entering the water market needs to be assured of what the allocation level will be before it purchases entitlement, you would never purchase because the allocation level is dependent on inflows—that is, rainfall. I have advice that was provided to me about average and good year type allocations. I am simply making the point though that we stand in the same shoes in relation to this entitlement as any other licence holder, the previous licence holder would, and any other farmer because, as you know, allocation levels in many parts of the Murray-Darling Basin are very low. That was the only caveat I was putting on it.

Senator NASH—Indeed.

Senator Wong—And you are seeking from us how much we are assuming? We can provide the advice as to what was put to me by the department, but again I just simply raise the point: allocation is dependent on inflow, and you know that.

Senator NASH—I understand that, Minister. Perhaps, then, you would not mind sharing what those average and good-year type allocations that you just quoted were, because if you have gone to the trouble with the state government of spending \$24 million on a property for the purpose of returning water to the system then surely there must be some assessment on which you worked that says how much water you think might come back as a result of spending \$24 million.

Senator Wong—Hang on. That was a purchase of a property by New South Wales assisted by us—

Senator NASH—Sorry, I should have added ‘with the New South Wales government’.

Senator Wong—to be added to the reserve system which had, in terms of the advice to government, on its own merits environmental values, and Mr Cochrane can provide some information about that—

Senator HEFFERNAN—Who gave you the advice?

Senator Wong—if you are interested. It seems that there are a lot of political comments being made about the purchase of Toorale. I do not know if you have asked once, Senator, what the environmental values of the site are.

Senator HEFFERNAN—Who gave you the advice?

Senator NASH—Do not tell me what I should be asking you, Minister.

Senator Wong—But I am making the point: you are impugning the purchase. You are entitled to do that; that is a political point.

Senator FISHER—Actually—

Senator Wong—If I could finish, Senator Fisher.

Senator NASH—I am not—

Senator Wong—I would appreciate being able to finish my answer, actually. I do not believe any coalition senator has actually asked Mr Cochrane, for example, to go through what the advice is about the environmental values of the site.

Senator NASH—We may yet get there, but that has nothing to do with the question. Who gave the advice on what the potential water savings were—what that potential average allocation might be—and what was that advice? They are very, very simple questions.

Senator HEFFERNAN—We know it was not the Murray-Darling Basin because they have already told us they were not consulted.

Ms Harwood—The Department of Water and Energy, the New South Wales department responsible for water—and the model is there—estimated that the long-term average annual volume of all Toorale Station licences is around 20 gigalitres.

Senator HEFFERNAN—With great respect, can I just go to the area licences?

Senator NASH—You can have one or two questions.

Senator HEFFERNAN—It is quaint that you picked a place where they have not got a water resource plan, where the land has not been separated from the water, on a river where the resource operating plan stops at the border. How come you would value the old area licences in the system that should have been retrieved by the government years ago?

Senator Wong—Hang on, Senator. We traversed a lot of these issues prior to the lunch break.

Senator HEFFERNAN—But the old area licences, with great respect, should no longer exist. Is that true, Dr Horne? They had a use-it-or-lose-it policy years ago.

Senator Wong—I have had Senator Fisher saying something, I have Senator Nash with some questions in front of me and I have Senator Heffernan asking two or three questions. Which would you like me to deal with?

Senator NASH—I have said that Senator Heffernan can ask his one question and then I will take the call back.

Senator Wong—You have a question, Senator Heffernan.

Senator HEFFERNAN—Which Dr Horne has got. What is the status of the area licence?

Senator Wong—I think Ms Harwood can assist you.

Ms Harwood—The property has an area based licence. Both of the valuations done for the property valued that licence—

Senator HEFFERNAN—Do you realise how unique these licences are?

Senator Wong—Senator.

Ms Harwood—More broadly, as I understand it, the New South Wales government is in the process of developing a policy for floodplain harvesting under the state legislation.

Senator HEFFERNAN—Can I tell you this is a complete cock-up.

Senator NASH—You can later and you have said that and we have heard that. Can I go back to clarify the question before we got sidetracked. You said the advice from the New South Wales government was how much?

Ms Harwood—It was 20,000 megalitres.

Senator NASH—Assuming that is just an average-case scenario—which we are assuming you worked on because then all this money was spent on buying back the water licence, so there was an assumption that at some point there would be water there to return to the system—has any work been done on the removal of that water and the effect on the production? Those are the figures you are going to come to the committee with that you have not got at the moment. Has any work been done on the very specific loss of production from the removal of that water?

Senator Wong—Not that I am aware of.

Senator NASH—That is what I thought.

Senator Wong—Not that I am aware of in terms of the Commonwealth. This is not a compulsory acquisition, Senator Nash. This is a willing purchase. It is a purchase from a willing vendor.

Senator NASH—I understand that, but just because it is a willing purchase does not mean the government should not be assessing the impact that these things are going to have.

Senator Wong—I just make the point: we are doing what we said we would do, Senator Nash. We are purchasing water. We have made it clear that where there are environmental values in both the property and the water we would be open to purchasing these. I also make the point that I made to you before: these negotiations and the lead-up to the auction date are commercial-in-confidence so it is not appropriate for government officers to be consulting with the community in relation to the negotiations which are commercial-in-confidence.

Senator NASH—Indeed, but one would—

Senator Wong—When you say ‘indeed’, are you seriously suggesting that is how we should go about this?

Senator NASH—I am seriously suggesting that the government should have an idea of what taking water out of these communities is going to do to the production capacity of the property it is taken from and the flow-on effects to those local communities. That is what I am suggesting.

Senator Wong—And—

Senator NASH—Can I just—

Senator Wong—No, you just made a point and I will respond to it. The government is very conscious of its impact on the water market and we recognise not only the regional impacts of the purchase but, frankly, a greater impact comes from climate change, drought and overallocations.

Senator NASH—And you have said that before, Minister, and we have heard that before.

Senator Wong—Can I finish? In relation to the first purchase, we have undertaken a stakeholder review, commissioned the Hyder review, and we have also subsequently commissioned the ABARE report so of course we are conscious of these issues.

Senator NASH—Yes, which is the cart before the horse.

Senator Wong—Oh, dear.

Senator NASH—Can I just move on. Were there any job losses associated with the purchase?

Senator Wong—Senator Nash, maybe you should just say you do not believe we should purchase.

Senator NASH—It has got nothing to do with what I believe.

Senator Wong—What do you believe, Senator Nash?

Senator NASH—It has got to do with the government and the department appropriately asking questions.

Senator Wong—Is the National Party position that we should not purchase? You should just be honest and say it.

Senator NASH—If you want to ask questions of me, Minister, how about we swap sides.

Senator Wong—What is your policy?

Senator NASH—It is our role to ask you questions.

Senator Wong—What is your policy?

Senator NASH—Swap sides if you want to ask me that question, Minister.

Senator Wong—No, let me finish this. I am making a point. If you are genuinely against purchasing, then wouldn't it be more honest just to say it?

Senator NASH—I am not being dishonest, Minister. I am asking some very serious questions. Do not hide behind trying to turn it around and ask me questions. These are appropriate questions to be asked through this forum to see what impact the government's decisions are having on the broader community, and that is entirely appropriate. If I could just move on to the issue of job losses. Were there any jobs lost as a result of the purchase?

Mr Cochrane—Can I answer that at least in part. The station, before it was purchased, employed nine full-time staff. New South Wales government officials have been discussing future employment opportunities with those employees, including the opportunities of working with the New South Wales Department of Environment and Climate Change. There are also rehabilitation activities to be undertaken on the farm and there are local employment opportunities for contractors there. We are advised that New South Wales officials met the employees of Toorale on 19 September to have those discussions. The employees expressed an interest in learning more about those possibilities, and the New South Wales Department of Environment and Climate Change is working on developing an employment strategy and a proposal for those employees. It is not dissimilar to what happened at Yanga, a large property near Balranald, a year or so ago, where there has been substantial local employment as a result of that property being turned into a national park.

Senator NASH—Was there any impact on Indigenous employment in the region?

Mr Cochrane—I do not believe there is any Indigenous employment on the property, but can I take that on notice?

Senator HEFFERNAN—Excuse me. With great respect, every time they bloody shear there is a heap of rouseabouts go out there. They shear 30,000 sheep. You are talking about permanent employees. You are talking through the back of your head. It is a bloody disgrace!

Senator NASH—Perhaps if you could take on notice whether there are any permanent, part-time or casual Indigenous people being employed and what the numbers were across the various—

Senator Wong—Senator, we will endeavour to assist. This may be information that is not held by us and is a matter for New South Wales.

Senator NASH—If the advice comes back from the department that I need to ask the New South Wales department, I will ask them.

Senator Wong—They do not appear at Senate estimates, but you are welcome to go ahead.

Senator NASH—No, I am sure I can find another avenue to perhaps ask them a question. Chair, I just have a couple of other areas that I—

CHAIR—Do you think we will put an end to Toorale Station some time soon?

Senator NASH—I think we have finished on Toorale Station.

CHAIR—Hallelujah!

Senator HEFFERNAN—Are we still on this?

Senator NASH—We are still on water but we are not on Toorale.

Senator HEFFERNAN—I just have a question on the area licences. Mr Borthwick, you might be familiar with the regime that used to be area licences and when it ceased. Are you familiar with that?

Mr Borthwick—No, I am not.

Senator HEFFERNAN—Are you familiar, Dr Horne?

Dr Horne—No, I am not familiar.

Senator HEFFERNAN—When did they cease?

Dr Horne—I do not know when they ceased. They probably still go in some areas.

Senator HEFFERNAN—No, they ceased!

Dr Horne—Is there not a current licence on—

Senator HEFFERNAN—Yes, but this is old paperwork that should have been tidied up a long time ago.

Dr Horne—I know, but your question was do they still exist and they do appear because they have not been—

Senator HEFFERNAN—But this is a mistake by the bureaucracy—

CHAIR—Senator Heffernan, let the witness answer the question.

Senator HEFFERNAN—Righto.

Dr Horne—The fact—

Senator HEFFERNAN—These licences should not have been compensated. They should have been cancelled.

Senator Wong—Senator Heffernan, again, I think what you are on about, as it were—

Senator HEFFERNAN—I know what I am talking about.

Senator Wong—I cannot think of a nice way of saying it. What you are pushing is a proposition that is about state government policies and whatever people—

Senator HEFFERNAN—This is about the good of the nation.

Senator Wong—I am not disputing that that is where you are coming from, Senator Heffernan. I am saying that that is not a federal government policy.

Senator HEFFERNAN—All right.

Senator Wong—It is the same as the Condamine-Balonne ROMP.

Senator HEFFERNAN—So we just surrender?

Senator Wong—No. No, we work with what we have to work with and we try to get the best outcome for the nation and taxpayers that we can.

Senator HEFFERNAN—What Senator Nash is on about is the net return to the system and the net return to the system where you are actively buying an area licence which, for all intents and purposes, became antiquated at the end of the seventies. The owners of the property said to me, 'Bill, we don't even know why we've got them,' and you silly buggers

went along and bought them. They should have been cancelled, but someone bought them. You valued them and put a price on them and—what did you pay?—you paid \$350 a meg at six megs a hectare.

CHAIR—Senator Heffernan, have you got a question, or else we will go back to Senator Nash?

Senator HEFFERNAN—For God's sake, Australians have to wake up!

CHAIR—That is not a question. Senator Nash.

Senator HEFFERNAN—This is terrible stuff. There ought to be a judicial inquiry.

CHAIR—That is not a question either. Senator Nash.

Senator NASH—Thanks, Chair. There are just another couple of areas that I might like to talk about.

Senator HEFFERNAN—One last shot. Based on the \$350 megs a hectare, you are going to pay \$175 million for that 469,000 meg licence it covered. That is what you are going to pay based on this 800 per cent variability at \$350 a meg.

Senator Wong—Senator, we have gone through the Condamine-Balonne issue.

Senator HEFFERNAN—Just a bloody disgrace!

Senator Wong—I am glad that Senator Boswell is not here otherwise we would probably have another fight across the chambers.

Senator HEFFERNAN—No, he could never catch me!

Senator NASH—Anyway, perhaps I could move on to another area.

Senator Wong—I am happy, Senator Nash, for us to move on.

Senator NASH—Thank you, Minister. Can I just address the more broad issue of food security.

Senator HEFFERNAN—Hear, hear!

Senator NASH—Has there been any work done by the department or consideration given by the government on the potential impact of the water buyback program over a period of time coupled with the national reserve system and locking up even more land? What work has actually been done on the issue of food security in Australia?

Mr Borthwick—There has not been any work connected with the additional purchases to the national reserve system and the implications for food security.

Senator NASH—What about the water buyback program itself? Has there been any work done on the potential loss of production as a result of that leading to perhaps an issue with food security?

Mr Borthwick—No, there has not.

Senator NASH—Has there been any work done on production in terms of what we do in exporting to least developed countries to assist with their food task? Has any work been done on that?

Senator Wong—Senator, can I just stop you for a moment because I think there is a premise here which you are proceeding on which I do not share and the government does not share. The first is just a procedural issue. I have a recollection of some work on similar issues—perhaps not in relation specifically to the water purchase but certainly food security more generally—being conducted in DAFF, and it may be that there are programs or research being undertaken there but I am not across it.

As I said to you—and I know you do not want to hear it again—the biggest impact on production to date is not the water purchase; it is the lack of allocation which results from climate change and drought and a history of overallocation. That is by far the biggest impact on production in the Murray- Darling Basin to date—not the \$50 million purchase or the purchase at Toorale. They are dwarfed in comparison to what we are currently experiencing in the basin as a result of there being low inflows. In the context of that, the impact on food security, on irrigation communities and on the regions by far and away is primarily driven by, as Senator Heffernan so bluntly put it, what Mother Nature is doing.

Senator FISHER—How can you assert that if the advice has not been forthcoming and the work has not been done? It is just an assertion, Minister.

Senator Wong—No, it is—

Senator FISHER—It may well be true, but we are not in a position to know unless and until you do the work and provide it to the Australian public.

Mr Borthwick—There is a more general point here, and that is that the \$10 billion that is being spent in the basin is really restoring the balance—that is, the \$5.8 billion on improving irrigation systems and \$3.1 billion in terms of water buyback from willing sellers. Without that money, the situation would be far more parlous in the basin in terms of the agricultural sector being able to adjust to the emerging situation.

Senator HEFFERNAN—But that is using the model of the past.

Senator FISHER—Maybe.

Mr Borthwick—No, it is a fundamental point, because one of the planks of this spending is to try to lift agricultural productivity and hence output above what it otherwise would be faced with—climate change, dry conditions and—

Senator Wong—I did want to respond to Senator Fisher, who seems to be asserting that I am just asserting that climate change and drought are having an impact. I would invite Senator Fisher to go to the communities that are experiencing—

Senator FISHER—Minister, you were asserting it had the real impact.

Senator Wong—Can I finish? I am asserting that and, Senator Fisher—

Senator FISHER—I am seeking the advice upon which you are judging the impact of drought and climate change as opposed to purchases.

Senator Wong—Okay. I can easily do that. We have spent less than \$50 million because of the issues we discussed this morning and we purchased Toorale today. The impact of that in terms of actual allocation, as you know, is far less than what communities over the last three

years have experienced in terms of low or very low allocations and the impact on production. I have used Deniliquin a number of times where we have had—

Senator FISHER—The less water you realise, the less the impact.

Senator Wong—Senator Fisher!

CHAIR—Let the minister finish her answer and then you can ask another question, if Senator Nash has finished. If we continue to interject, we will be here till midnight on the same issue. Minister, would you like to finish?

Senator Wong—Thank you. There have been zero allocations in quite a number of areas over a number of seasons and South Australian irrigators have been on very low allocations. I can take you through the historic allocations over the last three years and you will see in terms of the history of the Murray-Darling Basin how extraordinarily low they are. That is not the impact of purchase; that is the impact of drought and climate change as well as overallocation. So I think—

Senator FISHER—Food production.

Senator Wong—The point I was making is that the impact on food production and on agriculture generally in the Murray-Darling Basin has been severely constrained in the last years by what? By the fact that we have not had sufficient rain, by the fact that we have had such low inflows and we are at such historically low levels.

Senator FISHER—Are you—

Senator Wong—That is the big issue. So the question is: how do you deal with that? The next point I wanted to go to is really the point Mr Borthwick made. Our view—and I have expressed this a number of times today—is that the best way to ensure a viable future for these irrigation communities in the regions—which rely on these irrigation industries and, equally, because it is in many ways part and parcel of the same thing—and the food security issue is to ensure that these irrigators can do more with less. But we agree with the National Farmers Federation. They said more crop per drop. That is—

Senator FISHER—On what basis are you asserting that, Minister? What does ‘do more with less’ mean?

Senator Wong—Well—

Senator FISHER—You are just giving us nice words, Minister.

Senator Wong—Well, actually they are the National Farmers Federation’s words, which I am respectfully repeating.

Senator FISHER—Therefore you must understand the detail underneath.

Senator Wong—I am not going to be accused of—

Senator FISHER—Perhaps you can provide it on notice.

Senator Wong—Can I finish, Senator Fisher?

Senator FISHER—It is taking too long, Minister. We have taken too long already.

Senator Wong—Well, we know what took too long, Senator. It is the fact that your party never did anything on this, or we would not be in this position.

Senator FISHER—You are in government, Minister.

Senator Wong—What I was trying to say was, as the National Farmers Federation has said, we need to have more crop per drop. What does that mean? We need to be able to grow more in terms of the amount of water, in terms of water productivity—

Senator HEFFERNAN—We surrender, we surrender, we surrender. Can I just make a point? I want to make a point and Fiona Nash is going to let me.

CHAIR—Senator Heffernan, let the minister finish and then wait for the call.

Senator HEFFERNAN—She surrendered, we surrendered, someone surrendered.

CHAIR—Minister?

Senator LUNDY—It is not about surrendering; it is about listening to the question.

Senator HEFFERNAN—You have a listen to this!

CHAIR—Senator Heffernan.

Senator HEFFERNAN—The big problem—

CHAIR—Senator Heffernan, let the minister finish and then wait for the call.

Senator Wong—It is simply that that is the logic behind the \$5.8 billion, Senator Nash.

Senator HEFFERNAN—Can I just say that the big problem that I see for us all—and, Mr Borthwick, you would be across this and so would Dr Horne—is that there is a possibility if the science is right that we can spend \$10 million in efficiency gains and buybacks et cetera and if the science is right in the lower Murray- Darling Basin on the decline in the run-off, we would still be in a position of zero allocation for general allocation having done all that, because we have not done an audit—which I have put you on notice on—of what are the high priority licences, what is the aggregation of those versus the low-security licences, versus the disproportionate return to the river as the run-off declines for the fate of the river so the fish do not have to walk down the riverbed, as it were, and then what available water is left after all that for general purpose? It could well be, because we do not know the answer—you haven't modelled it—that we are back where we started. We still haven't got any water for general allocation. That is true. That is a possibility, isn't it?

Senator Wong—If climate change is worse than—

Senator HEFFERNAN—If we get between 3,500 and 11,000 megs decline in run-off—that is the science prediction. God knows what part of it is right.

Senator Wong—This is the sustainable yield's best, medium, worst scenarios you are talking about?

Senator HEFFERNAN—Yes.

Senator Wong—There are a range of scenarios there. We do not know, at this point—you are correct—which of those—

Senator HEFFERNAN—So we could spend \$10 billion and still have zero allocation for low-security licences; that is true.

Senator Wong—We do not know which of the climate—

Senator HEFFERNAN—So why don't we model it?

Senator Wong—We are modelling, Senator. That is what the sustainable yield study is—

Senator HEFFERNAN—Can I put all of that on notice.

Senator Wong—I think the point is this: what would you have us do? If the scenario is that the government is supposed to assume zero allocation no matter what we do, therefore we essentially have to walk away from those communities—

Senator HEFFERNAN—I would definitely, if I was in charge, do those sums and I would not be spending the money that we are spending before we do the sums and I would definitely be getting off my arse and developing Northern Australia, because the next generation of young farmers has to have some light at the end of the tunnel. The Cape York Peninsula has a series of rivers and we, at the present time, have locked up the first kilometre of development for all those rivers for all time because of, as I said, the other mob—the mob in Brisbane that pat their armpits and smoke pot and want to feel good. And we have that wild rivers legislation which the Australian Conservation Foundation disagrees with and the Indigenous people are insulted by, and that is just one piece of the north. And you have those other drongos saying, 'Oh no, there's nothing up here.' The other thing about it is—

CHAIR—Senator Heffernan, is there a question in there somewhere?

Senator HEFFERNAN—There is a question. In terms of the food security which Senator Nash is so importantly pursuing, a policy, willy-nilly, allowing the likes of the Douglas Daly region to be locked up for tax-funded MIS bloody African mahogany, and a lot of the good country in stage 1, the 14,000 hectares, and 335 gigs of water in stage 1 going to sandalwood against the world's demand over the next 40 years for a doubling of the food task and a declining capacity in southern Australia to produce that food and contribute to the global food task is crazy. Would not you agree? That is the question.

CHAIR—You will be very disappointed.

Senator HEFFERNAN—You will be pleased to know I got a laugh. Tell me I am right.

Senator Wong—There are many aspects of what you say that have merit, Senator.

Senator NASH—If we just move onto a couple of other issues just quickly. I am conscious of time. Can I just raise the issue of the north-south pipeline.

Senator Wong—Sorry, are we done with food security, Senator?

Senator NASH—I think so. But if the department could take all those questions I have put on notice and come back to the committee as quickly as possible.

Senator Wong—Yes.

Senator NASH—If I can briefly move onto the pipeline and the decision of Minister Garrett to approve under the EPBC Act—

Mr Borthwick—That is output 1.5, Senator.

Senator NASH—Sorry.

Senator Wong—It is Mr Garrett whom I represent, as you know.

Senator NASH—Thank you for your advice. I will wait.

Senator Wong—Can we do that at 1.5 because I suspect there will be other senators and I notice that Senator—

Senator NASH—My fault entirely.

Senator Wong—I notice Senator Macdonald is not here and I am sure he will want to ask questions on notice.

Senator NASH—Then can I quickly turn to the basin plan and the target date of the 2011 start-up. How is that 2011 figure arrived at?

Senator Wong—My recollection, Senator, and this precedes me, is that that was in the original Water Act, from memory. Is that not right? No. Sorry.

Senator NASH—This is a genuine question. I do not know the answer.

Senator Wong—That is prior to my time.

Dr Horne—The timing was announced, I think, in the second reading speech of the Water Act 2007—so, last year. It built up on what was the expected time to do the fundamental research which is required, then to take that research and go out and consult in the community. Now, there was a lot of consultation which was built into the act. If you go through the act as set out, that consultation is, in fact, a very exhaustive process of consultation. In fact, if you looked at it now you would say that the amount of time, I think, that is available to do the first basin plan by early 2010 will be very tight indeed.

Senator Wong—Senator, just so you know I can answer in respect of what has happened since I became minister, because this predates it—

Senator NASH—I am sure you would say lots of good things.

Senator Wong—I was just going to let you know that the 2011 date was reiterated in the memorandum of understanding that was agreed at the COAG meeting in March and then included again in the IGA, from memory, that the Sydney COAG meeting agreed to—2011.

Senator BIRMINGHAM—Have you sought any advice along the way as to whether it could be achieved faster?

Dr Horne—We certainly had discussions, and I am sure that Mr Freeman, who is the Chief Executive of the MDBA, can speak to this. Looking at the time frame, looking at what needs to be done, it will be a very big ask to have it done in that time.

Senator NASH—The planning for this could theoretically have started when the Water Act came into being in 2008, couldn't it?

Dr Horne—And it has started and it had been started, so bits of work were commissioned. For example, the CSIRO sustainable yield study, which has been undertaken over the past 18 months or so, will be one of the major inputs into the preparation of the basin plan. There have been several other pieces of work that the department has had commenced, which we

have now passed over to the MDBA. I think you can speak to Mr Freeman on this, but they are working away on the issue as they build a team up.

Senator Wong—Senator, in relation to the commencement of the act which commenced—Mr Slatyer, can you just remind me of the month of that commencement?

Mr Slatyer—March 2008.

Senator Wong—Sorry, the passage of the act. I think the passage of the act was in September 2007, from memory. I am just trying to remember when we moved to appoint. When we came to government there had been pending appointments in relation to the authority because it had not yet come into force.

Senator NASH—No. I understand that, and I understand that you wanted to wait until the authority was appointed before you progressed to the more substantive planning. My question was just that, hypothetically, under the act as it stood, as it came in in March this year, the plan could have begun at that stage. I am just trying to ascertain: is it only that we were waiting for the appointments to the authority to begin the planning proper but under the legislation it could have actually happened in March?

Senator Wong—Hang on—but we needed to also get agreement with the states about what that plan would do. So there was that issue, and we needed the referral of powers to be agreed which would enable the basin-wide cap et cetera, and there were a range of other issues. So those are being progressed. I do not want to belittle this process. You have to get not only political agreement but passage of referral of powers legislation through all the basin state parliaments as well as the federal parliament. It is not an insignificant task. I would just reiterate that I think the department, both pre and post the change of government, has actually done a fair amount of work in, I suppose, laying the groundwork in terms of the scientific data that the basin plan will require, and the sustainable yield study is probably the best example of that.

Senator BIRMINGHAM—Just for clarification and for my memory, without the Water Act in front of me, is the basin plan due by 1 January 2011, 31 December 2011 or some other time?

Mr Slatyer—I think the language in the IGA and MOU said early 2011, as I recall, and the act itself does not contain a specified date.

Senator XENOPHON—As a short point of clarification, you have the final say over the basin plan and cap, but the sharing arrangements are still subject to agreement between the states?

Senator Wong—That is correct.

Senator XENOPHON—Thank you.

Senator NASH—I do have a number of other questions that relate to some of the answers to the questions on notice, but I am happy to do those at the very end. That will be only five or 10 minutes, I imagine. But I have just one last question on the basin plan at the moment. In terms of assessing the buyback of the water entitlements without a basin plan, I imagine it is a bit difficult at the moment, and in the answer from the department to the question on notice—

Senator Wong—Can you give us a number, Senator?

Senator NASH—Sorry, of course. It is question 131. It is—

Senator Wong—If you could just give us 30 seconds, we will get a copy of that.

Senator NASH—I think you will probably be able to do it without the question. It is pretty straightforward.

Senator Wong—You never know. I might need a lot more information.

Senator NASH—I will just keep asking the question while you are doing it. Basically, the answer says that you were able to do it without a basin plan, and you were assessing offers against their capacity to provide water for high-value environmental assets and on achieving value for money. It would just be useful for the committee—and I am happy for you to take this on notice—if we could have a broader definition of both ‘high-value environmental assets’ and ‘achieving value for money’, if they are the criteria that you are currently assessing the buybacks on, given that there is no basin plan in place. I am happy for you to take that on notice in order to get some detail.

Mr Slatyer—To answer the question about high-value environmental assets, it is fairly straightforward at this stage. We have listed Ramsar sites and we have sites also in the directory of important wetlands of which there are quite a number and which are acknowledged for their ecological values.

Senator NASH—That is what I am getting at—if you could provide that ‘quite of number’.

Mr Slatyer—That is the starting point for that type of assessment.

Senator NASH—If you could provide that more expansive answer and also some more detail around what your assessment is for achieving value for money for the committee, that would be useful also.

Senator SIEWERT—I wanted to start on Ramsar. Where are we up to with the review of management of Ramsar sites?

Mr Slatyer—We are just finalising our advice to the minister on that review, and that is its current status.

Senator SIEWERT—How long is it going to take to finalise your review? When I asked in May you said that you were just finalising it. When I asked in February you were just finalising it. In fact, I think it was just before that.

Mr Slatyer—I do not think I used the language ‘just finalising’, but it is very close. We have the final report with us and that report has been subject to some discussion with state counterparts to make sure we understand all the facts, and then we will be advising the minister on the content of that report and our view of what it all means and how it should be handled.

Senator SIEWERT—And it will be done before COP?

Mr Slatyer—COP commences next Tuesday, so it may not be done before COP but it will be quite soon. I should emphasise that, as Ms Schweizer indicated earlier, that report is

primarily describing the status of the documentation—the management planning, the ecological character descriptions and so forth. It is not a report about the ecological status of the sites per se; it is a report about the adequacy of the formal documentation that we have held in the states and in the Commonwealth about those sites.

Senator SIEWERT—That is not how it originally started and how it was discussed. I will admit, under the previous government, when this was being debated in the chamber—and it was in response to questions that we were raising over, in fact, the Coorong, which I will get to in a minute—it was also to include the status of the management of the wetlands. That is where—

Mr Slatyer—Ms Schweizer might elaborate a little more on that last answer.

Ms Schweizer—The report to which you allude does touch on identifying some of the key generic threats and some of the challenges in more fully understanding the threat across the Ramsar estate as a whole. It does advocate some additional tools or mechanisms, including a rolling review of the Ramsar estate so that every three years we do get a comprehensive picture of the status and condition of those sites. So we do have some preliminary information and we have worked on that recommendation already. We have designed, with the states and territories, how we would undertake such a rolling review. We have done some pilot work on that and we are looking to take that forward. So, notwithstanding that that review does not comprehensively cover that, it did signal some directions in which to go. What has taken the time is that we have been working with the states and territories to put in place the responses to those issues that it raised.

Senator SIEWERT—But it has not gone to the government ministers yet?

Ms Schweizer—Ministers, no.

Senator SIEWERT—So when do you anticipate it going to the ministers?

Ms Schweizer—I got formal sign-off from my state and territory colleagues in the middle of September, when we had a meeting of the Wetlands and Waterbirds Taskforce. So I now have both sides of the equation to put up to ministers—both the report and the response.

Senator SIEWERT—Okay. I suppose this is a bit cheeky, but this has been going on for 2½ years; won't the situation have changed?

Ms Schweizer—Yes, which is why we have been keen to touch base again with our state and territory colleagues. The actual information in the report will not change, but it may require an updating of the responses as to where we have got to and what the issues are. I do not think the threats themselves, which are the general categories of threats that impact on Ramsar sites, are likely to change.

Senator SIEWERT—Can I go to a specific Ramsar site before I go to the Coorong-specific Ramsar site, and that is the Gippsland. I understand that is a Ramsar wetland.

Ms Schweizer—It is.

Senator SIEWERT—And I understand its condition has been deteriorating significantly. Is that a correct understanding?

Ms Schweizer—We have just commissioned an ecological character description for the Gippsland Ramsar site, because it falls in an area that we call a coastal hot spot, which is because it is a Ramsar site and it is an area subject to increasing development pressures. We are concerned to better understand what those issues are—what the thresholds for change are. We have just done an ecological character description, which was undertaken by our Victorian counterparts, and they are now starting discussions with us because they are concerned that the ECD does perhaps show that there are some changes to the ecological character. So we have said that we need to talk about this formally, because if there is documentation that supports a human-induced change then we will do a 3.2 notification to the Ramsar convention and we will make a case to the ministers, one way or the other, as to whether or not they wish to Montreux-list as well.

Senator SIEWERT—Thank you. Is that ecological character report available?

Ms Schweizer—I would have to check. The process for ecological character description reports is that once they have been completed to the satisfaction of the state we put them out for formal peer review to ensure that they are adequate and robust. I would have to check whether that has had its formal peer review or whether we are still going through that process. After that the reports go into the public domain and we send them off to the Ramsar convention and we put them on the website.

Senator SIEWERT—So what is the time frame for the peer review process and when is the report likely to be released?

Ms Schweizer—I would have to check, and I will be able to do it now, whether it has gone through peer review. We have got a series of about 20 or 30 ECDs because we are accelerating their delivery. I would have to check the exact status of that one.

Senator SIEWERT—That would be appreciated if you could. I turn now to the Coorong. I will start with the most immediate issue. This article was posted earlier today. Are you aware that the Environmental Defenders Office of South Australia says that they may in fact take some legal action over the Coorong? Are you aware of that announcement today?

Senator Wong—I can say that I did note it whilst sitting in the estimates hearing.

Senator SIEWERT—You did?

Senator Wong—Yes. It was on the ABC website. Of course I am paying very close attention to everything you are saying and Senator Heffernan in particular!

Senator SIEWERT—Can I ask for your response, Minister? It is probably more appropriate that I ask for your response rather than the department's response, seeing as you are aware of it anyway.

Senator Wong—I have obviously not had any advice on that. These legal ideas have been put a number of times by different stakeholders.

Senator SIEWERT—Will you be seeking advice from the department?

Senator Wong—If appropriate, yes. I am not sure of the extent of it. I have seen a report on a website that said that the Environmental Defenders Office were considering this. It was a very brief assertion. I have no detail about what the assertion is about the constitutional

argument or whether in fact there is any action being taken. I will await that. I assume that if the department believe I should be advised about some details around that they will do so.

Senator SIEWERT—Do you consider that we are meeting our responsibilities around the Ramsar convention for the Coorong and the Lower Lakes?

Senator Wong—I might ask Ms Schweizer first to give the legal answer.

Ms Schweizer—Under the convention our legal obligations are to work with the managers of that site to prepare a management plan for the site which is intended to maintain the ecological character of that site. If under the convention we come to a joint understanding, together with the manager of the site, that there is human-induced change to the ecological character of that site, we are required under the convention to notify the secretariat under what is called a 3.2 notification of that change and of any remedial actions we are putting in place to make that change.

We did provide this notification, which is a departmental action, back in December 2006 to the secretariat and advised them that from time to time we would update the 3.2 notification. At that time they also provided us with the Montreux listing questionnaire and asked us to consider whether or not we would consider Montreux listing. The government's position to date on Montreux listing is that we do it on a case-by-case basis and we review it from time to time and provide advice for the ministers' information as to whether or not they wish to Montreux-list. With respect to the Coorong and Lower Lakes site, we recently sought some additional advice from Professor Cullen's scientific review panel on how best to ensure we fully meet our obligations. So to date we have been going through all of those processes.

Senator Wong—It is absolutely the case, as you know, that the Coorong and Lower Lakes are under severe pressure as a result of the current circumstances and the historical circumstances which I will not go through again. In addition to the reporting obligations—which is primarily the way in which Ms Schweizer referred to the Ramsar convention—I would point you to three things we are doing which I think are absolutely consistent with and furthering our obligations both specifically and in terms of principle. They are: first, the \$200 million which we have allocated to South Australia for a lasting solution for the Lower Lakes which I outlined in my opening statement; second, the purchase of water—as you would know, the Lower Lakes and Coorong is one of the sites which would be included under the high environmental assets, which was the subject of Senator Nash's question, I think; and, third, the whole approach of undertaking a basin plan including the environmental watering plan is about managing better a range of environmental assets through the river of which the Lower Lakes and Coorong is one.

Senator SIEWERT—And you have not added to the Montreux list or Montreux record though, have you?

Ms Schweizer—No. We updated our 3.2 notification just last week prior to going to the COP and we provide, as I said, advice from time to time to the ministers as information changes or new things happen to allow them to again continually decide whether or not they wish to add sites to the Montreux list.

Senator SIEWERT—I understand that the management plan is being updated. Is that a correct understanding?

Ms Schweizer—That is correct.

Senator SIEWERT—When is the new management plan likely to be released?

Ms Schweizer—I would have to take that one on notice. That work is being done by our South Australian colleagues and, as you would appreciate, it is being informed by all the work that has got underway to date in terms of looking at medium- and long-term options for the Coorong. But I can get back to you as to when they anticipate finishing it.

Senator SIEWERT—That would be appreciated.

Senator XENOPHON—There have been suggestions that to deal with the hypersalinity in the Coorong you open up a channel into the sea and also use the upper south-east drainage scheme. What is your understanding of what steps can be taken to fast-track those projects to reduce the hypersalinity in the Coorong?

Mr Slatyer—We understand that the option of pumping water out of the south Coorong into the sea is something which South Australia are considering incorporating in the initial stage of the priority project relating to the long-term management of the Lower Lakes and the associated feasibility work. We are having discussions with South Australia about the make-up of that initial project, and we will be awaiting a firmer proposition from them in that regard.

With regard to the south-east drainage scheme, we do understand that there are opportunities through that scheme to boost freshwater inflows into the south lagoon. Under the configuration of the current scheme, as I understand it, that opportunity is fairly limited in terms of the volumes of water that might be able to be pushed through into the south lagoon. In the context of longer term management options for the Coorong, there may be scope to augment those arrangements. But, again, in relation to the proposals in that regard we are awaiting firm ideas from South Australia.

Senator BIRMINGHAM—Mr Slatyer, I am assuming that when you said that it is all part of the long-term solution and the work done by South Australia that means it is funded under the \$200 million enduring solution that the minister spoke of in her opening remarks?

Mr Slatyer—It would be eligible for that, yes.

Senator BIRMINGHAM—It would be eligible for that. So at present it is work the South Australian government is doing in isolation?

Mr Slatyer—No. The South Australian government are developing proposals in terms of the initial stage of that major project, which is a feasibility study, and we are still awaiting a firm proposal from South Australia on the ambit of that feasibility study. In regard to the larger amount to fund measures for the long-term management of the Lower Lakes and Coorong, we would assume that measures of this nature would be eligible for support under that kind of program. The final decision on what is in that project would of course be a matter of agreement between the South Australian and Commonwealth governments.

Senator BIRMINGHAM—Is it the expectation of the Commonwealth and/or the South Australian government—presumably both, if it is—that the feasibility study will be funded by the Commonwealth?

Mr Slatyer—Yes.

Senator BIRMINGHAM—And is that out of this \$200 million?

Mr Slatyer—Yes.

Senator BIRMINGHAM—How much of this \$200 million is immediately available?

Mr Slatyer—We have advised the South Australians that \$10 million can be made available initially. That would be for the feasibility study stage.

Senator Wong—I think the \$10 million was in fact the Prime Minister's announcement, not just Mr Slatyer's advice to the South Australian officials, from memory. I am sorry to come over the top of you, Mr Slatyer.

Senator BIRMINGHAM—I did not quite catch that, Minister.

Senator Wong—My recollection is—and I think the officers will correct me if I am wrong—that the \$10 million of immediately available funding was in fact part of the Prime Minister's announcement.

Senator BIRMINGHAM—Very good. I am pleased to hear that your belief tallies with the Prime Minister's.

Senator Wong—I am saying it was not just a fax from Mr Slatyer.

Senator BIRMINGHAM—Over the immediate years of the forward estimates, how is the \$200 million allocated?

Ms Harwood—We have not profiled the money yet because the major projects have not been determined.

Senator BIRMINGHAM—When do you expect to receive projects from the South Australian government?

Ms Schweizer—We do not have the financial timing yet. We have been talking with our South Australian colleagues on working up the feasibility study proposal as to what types of interventions they wish to explore and test. We have had some preliminary discussions. They are due back within the next month, we hope, with their worked up paper addressing some of the issues we have talked about.

Senator BIRMINGHAM—In terms of the implementation time lines for these initiatives, they are at this stage totally variable, depending on what proposals the South Australian government puts forward?

Ms Schweizer—That's right. We have to test the feasibility of a number of different options they wish to explore in terms of long-term stability for the site. Depending on the feasibility studies, thereafter we would have a better feel for which proposals are viable in the long term. Then, of course, there is work to assess how long they would take—whether they are substantial engineering works or less interventionist works.

Senator BIRMINGHAM—On what basis was the \$200 million selected?

Senator Wong—My recollection is that was the figure put forward by South Australia. That was in addition to the figure for piping which we have previously referred to.

Senator BIRMINGHAM—Was that put forward in correspondence from the South Australian government or in discussions?

Senator Wong—We would have to take that on notice. There were a range of negotiations in terms of the MOU and the IGA, as you would be aware. They occurred at the political level as well as at the officer level and were bilateral as well as multilateral.

Senator BIRMINGHAM—If you could take that on notice, that would be appreciated.

CHAIR—We will go to an afternoon tea break.

Proceedings suspended from 3.46 pm to 4.02 pm

CHAIR—We will commence with questions from Senator Birmingham.

Senator BIRMINGHAM—Minister, picking up on a similar strain to where we finished off, on what basis was the additional \$100 million for the Adelaide desalination plant allocated?

Senator Wong—This is the Prime Minister's announcement.

Senator BIRMINGHAM—Where was the \$100 million figure taken from?

Senator Wong—We know from what has been made public that the cost of any desalination plant will be significant. Mr Robinson might be able to assist.

Mr Robinson—There was an early announcement for the first \$100 million, which is to come from the national urban desalination plan et cetera.

Senator BIRMINGHAM—Which was an election commitment I think of both parties.

Senator Wong—No. Why—was it your commitment? Peter Costello said that the Commonwealth had no role in urban water, from memory.

Senator BIRMINGHAM—I recall there was a commitment for desalination funding but, nonetheless, we will not squabble over that.

Mr Robinson—As you mentioned, the Prime Minister made an announcement about a further commitment subject to the capacity of the plant. We have had some discussions with the South Australian government and, really, we are waiting for a proposal for the government to consider.

Senator Wong—Just getting out of process for a minute, can I just say more broadly that we were clear prior to the election that we wanted to invest in urban water projects which enabled a diversification of water sources so that Australians could become less reliant on water sources predicated entirely on rainfall. We have a range of election commitments which we are rolling out consistent with that. You are from Adelaide, Senator Birmingham. I don't think there are many people who would suggest that Adelaide does not need to diversify its water supply, whether it is through other water sources or through things such as stormwater recycling, which we have also funded in a number of areas.

Senator BIRMINGHAM—Certainly, Minister. I do not disagree with any of that. Was the \$100 million a request of the South Australian government?

Senator Wong—I would probably have to take that issue on notice. This was the Prime Minister's announcement subsequent to the community cabinet, or subsequent to the cabinet meeting.

Senator BIRMINGHAM—I am just trying to ascertain essentially whether the Prime Minister's announcement was in response to a package of requests that may have included the \$200 million—

Senator Wong—Yes, and I am not the Prime Minister—

Senator BIRMINGHAM—Sure, but it is an announcement related to your portfolio, and I am assuming that you would have been consulted and that it was a decision of cabinet.

Senator Wong—I was actually present at the announcement, you may recall, but I am saying that I would like to take that on notice if you have further process issues. I am assuming there is no criticism from the coalition about an additional investment in South Australia getting alternative water supplies.

Senator BIRMINGHAM—There is no criticism about an additional investment. What I am curious to know is whether this was a request of the South Australian government in terms of their priorities for Adelaide's urban water or whether this was a prime ministerial decision or a cabinet decision to come up with a good news announcement on the day of the Prime Minister's visit to Adelaide.

Senator Wong—Can I just say I don't think there is anybody in South Australia who does not think we need to make investments in water. There may be some people but I have not met many of them.

Senator BIRMINGHAM—I have not met many of them, either.

Senator Wong—Frankly, those suggestions are really not on the mark. These are really important issues and these are issues about which I would have hoped there would be some bipartisanship, frankly, in terms of Adelaide's water supply.

Senator BIRMINGHAM—Minister, it is about where and how we make those investments, whether or not they are made on an evidence based assessment or whether in fact they are made on political assessments. You have taken on notice whether there was a request for it. What I am trying to get to the heart of is where the concept came from for an extra \$100 million should the desal plant be doubled.

Senator Wong—And in your question you said, 'I want to know if South Australia suggested it or whether it was just a good news story.' What I am saying to you is that they are actually not the only two options. The fact is that we were elected with a very clear commitment to invest in urban water measures. We have a billion dollar fund for that purpose, we have a \$250 million towns and cities program for that purpose and we have made it clear that we understand very much the water needs of Adelaide. So this is an announcement that is absolutely consistent with what was said by the then Leader of the Opposition, Mr Rudd, prior to the election and in the election commitments and the subsequent announcements we made. So you may disagree with that—I would be surprised if you did.

Senator BIRMINGHAM—Was this announcement assessed against any criteria?

Senator Wong—I will take on notice the \$100 million extra. As I said, I am surprised that you would be suggesting that the Commonwealth should not invest in additional water measures in South Australia.

Senator BIRMINGHAM—I am not suggesting the Commonwealth should not invest in additional water. I am just trying to ascertain on what evidence the Commonwealth is spending \$100 million on water to achieve the best bang for its buck.

Senator Wong—And I am happy to provide more information about that. I would make—

Senator BIRMINGHAM—This could have been \$100 million for stormwater. It could have been \$100 million for infrastructure projects of different descriptions. It is \$100 million for desal and I am trying to ascertain why.

Senator Wong—And you might recall that the Prime Minister's announcement was in relation to any proposed expansion of the capacity of the desal plant from 50 gegalitres to 80 to 100.

Senator BIRMINGHAM—Yes, I understand it was conditional and we might come to if we know yet whether those conditions can or cannot, or will or will not, be met. Mr Robinson might be able to provide advice as to where the South Australian government is at in terms of determining whether the plant will be double the size.

Mr Robinson—I said upfront that I think the Prime Minister's announcement was a willingness to consider that amount if the capacity of the plant was increased. Our understanding is that the South Australian government are going through a tender process and they are looking at their own view as to what size the plant should be. Once they come to landing on that, they are going to come back to us with a proposition.

Senator Wong—Senator Birmingham, I am going to make very clear our view about these things. We are absolutely prepared to back projects which assist Adelaide and other cities to secure alternative water supplies because we understand the reality of climate change. We made that commitment prior to the election and we will continue to do that. So we are absolutely willing to put money up against our commitments. Can I say—and I am reluctant to do this but I think the hypocrisy should be outlined—that we have Senator Fisher, who asserts publicly that we have to wean Adelaide off the Murray, and we now have you in here questioning a \$100 million additional commitment to a desal plant which is all about securing—

Senator BIRMINGHAM—Now, Minister—

Senator Wong—No, let me finish.

Senator BIRMINGHAM—I will let you finish and then I will respond.

Senator Wong—You are criticising a commitment by the Rudd government to back an alternative source of water for Adelaide. If you can explain to South Australians how that is possibly a consistent position for your party, please go ahead.

Senator BIRMINGHAM—Minister, this is not the first time today that you have attempted to verbal me in what you have said. On this side of the table, we ask questions. We do not often get an opportunity to address in longwinded ways—aside from perhaps Senator

Heffernan—the issues at hand. However, Minister, I have not at all criticised the expenditure of government money on weaning Adelaide off the Murray or on urban water security. I fully endorse government measures to wean Adelaide off the Murray or to give Adelaide urban water security. The questions I have asked have gone to the heart of how a government does that and how it makes decisions about where to invest the money. You have been able to provide no evidence on how the government has decided to invest this \$100 million, aside from the fact that the Prime Minister was in Adelaide for a community cabinet meeting on that day and he needed to make a good news announcement.

Senator Wong—That is simply not true.

Senator BIRMINGHAM—You cannot tell us that the South Australian government asked for it. You cannot tell us that the South Australian government can use it or needs it—

Senator Wong—I have said that I will take that on notice, Senator Birmingham.

Senator BIRMINGHAM—and it could have been used for a multitude of other water-saving measures.

Senator Wong—Which you never did in government—let's just remind everyone of that.

Senator BIRMINGHAM—That is the best comeback you have—

Senator Wong—It is the Johnny-come-lately—

Senator BIRMINGHAM—as to the evidence base that this government is making decisions on.

Senator Wong—And I am about to talk to you about that. I have sought to take on notice the issue of where it was first raised and I have done that because, frankly, I do not recall at the moment the nature or the sequence of the discussions and I want to make sure that I get the proper advice to the committee. The second issue is that you would be aware that this is on the cards for the South Australian government. You would be aware of that, Senator, so it is not as if—

Senator BIRMINGHAM—Put on the cards by the Liberal opposition in South Australia.

Senator Wong—Isn't that interesting? You don't back your own state Liberal leader's project. But anyway—

Senator BIRMINGHAM—Once again you are verballing me there, Minister.

Senator Wong—Seriously, Senator, you are making these extraordinary political points. We know Adelaide needs water security. We need to do what we can to provide additional security or more security for Adelaide's water supply in an era of climate change. We know that the South Australian government has proceeded to enter the feasibility study or the expression of interest stage—consideration of the EOI stage of the desalination plant—and you have a federal government that says, 'We are prepared to back this in principle,' and subject to the criteria and some of the conditions that I outlined in terms of what the Prime Minister said. That is in the context of declining water availability from the river Murray and declining rainfall. I do not know what more evidence base you need, Senator Birmingham, that Adelaide's water supply issues need Commonwealth investment, and we are doing that.

Senator BIRMINGHAM—Minister, was any consideration given to investing the \$100 million in stormwater harvesting for Adelaide?

Senator Wong—Well, we already are investing in stormwater harvesting for Adelaide.

Senator BIRMINGHAM—I am aware of that, but that was not the question.

Senator Wong—You can actually do more than one thing. We have invested almost 60—

Senator BIRMINGHAM—You were already investing in a desal plant, too.

Senator Wong—Can I just finish? We are investing around \$60 million in four stormwater-harvesting projects in Adelaide which have the capacity to harvest over 23 gegalitres of stormwater per year. We anticipate that being operative in full by 2012. I can also indicate that the Urban Water and Desalination Plan, which was the billion-dollar election commitment, will also enable funding applications for stormwater harvesting. We have also funded the Glenelg to Adelaide Parklands Recycled Water Project, which I think you are aware of, Senator Birmingham.

Senator BIRMINGHAM—I am well aware of that one.

Senator Wong—I think you supported it.

Senator BIRMINGHAM—I think I stood next to the former Prime Minister in 2004 when he announced funding for it—

Senator Wong—Yes, well, we are actually delivering it.

Senator BIRMINGHAM—But the state government took three or four years to get around to matching it.

Senator Wong—We are actually delivering it. My point is that we are putting in place a range of investments in South Australia and elsewhere on recycling of water, stormwater harvesting and re-use, and the billion-dollar urban water fund will have the capacity to also fund appropriate applications for stormwater purposes. So it is not—

Senator BIRMINGHAM—If this \$100 million is given for the doubling of the desal plant, will it come from that billion-dollar fund?

Senator Wong—Yes. That was the announcement.

Senator BIRMINGHAM—Does that fund have criteria?

Mr Robinson—At the budget announcement there were a couple of specific projects announced from that project, and they are proceeding. We envisage that there will be a call for proposals for other projects and there is a consultation process throughout the COAG process that has occurred. The guidelines for those projects have not been released yet, but we expect that they will be.

Senator BIRMINGHAM—So the guidelines for the billion-dollar fund have not actually been finalised yet?

Senator Wong—No. We were quite upfront about that. Because of the nature of the sorts of capital investment that we would anticipate this project would contribute to, you would anticipate that state governments would be, for example, most likely to seek investment. So

there is a consultation process which is being undergone in relation to the guidelines for that fund.

Senator BIRMINGHAM—By the time the Prime Minister has finished spending it, there may not be much left to be assessed against the guidelines, by the sound of things. When will the guidelines be published, Minister or Mr Robinson?

Mr Robinson—We expect they will be available this calendar year, so shortly. The distinction is that the guidelines are primarily for the competitive process and proposals.

Senator BIRMINGHAM—And how much of the \$1 billion has already been committed?

Mr Robinson—The projects that have been announced by the government from the fund are the two centres of excellence, which are \$20 million each, the Glenelg to Adelaide Parklands recycling project, which is \$30.2 million, the Geelong Shell water recycling project in Victoria, which is \$30 million—

Senator Wong—I have \$20 million here in my brief.

Mr Robinson—Sorry, \$20 million, and the amounts for the Adelaide desalination plant, which is a commitment of \$100 million and potentially a further \$100 million.

Senator Wong—Subject to the proposal from the South Australian government meeting the plan's criteria and the conditions the Prime Minister indicated.

Senator BIRMINGHAM—Subject to the proposal from the South Australian government meeting—

Senator Wong—Meeting the plan's criteria—the Urban Water and Desalination Plan. That is the name of the program. So we would expect that the South Australian government's proposal would meet the criterion and the additional funding commitment would obviously be subject to the conditions outlined by the Prime Minister, including the expansion in the capacity of the plant.

Senator BIRMINGHAM—So the Prime Minister's promises are still conditional on the desal plant meeting the as yet unpublished criteria?

Senator Wong—We obviously have to ensure consistency in the plan—

Senator BIRMINGHAM—That's reassuring.

Senator Wong—but you would anticipate the whole purpose of the plan is to fund urban water and desalination initiatives.

Senator BIRMINGHAM—I would anticipate that.

Senator Wong—With these in-principle commitments there is always a range of bilateral negotiations, Senator Birmingham, as I am sure you are aware—for example, the due diligence on the food bowl project, which I think we have previously traversed.

Senator BIRMINGHAM—Indeed. Thank you, Minister. I look forward to seeing the guidelines. I have a range of other questions that I could ask. I will probably put them on notice.

CHAIR—You have further questions on water?

Senator NASH—I do. I will only take a few minutes, and then I will be done.

Senator Wong—Senator Heffernan said that too.

Senator NASH—Please, could we not link me to Senator Heffernan. There is something I meant to ask before in relation to the 9.1 gigs of water that have gone through to the register. In terms of process for the committee, at what point do you get the allocation for that amount of water?

Senator Wong—Allocations are made generally on the first and the 15th by state authorities.

Senator NASH—Of each month?

Senator Wong—Yes, each month. Tony Slatyer?

Mr Slatyer—It is almost right, Minister.

Senator Wong—Near enough, not quite good enough.

Mr Slatyer—Some states make allocations only on the first. I think South Australia only does it every month. We can take the details on notice. The minister has answered, but there will be an announcement of some sort across the three states on the 15th of each month and the first of each month. Which state does it on which date we might have to take on notice.

Senator Wong—Welcome to the world of water, Senator Nash.

Senator NASH—I understand the vagaries of the different states' approaches to this, but I am just trying to get a sense of when the department will have some advice about the allocation that will relate exactly to this 9.1.

Dr Horne—It changes every fortnight at the moment.

Senator NASH—Okay. That is perhaps—

Dr Horne—If it rains, more water comes into the system. State governments look at it. They say, 'We can go from seven per cent to 10 per cent.' We get more water into the ones that have been registered.

Senator Wong—I am sorry. Perhaps I should not have had the argument with you, Senator Nash. This was my point earlier today—that at a point in time it is inaccurate to say how much is actually allocated because every couple of weeks the actual amount of water that we hold will change.

Senator NASH—Absolutely. Then what was the last allocation against that 9.1? That is probably the better question, actually.

Mr Robinson—The current allocation against the nine gigalitres from next year was 849 megalitres, which we mentioned this morning.

Senator NASH—Sorry—yes, so you did. It has been a long day. Thank you. Just before I move on to some of the responses to questions on notice, what work is being done in relation to groundwater? I note that in all of the buyback groundwater is not a consideration—it is only river water. What work is being done in terms of groundwater and any potential benefit that that might bring to the government as part of a holistic approach? Is any work being done on that?

Dr Horne—Clearly that will be a major consideration in the preparation of the basin plan. Within the basin plan we need to assess both surface water and groundwater issues. Separately from that, there are a couple of projects within the COAG processes which are looking at groundwater issues. They ought to be finished by the end of the year or early next year. There is some work that the National Water Commission is doing on groundwater. I guess they are three of the things that are going on at the moment on groundwater.

As you know, some adjustment programs have been put in place to try to reduce the take from some very considerably overallocated groundwater systems within New South Wales. Groundwater is obviously a very important element, particularly those groundwater systems that are linked to surface water systems. Not all groundwater systems are linked to the surface water systems, but with those that are it is clearly very important that, if you try to do something on the surface and somebody else a kilometre away from the river is putting down a new bore and undoing the good work you are doing on the surface, you need to be fully aware of that. Some of the states have introduced, for example, moratoria on new bores. There is work going on at both state and Commonwealth levels to bring groundwater much more fully into the system of overall water planning.

Senator NASH—I assume that conjunctive licences fall into that assessment?

Dr Horne—Conjunctive licences?

Senator NASH—Where you can hold both river and bore conjunctive licences.

Dr Horne—You can certainly hold licences. They are separate licences, so some people—

Senator NASH—But you may have the issue on one property where they have both a licence for river and a licence for ground.

Dr Horne—Yes.

Senator NASH—One would assume that if they are pumping out of the river and the groundwater is right here there is not going to be a connection.

Dr Horne—You certainly have some farmers that hold both forms of licences and at different points in time have access to one and not the other or both.

Senator NASH—Indeed. Thank you for that. Just briefly in terms of some of the answers to the questions on notice, I want a little more information if we could. I point out to you that perhaps the departmental officers could give a little more consideration next time to the very basic housekeeping thing of a lot of the annotation letters not lining up with the questions and answers. It was quite difficult to follow.

Question No. 123 was a question asked by Senator Bernardi on the illegal diversions of water and what the New South Wales government had or had not done. The answer went on to say: 'Most recently, the Australian and New South Wales governments have shared information on current licence status and past compliance activity in preparation for a joint operation that was undertaken to examine 23 structures in the Macquarie Marshes.' What was the result of that? Does the department have any information on what the operation was and what the result was of the examination? Given the time constraints, I am happy for you to take this on notice if it is not a brief answer.

Mr Burnett—If you can just give me a minute, I think I do have a little bit of information here. As a result of the compliance work that we have done with New South Wales, 18 potential illegal diversions have been identified. Four of these have potential Ramsar implications and are being further examined.

Senator NASH—Thank you. With regard to question No. 125, in answer (a) about the immediate relief, at dot point No. 2 it refers to ‘funding of \$7.5 million for workshops and other information sessions’ that had been allocated. How much of that has actually been spent and what for? Again, I am happy for you to take it on notice.

Senator Wong—Is this the DAFF aspect?

Senator NASH—Sorry?

Senator Wong—There is a reference in the dot points to the DAFF website. Are you referring to the DAFF functions or ours?

Senator NASH—Yours.

Senator Wong—These are all DAFF. This is exceptional circumstances, which is not our program. I think we were just—

Senator NASH—Sorry. You were just assisting.

Senator Wong—We probably should not have assisted. We should have probably said to ask DAFF. Next time I will tell the department to just say, ‘Ask DAFF.’

Senator NASH—Next time just say, ‘Ask DAFF,’ or put it in highlights for me so I know not to come back if you have not answered it properly.

Senator Wong—EC is not us.

Senator NASH—Okay.

Senator Wong—See how anxious we are to assist you, Senator Nash?

Senator NASH—I know. I am extraordinarily impressed. In that same lot, question No. 125(i) says that the Water Act prohibits the compulsory acquisition of water entitlements. Is there anything in the new water amendment bill that changes those arrangements?

Senator Wong—No, although Senator Siewert might have a view about that. We will progress the Water Bill simply to give effect to the IGA.

Senator NASH—I have one final question, if you can bear with me. It is on Menindee Lakes—that is, question No. 134(e), relating to when work will commence at Menindee Lakes. I know we did cover this earlier. At the end of answer (e) it states: ‘completion of infrastructure works at Menindee Lakes and securing Broken Hill’s water supply is likely to be a number of years’. I just wondered if the department could give us an indication of what you mean by ‘number’—two, three, four, five, 10, 12? Is there any indication?

Dr Horne—This is the project that I was talking about this morning where I said, I think, two to three years is probably our—

Senator NASH—Two to three?

Dr Horne—Yes.

Senator NASH—Thank you very much.

CHAIR—There are no further questions for this portfolio. We still have the National Water Commission to come. I understand some senators have questions there.

Senator Wong—Does anyone have any further questions for outcome 3 for water?

CHAIR—No, but we do have the National Water Commission.

Senator PRATT—I just want to ask this with respect to the Toorale wetlands and Toorale Station, because we had had some dialogue about it and it was not apparent to me what its environmental values actually were. I thought that it would put the discussion in the proper context if we could have that on record.

Senator Wong—I might ask Mr Cochrane, who is across these issues, to answer that.

Mr Cochrane—Thank you, Senator. I appreciate the interest in the environmental values of the property. Essentially there were four key sets of values that we looked at. Firstly, it is a large property that is ecologically viable in its own right and with substantially intact vegetation on it, although there are some impacts of grazing and feral animals. Secondly, it straddles two bioregions in western New South Wales, both of which are poorly reserved. Sixty-two per cent of the property lies in the Darling Riverine Plains bioregion, which is the most poorly reserved bioregion in New South Wales. Thirdly, it is at the confluence of the two rivers, which are two important wildlife corridors. Therefore, putting it in the reserve system can secure those values. Fourthly, there is a considerable diversity of habitats on the property. These environmental values have been well established for a long period of time and, in fact, half of the property has been in a gazetted wildlife refuge for the last 25 years and we have a number of reports on its condition since.

[4.33 pm]

CHAIR—If there are no further questions for outcome 3, then we have a few questions for the National Water Commission.

Senator Wong—Madam Chair, there was an indication from a senator—I think Senator Nash—about the north-south pipeline and the EPBC. Was that you, Senator Nash?

Senator NASH—Yes.

Senator Wong—We may require some outcome 3 officers to stick around for that if there are water related questions, even though it is technically outcome 1.5.

Senator NASH—I am happy to be guided by when it is better to do that.

Senator Wong—I might ask if outcome 3 people could go if, after Mr Matthews, we could deal with the north-south issue to enable other outcome 3 officers to leave. Are we right with that?

CHAIR—I will consult with the other senators about who has questions on what and I will get back to you after that.

Senator BIRMINGHAM—Firstly, can you tell me how many regions have reached the four per cent trading cap to your awareness so far this year?

Mr Matthews—I missed the question, sorry.

Senator BIRMINGHAM—Are you aware of how many regions have reached the four per cent trading cap so far this year?

Mr Matthews—I do not know, Senator. That would be a question better put to the team who just left.

Senator BIRMINGHAM—Right. It is, however, within your remit in terms of the reform of water trading and the four per cent cap falls within that. Is that a fair assessment?

Mr Matthews—Yes, that is true. The National Water Initiative talks about the four per cent cap, but it has been picked up in the COAG process—

Senator BIRMINGHAM—The COAG communique as well.

Mr Matthews—That has been discussed and that is where it is being handled at the moment.

Senator BIRMINGHAM—So you are not handling negotiations or discussions or planning.

Mr Matthews—That is correct.

Senator BIRMINGHAM—Can we go to the requirements of the commission under the National Water Initiative, or requirements of state governments in regard to water purchases. Are you able to provide us with an update as to the progress of state governments in meeting those water purchases?

Mr Matthews—Water purchases?

Senator BIRMINGHAM—Return on the environmental flows, I should say.

Senator Wong—Perhaps we are at cross-purposes, Senator—and I apologise if we are not understanding. The National Water Initiative was a COAG agreement which sets out a range of policy matters which included, for example, the separation of land and water titles. The National Water Commission, I suppose, effectively audits the states against some of those policy reforms. I do not recall—and Mr Matthews may correct me—there being a requirement for water purchasing in that context. It was the Living Murray.

Senator BIRMINGHAM—The Living Murray. I am just realising the range of water programs and initiatives over the years.

Senator Wong—That is not for Mr Matthews.

Senator BIRMINGHAM—No, that is fine. I will turn to the third issue and see whether we get traction here.

Mr Matthews—I hope we have a better strike rate.

Senator BIRMINGHAM—Indeed. That is okay, Mr Matthews. It has been a long morning and afternoon on water for all of us. In terms of water reform and the separation of water titles from land, which states have fully completed any requirements under that? Where is the process at for the other states in regard to that issue?

Mr Matthews—This is one I can help on.

Senator BIRMINGHAM—I thought it would be.

Mr Matthews—I am so pleased.

Senator BIRMINGHAM—It is a good thing I had a few.

Mr Matthews—The last time the commission looked at that was in its biennial assessment that was released earlier this year. The short national picture is this: most states have made substantive progress on that. There is still some land and water amalgamation, if you like, in Queensland and there is a form of connection in Victoria but by and large the commission's conclusion was that jurisdictions were progressing pretty well.

Senator BIRMINGHAM—I missed that last bit. By and large—

Mr Matthews—The commission concluded that jurisdictions were progressing pretty well.

Senator BIRMINGHAM—What is the form it takes in Victoria?

Mr Matthews—There is a limit of 10 per cent for ownership transfer of title where there is no connection with the land. So it can be moved to a limit of 10 per cent outside landowners.

Senator BIRMINGHAM—And is the Victorian government proposing any immediate changes to bring them into line with other states?

Mr Matthews—No, it is not at the moment.

Senator BIRMINGHAM—Are there any—

Senator Wong—Can I just make one point? There are states in relation to which there are still areas where there is not the separation of water and land. You said 'bring into line with other states'. That assumes that everybody else is on the same level playing field. They are not.

Senator BIRMINGHAM—No, we just assessed that Queensland is—

Senator Wong—No, below-border Warrego, hence Toorale. The Condamine-Balonne ROP has not yet been finalised.

Mr Matthews—That is correct.

Senator Wong—So—

Mr Borthwick—Coming out of COAG there was a commitment to look at increasing the limit from four to six per cent over the course of next year. There was also an undertaking in that context to look at trying to even up some of these differences in rules between the states and to try to bring that as far forward as possible. So there is quite a lot of activity being undertaken in this area. In addition, in Victoria there is another constraint that does not apply in terms of the other states which triggers the four per cent when they separate the land and water title even if it stays with the irrigator concerned, which is quite different. So there is the four per cent limit, which is a constraint, there is the 10 per cent cap that Mr Matthews referred to as a constraint, and there is a particular circumstance by which that four per cent limit is triggered in Victoria, which is a constraint. The 10 per cent cap and that four per cent anomaly, in terms of separating the water and title, is quite different from what applies in other states.

Senator BIRMINGHAM—How are the boundaries being drawn between the work of the commission in this regard versus the work, obviously, of the COAG process which appears in

some ways to have overtaken some of the initial objectives of the National Water Initiative and in other ways mirrors those objectives in terms of trying to achieve greater consistency and uniformity?

Mr Borthwick—Can I have a first stab at that, because when Mr Matthews and the National Water Commission delivered their assessment earlier this year the department then picked up those ideas and is prosecuting them with the states through the COAG process. So the evaluation was undertaken by the commission and, where appropriate, then the discussions with the states about picking up those conclusions from the commission is something that has been pursued by the department with the states. So the catalyst of the ideas came from the commission and then we are pursuing them.

Mr Matthews—The National Water Initiative itself was agreed by all the governments of Australia, as you would recall. The Australian government's agreement was reaffirmed after the change of government. So it is still the agreed agenda. The role of the National Water Commission is to, as the minister says, audit and assess the delivery of those commitments that have been made in the National Water Initiative. Those principles are still well accepted across Australia as the right sorts of prescriptions for water reform and they underpin all of the reforms which have been picked up in the Murray-Darling Basin and elsewhere.

The role of the commission is therefore, as it was originally, to assess and audit accomplishments and progress against the NWI. But, in addition, there have been a couple of other functions that we have inherited. One is to, in the Murray-Darling Basin, assess the performance of Murray-Darling Basin states against their commitments for any national partnership payments payment. The other is to audit the basin plan and the water resource plans within the Murray-Darling Basin. They are two new functions that have happened since the creation of the NWC.

Senator BIRMINGHAM—Has consideration been given to the NWC being given audit and assessment powers over the other aspects of the COAG agreement such as the target to reduce water trading from four per cent to six per cent?

Mr Borthwick—Yes, it has. Some of the reform possibilities are being discussed in the COAG context. In that regard, one of the possibilities is also the National Water Commission having a broader role in that regard. Wherever it is applicable we would like to see the National Water Commission given a central role in the process.

Senator BIRMINGHAM—Mr Matthews, can you just explain to me briefly the situation in New South Wales around water and land rights and their linkage or not. In your description before you highlighted that there were two areas of concern picked up in your report earlier this year—one in Queensland and one in Victoria. In New South Wales the situation is what? Obviously the minister mentioned Toorale before and why that came about.

Dr Horne—Perhaps I can take that. Where New South Wales has introduced new water-sharing plans—and at this point it has not done new water-sharing plans across the whole state—based on its relatively new act, the 2003 or 2004 act, there is that separation between land and water. However, there are still a few parts, particularly in the western part of New South Wales and the north-west—Toorale and those sorts of places—where that process is not yet complete.

When water-sharing plans cover the whole state that full separation will take place. But, at this point, there are some areas where you have got these old licence forms, which Senator Heffernan was talking about, and which in the process of introducing a new water-sharing plan would become much more akin to a volumetric or share of a pool type licence.

Senator BIRMINGHAM—Mr Matthews, is there a role for the commission in assessing the speed with which New South Wales is implementing those new arrangements?

Mr Matthews—Yes. In each of our assessments, including a biennial assessment that we are about to commence again, we would look at progress against all of the original commitments under the NWI. That would be one that we would report routinely on.

Senator BIRMINGHAM—Did you report on the speed of those new water-sharing plans in your report earlier this year?

Mr Matthews—From recollection, I do not think we expressed it in the same way that Dr Horne did, but we certainly assessed progress against the question in the first form which you put which was how the jurisdiction is going in their general progress against those commitments. We would do that again.

Senator BIRMINGHAM—What penalties exist for any of the jurisdictions if they are too slow, too tardy or too recalcitrant in the types of reform required?

Mr Matthews—Originally there were some penalties associated with national competition policy payments. In the first year of the National Water Commission's life we made assessments and recommended payments in relation to national competition policy. There was then a period when there were no financial penalties in that same sense. The commission's reports were still influential in the sense that they were reports to COAG and they were well publicised. The government and governments have now collaborated in developing national partnership payments with the possibility of them being extended to water. They, of course, would have the same incentive effect in the future. As I mentioned earlier, the National Water Commission, on behalf of, in this case, the COAG reform council would be the agency that assessed whether jurisdictions were delivering. So we would play the same role and there would be a similar incentive in that case as there had been originally.

Senator BIRMINGHAM—Has the commission reviewed the Productivity Commission's discussion paper on urban water?

Mr Matthews—Yes.

Senator Wong—Mr Matthews gave a speech about it, I think.

Senator BIRMINGHAM—I will have to research Mr Matthews's speech.

Mr Matthews—That means that it was of interest in some way. I must discover later in what way.

Senator BIRMINGHAM—Will aspects of reforms proposed by the Productivity Commission be an agenda item for future ministerial council meetings or other discussions that might extend the remit of the commission further?

Mr Matthews—The Productivity Commission's paper was internally generated, so it was a discussion paper; it was not a formal reference from the government. But, like many of

those papers, it feeds ideas into the water reform debate. In fact, I have sometimes said to commissioners at the Productivity Commission that, in some senses, the National Water Commission and the Productivity Commission play a similar role—that is, being able to identify issues that policy makers could be thinking about and suggesting areas that might merit faster reform. That is the sort of thing that was in that report on urban water.

What the Productivity Commission has said about urban water and what the National Water Commission is saying about urban water and other issues is a contribution to the debate. As Mr Borthwick said, they have been picked up from time to time in policy making. We do not make policy and nor does the Productivity Commission make policy. We suggest areas that people should be looking at.

Senator BIRMINGHAM—Do price signals on urban water have a role to play in the national water reform agenda?

Mr Matthews—We believe so and we base that on some of the principles of economics but also on the National Water Initiative itself. It had things to say about urban pricing.

Senator BIRMINGHAM—How are the states progressing in implementing reform of those price signals?

Mr Matthews—The National Water Initiative does not prescribe how prices should be changed. What the National Water Initiative talks about is the need for there to be, for example, independent price regulation. So we assess the quality of the price regulatory processes and machinery in different states. It talks about the need for upper bound pricing in urban water—that is, it is a pricing model about the best way of assembling an urban water price, and we assess how states are going on that. There is more work that Dr Horne could perhaps add to, which is going on now in the COAG working group process, to look at urban water reform, and pricing will almost certainly be a part of the sorts of things that they are thinking about there.

Senator BIRMINGHAM—I will not necessarily take you up on the invitation right now, because I am sure we will hear of the options from the COAG working group in due course. Thank you, Mr Matthews. Chair, I am happy to defer to anybody else.

CHAIR—Are there any further questions for the National Water Commission? If not, thank you very much, gentlemen, for appearing before us this afternoon.

[4.53 pm]

CHAIR—We now move to the next outcome in the portfolio, which is questions to the department on outcome 1. Then we will attempt to do output 1.5, which covers matters to do with water. So that includes the pipeline and some matters that Senator Colbeck has which we believe come under this output.

Senator SIEWERT—I have a number of other output 1.5 issues, so we will come back to them later in the night.

CHAIR—That is correct. So we move to output 1.5 on water related issues. Then we will work through the outputs as in the agenda including any other additional material from output 1.5.

Senator NASH—I will be reasonably brief given the time of day. In relation to the decision by Minister Garrett to approve the pipeline, can you run the committee through the assessment that was undertaken and the basis upon which the decision was taken by the minister to approve the pipeline?

Mr Burnett—The decision was made under the Environment Protection and Biodiversity Conservation Act, the EPBC Act. Because there was a potential impact on matters of national environmental significance—those being nationally listed threatened species, both terrestrial species and aquatic species—the Victorian government referred the matter to Minister Garrett for his decision, but Minister Garrett's decision being a statutory decision is only in relation to matters of national environmental significance under the EPBC Act.

So the first step was that the decision was determined to be a controlled action—in other words, yes, the EPBC Act applies and an assessment will be required of the impact of the project on those matters. The second step was that the Victorian assessment process, which in this case was called a project impact assessment report and an advisory committee review—that is a standard process under Victorian law—was accredited for the purposes of the federal assessment. In other words, the federal government takes the document produced by Victoria—the assessment, the evidence and so on—and accepts it for the purpose of its own decision making. So that process was carried out by Victoria. The documentation was then transmitted to Minister Garrett, who considered not only that documentation but also a recommendation report from his department. He then made the final decision under the EPBC Act.

Senator NASH—Is my understanding correct that that decision was conditional on a number of things?

Mr Burnett—Yes, definitely, Senator.

Senator NASH—Can you outline those?

Mr Burnett—There are quite a number of them—17.

Senator NASH—Perhaps you can table those for the committee.

Mr Burnett—Yes. My copy has some scribble on it.

Senator NASH—Perhaps you can take it on notice and assist the committee by getting it to us.

Mr Burnett—It is definitely public and we can get you a copy.

Senator NASH—That would be great. This question about the concerns around the amount of water might be one for the minister. Given that earlier today we discussed at length the government's arrangements by which to restore water to the system in the Murray-Darling Basin and given the severe climate issues it is facing at the moment, I think as a result of all of that we determined that the water savings are 849 megalitres.

Senator Wong—No.

Senator NASH—Sorry, I will rephrase that—the allocation as it stands at the moment to date.

Senator Wong—Which reflects how low the allocations are across the basin.

Senator NASH—That is exactly the point I am getting to, Minister. It reflects the very low allocation. Isn't it illogical, if not completely stupid, to pull 75 gigalitres out of the basin when we are dealing with such, as the minister has just alluded to, an incredibly low allocation in the basin itself? Isn't pulling out 75 gigalitres—75,000 megalitres—when there are only 849 megalitres in there at the moment for allocation, illogical or even stupid?

Senator Wong—I know this is a highly politicised issue that the coalition is highly critical of. I want to make a few points about it, and the first is that the facts you just put to me are not the facts that we understand to be the case.

Senator NASH—Just to clarify, the figure I used of 75,000 megalitres—the 75 gigalitres of real water—was given to a previous committee in evidence by the department. So that was my understanding.

Senator Wong—I have a couple of points. The first is that it is not a net reduction which is proposed. This is a modernisation project. This is a pipeline project linked to a larger plan to modernise the food bowl—so it is the Food Bowl Modernisation Project, stage 1. The figures that the Victorian government has provided are savings of up to 225 billion litres of water a year to be divided equally between Melbourne, the environment and irrigators. So I am not sure how it becomes a reduction of 75 gigalitres when in fact the whole logic of the project, as I have been advised, is for water savings and then a division of those water savings in the three ways I have outlined. Obviously I do not want to speak for the Victorian government, but they are also managing a situation in terms of Melbourne's water availability. I did note that Melbourne has had one of the driest Septembers and to date one of the driest Octobers on record. The second point—and on this Mr Burnett may be able to assist—is that there were a number of conditions that Minister Garrett imposed or indicated—

Mr Burnett—Yes.

Senator Wong—which included the assurance that there would be no reduction in flows to the environment. So it might be useful if Mr Burnett, on that issue specifically, could assist the committee.

Mr Burnett—Yes, Minister. One of Minister Garrett's conditions—and this was to give effect to—

Senator BIRMINGHAM—What number?

Mr Burnett—Condition 11 imposed by Minister Garrett—as I say, this was to give effect to commitments made by the Victorian government in putting the proposal forward—was that the 75 gigalitres per annum should be sourced from savings, as the minister has indicated. There are a number of paragraphs here that give a greater specificity in relation to those savings. But the gist of it is that they are not only to be savings but also not to be savings that have been identified in any other initiatives so that there is no double counting as savings.

Senator Wong—Such as in relation to the Living Murray or Water for Rivers.

Mr Burnett—Yes, that is right.

Senator Wong—No double counting is important. First, there is the set of conditions in relation to essentially the additionality of the water. The second is to ensure that no water can

be taken from savings allocated to the Living Murray or Water for Rivers—in other words, preserve those programs.

Mr Burnett—That is right. The savings are to be in addition to savings already achieved.

Senator Wong—That is a better way of saying it.

Senator NASH—Wouldn't it be more appropriate to keep any water savings within the basin itself for whatever reason?

Senator Wong—I think that is probably a matter best addressed to the Victorian government.

Senator NASH—I am happy to do that.

Senator Wong—I think the point here is that the logic of the project is that there are savings to be gained from investment in the first stage of Food Bowl—savings of up to 225 billion litres a year. I have visited this region and discussed with some of the irrigator proponents of this project the savings which come from making these efficiency investments in the infrastructure and others. I would not have thought it was an unreasonable situation to say: 'In the context of all the balance of water availability, we have got additional water here. We are going to divide it up between irrigators, the environment and Melbourne.'

Senator BIRMINGHAM—Who will audit the savings that are allegedly going to be delivered to supply the 75 gegalitres?

Senator Wong—I will ask Mr Burnett to respond to that. I just want to take issue with the 'allegedly'. The whole logic of some of what your shadow minister is saying and what your other colleagues are saying about the importance of investment in infrastructure to deliver savings is exactly the same as the basis of the Victorian Labor government's investment—that is, these sorts of investments yield water savings. So they are in effect proceeding with a very similar policy in terms of water savings through infrastructure investment to what you yourselves are promoting.

Senator BIRMINGHAM—Thank you, Minister. Mr Burnett? I could respond but we have had enough responses today.

Mr Burnett—Senator, the conditions require that the savings be independently audited. In fact, the term in the conditions is 'independent audited reports'. So we would expect that Melbourne Water, as the holder of this approval, would approach us with a proposal as to who the independent auditors would be and that we would agree to it or not agree to it as the case requires.

Senator BIRMINGHAM—And if you do not agree to it, the consequence is that the pipeline lays dormant?

Mr Burnett—No. If we are not in agreement then we are in disagreement over the interpretation of a particular clause in an approval—something that happens from time to time—and we would continue to negotiate until it was resolved. Ultimately, these conditions have the force of law. The proponent must comply with them.

Senator BIRMINGHAM—So if the proponent is found not to be complying—

Senator Wong—That would be a legal process.

Senator BIRMINGHAM—Sorry, Minister?

Senator Wong—As I understood what Mr Burnett was saying, these are legal requirements.

Mr Burnett—Ultimately, they are compliance matters. If the proponent is not in compliance with any of these conditions then that is a breach of the conditions and that is a compliance matter.

Senator BIRMINGHAM—And what are the consequences of that compliance matter?

Mr Burnett—There are various consequences that can apply under the act depending on the nature of the breach.

Senator BIRMINGHAM—Do consequences include not taking the water?

Mr Burnett—The consequences could include administrative action, which could be suspension or even revocation of an approval in the case of an egregious noncompliance. There are also both civil and contract penalties that can apply for a noncompliance.

Senator BIRMINGHAM—But obviously the pipeline has been built by the time we are talking at this stage, so revoking approval for constructing the pipeline is well and truly after the ship has sailed.

Senator Wong—Senator, we are getting hypothetical. Mr Burnett has outlined some of the compliance mechanisms.

Mr Burnett—The action that has been approved is both the construction and the operation of the pipeline so there is an ongoing element to it. It is not a one-off activity. The approval is not discharged once the pipeline is built because it is also the annual operation of it, so there is an ongoing obligation to comply with the conditions. If that ongoing obligation were not met at any particular time, we would look at compliance actions which could be anything from a warning letter right up the compliance pyramid to suspension, cancellation, injunctions, civil prosecution, criminal prosecution.

Senator BIRMINGHAM—So suspension and cancellation would involve desisting from piping water through the pipeline?

Mr Burnett—Potentially. It depends on the nature of the decision taken but that is the ultimate—

Senator BIRMINGHAM—That is a potential consequence? That is what I am attempting to get.

Mr Burnett—That is the ultimate consequence that lies behind the reason for the proponent to comply with the approval.

Senator Wong—And we are talking about a state government.

Senator BIRMINGHAM—Yes, we are talking about a state government.

Senator Wong—The point is: our expectation would be that the Victorian government will comply with these conditions. That would be, I am sure, the minister's expectations.

Senator BIRMINGHAM—I would hope so but unfortunately, as we have spent most of the day discussing, state governments have played a large role in getting us into this mess.

Senator Wong—I do not think anything has been alleged to have been illegal. Because of the frameworks which were in place, much of what has occurred in terms of the history of the Murray-Darling Basin has not been contrary to law. It might have been contrary to good policy and environmental policy; it was not necessarily contrary to law. We are talking about a legal condition here that has been imposed on a proponent which is a state government.

Senator BIRMINGHAM—And that legal condition stands for the life of the pipeline?

Mr Burnett—Yes.

Senator BIRMINGHAM—Minister, were any alternatives canvassed with the Victorian government? We went through some of this with South Australia in terms of the desal plant. Did you attempt at any stage to say, ‘How about we give you the money for doubling the size of your desal plant or putting in stormwater harvesting?’

Senator Wong—Senator, I think you are asking a question under misapprehension. There is no Commonwealth funding for this project.

Senator BIRMINGHAM—Well—

Senator Wong—No, there is not.

Senator BIRMINGHAM—But, Minister—

Senator NASH—There is—

Senator Wong—No, stage 2, not stage 1. There is no funding for this project. I will check that: there is no funding for stage 1 from the Commonwealth. Our only role in this is Minister Garrett’s role as decision maker under the EPBC Act. So the decision about whether or not this is a good project is not really one for us. Dr Wooding, did you want to add to that or have I got it right?

Dr Wooding—You are correct. There is no funding for stage 1.

Senator BIRMINGHAM—Regardless of whether there is Commonwealth funding in it, given the Commonwealth’s willingness and the Prime Minister’s willingness in some places to volunteer Commonwealth funding, has the Commonwealth considered volunteering funding, perhaps under the \$1 billion urban plan where the Prime Minister volunteered \$100 million to double Adelaide’s desal plant, for a similar alternative proposal to the Sugarloaf pipeline?

Senator Wong—No, and no proposal was put to us by the Victorian government. This proposal, from recollection, predates our election. I will check that with Dr Wooding; I think that is correct.

Dr Wooding—Yes.

Senator Wong—Our role in this is not as proponent; that is the Victorian government’s role. I understand, as I said, that some coalition members have concerns about it, but that is a Victorian government policy decision. Our role in this is Minister Garrett’s role as decision maker under the act.

Senator BIRMINGHAM—Minister, as the minister for water have you made any efforts to suggest to the Victorian government that alternatives, with or without Commonwealth government support, could be pursued?

Senator Wong—My role as water minister is that I was consulted formally in accordance with the EPBC Act, and obviously the conditions that Mr Garrett has put in place reflect an appropriate regard for various water policy matters, in particular the water savings issues. I have not been approached by the Victorian government in relation to any alternative infrastructure proposal. This project was underway well before we came to government—well, this project had been on the cards prior to our election. Senator, can I just say, as I have said: you might not agree with this, but this is really an issue you should take up with the Victorian government.

Senator BIRMINGHAM—Minister, have you or the Commonwealth government at all—looking at this from the position as a water policy issue—and the Murray-Darling Basin management taken the issue up with the Victorian government?

Senator Wong—Minister Garrett has imposed the conditions we have outlined.

Senator BIRMINGHAM—But—

Senator Wong—Hang on, Senator. I will say this: I think a project which ensures that water savings are delivered from irrigation investment is exactly the sort of project that is required in the Murray-Darling Basin.

Senator BIRMINGHAM—All of which could be done without building the pipeline.

Senator Wong—Can I just finish? I am sure that other Victorian coalition senators might well want to talk to you about the fact that this project provides water for Melbourne—or is it seriously the case that the coalition is suggesting that providing water for Melbourne is not an appropriate thing to do out of water savings? This project provides additional water savings: a third to the environment, that is a win for the Murray-Darling Basin; a third extra for irrigators, that is a win for irrigators in the area; and a third extra—a third—for Melbourne, which is good for Melbourne. So, yes, I think this project is a project which addresses some of the major water policy issues that the basin and Melbourne face.

Senator BIRMINGHAM—How much better would the project potentially be if it provided 50 per cent for irrigators and 50 per cent for environmental flows and alternatives were pursued for Melbourne?

Senator Wong—This is—

Senator BIRMINGHAM—Are we quite clear here? At no time have you sat down with the Premier or your counterpart in Victoria and said: ‘Hey, maybe this pipeline is not a good idea. All of the infrastructure is well worthwhile and beneficial and we support fully that development, but can we look at some alternatives to providing this 75 gegalitres for Melbourne?’

Senator Wong—Those are decisions that the Victorian government has made. I have answered the question in relation to the Commonwealth’s involvement and so has Mr Burnett. If you want to play politics with Melbourne’s water, go right ahead, Senator Birmingham.

Senator BIRMINGHAM—I am not playing politics with Melbourne's water; I am asking what you have done and it sounds like—

Senator Wong—This is not my project. This is not my project, it is not the Commonwealth's project, so you can—

Senator BIRMINGHAM—You are the Commonwealth minister for water who is working hard to try to address issues in the Murray-Darling Basin—and I acknowledge you are working hard to try to address issues—but at the same time I am wondering what you are doing on this one, which wants to put another city on the tap for the Murray-Darling Basin.

Senator Wong—I do not have anything further to respond to you, Senator Birmingham. I think it is really such a blatantly political action you are undertaking here. You have Sharman Stone—Dr Stone—who incidentally wants to flood the lakes with sea water who does not want this project. So you have come in here to have a go about it. Why don't you go down to Victoria and tell the people in Melbourne, who are dealing with water scarcity issues, that you want the Commonwealth government to intervene to stop this happening. Really, this is the Victorian government's project. We have a responsibility under the EPBC Act, which Minister Garrett has exercised and has consulted me as the relevant minister appropriately. It is the Victorian government's project; it is not a project that we are funding.

Senator BIRMINGHAM—All you have to do is pick up the phone and talk to the Premier. That is what you could have done.

CHAIR—Senator Birmingham, we will go to Senator Xenophon.

Senator XENOPHON—I have a follow-on question. The Victorian Auditor-General was critical in some respects of the pipeline plan in April of this year. To what extent were the criticisms of the Victorian Auditor-General considered in the context of the Commonwealth's role in terms of approval? Were they heeded or were they relevant in the context of the approval process?

Senator Wong—I have to take that on notice. This is in relation to Minister Garrett's decision.

Senator XENOPHON—And in respect of any involvement with respect to the Commonwealth, for instance, in relation to part 2 of the project.

Senator Wong—I can answer the second part, which is really a water policy question. I do not know if Dr Horne is here. We will undergo a due diligence process with the Victorian government in relation to food bowl part 2 and obviously we will take into account a whole range of considerations.

Senator XENOPHON—Including the Victorian Auditor-General's—

Senator Wong—I would anticipate that departmental officers would be aware of that report.

Mr Burnett—We will have to take it on notice.

Senator Wong—This is in relation to—

Mr Burnett—The Auditor-General's—

Senator Wong—This is in relation to Minister Garrett's decision.

Mr Burnett—Yes.

Senator XENOPHON—Thank you.

CHAIR—Senator Colbeck, would you like to ask your questions?

Senator COLBECK—I want to ask questions in relation to water release in the Clyde catchment in Tasmania.

Senator Wong—Senator, we have moved out of outcome 3 and most—

Senator COLBECK—Senator Wong, this is an EPBC application that is coming from the Tasmanian government.

Senator Wong—Can I finish? I was actually trying to be of assistance. We have moved on from outcome 3 and I do not think I have officers in relation to—

Senator COLBECK—I came in earlier to ask when I should ask questions of the committee chair and I was told that I should come and ask EPBC questions now.

Senator Wong—I know—you do not need to get on the front foot, Senator Colbeck. I am just trying to explain to you who I have here and what they can assist you with. So we can assist you with the EPBC application.

Senator COLBECK—That is all I want to know.

Senator Wong—If there are broader irrigation water issues—

Senator COLBECK—No, that is all I want to know about. That is why I am here asking the questions.

Senator Wong—Can I finish?

Senator COLBECK—You are chopping me off when I am the one here to ask questions.

Senator Wong—I am trying to assist you and respond to you in terms of what—

Senator COLBECK—I am coming to ask questions about a water application under the EPBC Act.

Senator Wong—Thank you.

Senator COLBECK—You are trying to tell me what I am asking questions about and you have no idea yet.

Senator Wong—I was actually trying to assist you, Senator Colbeck. All I was saying—

CHAIR—What do you wish to ask the senator about so we can clarify if the officers are here.

Senator COLBECK—I want to ask questions about a water application for a water release under the EPBC Act in the Clyde catchment in Tasmania.

CHAIR—Minister, are the officers available?

Senator Wong—Yes. Mr Burnett can assist on that issue.

CHAIR—What is your question, Senator Colbeck?

Senator COLBECK—Has the government received an application from the Tasmanian government for an emergency release of water for town and stock supply from lakes Sorell and Crescent?

Mr Burnett—Earlier in this year, yes, and that has been dealt with.

Senator COLBECK—No, I mean in the last week.

Mr Burnett—No, what we have received in the last week is a referral under the EPBC Act seeking the release of the water. It is not an emergency application.

Senator COLBECK—I think we are talking about the same thing but using slightly different terminology. It is my understanding that they were looking at a special release of water under the EPBC Act. So that application has been received?

Mr Burnett—Yes.

Senator COLBECK—Last week?

Mr Burnett—20 October, Senator.

Ms Skippington—Yesterday.

Mr Burnett—I think that might be yesterday.

Senator COLBECK—It takes a long time for a week to pass in Tasmania sometimes. Is there a statutory time frame within which Minister Garrett has to deal with that application from the date of receiving it?

Mr Burnett—The answer is both yes and no. There are different time frames under the act, depending on the mode of assessment. So because it has only just come in the door, the initial decision will be, 'Does this have an impact on a matter of environmental significance?' If yes, then it is determined to be a controlled action. The decision also has to be taken as to what form of assessment and the different forms of assessment attract different time lines. The second thing to be said about it is that those time lines are not an overall time line. There are different stages. For example, say it was going to be assessed by an environmental impact statement. The proponent has to prepare that statement and there is no time line for that. They take as long as they take. Once it comes in, it goes out for a fixed amount of public consultation. So time lines kick in at certain stages. But it is not possible to say this whole thing will be dealt with within six weeks, eight weeks, whatever.

Senator COLBECK—My understanding is that a similar application for a similar purpose was made about this time last year and there was an approval for a 2,000 megalitre release made, I think, during the election campaign. So it must have been during November.

Mr Burnett—I think it might have been October. I am going on memory, Senator.

Senator COLBECK—That is fine.

Mr Burnett—I do not actually have that.

Senator COLBECK—That is about the time frame, anyway.

Mr Burnett—Minister Turnbull, from recollection—

Senator COLBECK—That is correct.

Mr Burnett—granted a national interest exemption about this time last year in respect of an application for release of water from lakes Crescent and Sorell. The difference this time is that in the meantime there has been a pipeline, I understand, that transfers water from the Shannon to the Clyde River.

Senator COLBECK—There is a temporary pipeline in place; that is correct.

Mr Burnett—So that has increased the sources of water, and so this time around Minister Garrett has determined that, rather than there being a national interest exemption, there should be the normal assessment under the EPBC Act.

Senator COLBECK—So what about the 35 kilometres of river that does not get serviced by the temporary pipeline? What happens to those people?

Mr Burnett—That is the current referral, Senator. Now that the matter has been referred, it will be assessed under the act in the usual way.

Senator COLBECK—What are the time lines that would apply to that?

Mr Burnett—As I said, because they only came in yesterday the assessment mode has not been determined.

Senator COLBECK—I understand that. So you need to determine whether it falls into one of two categories for assessment and then—

Mr Burnett—A number of categories. There are various categories of assessment. We need to determine, firstly, whether this is caught by the act at all. Is there an amount of national environmental significance involved? If yes, what is the mode of assessment? Once we know that then there are some time frames, but it also depends on how quickly Tasmania prepares its documentation et cetera.

Senator COLBECK—So it is potentially quite a lengthy process that we are sitting with at this point in time, given that Minister Garrett has already made a decision that it is not a national interest release?

Mr Burnett—Several months, I would expect, but it is just not possible to say before certain other decisions are taken.

Senator COLBECK—Did Minister Garrett make the decision that it is not a national interest release based on the information provided by the Tasmanian government, on the recommendation of the Tasmanian government, or was it his decision on assessing the application?

Mr Burnett—I will ask Ms Skippington to answer that.

Senator Wong—There were three options, so either/or is what is in question, is it?

Senator COLBECK—I just want to know under what circumstance Minister Garrett made the decision that it was not a national interest release.

Ms Skippington—The referral that came in from Tasmania provided information on the water sources that would be available. My officers would have also spoken to Tasmanian officers to confirm that information, but the decision that was made by the minister was based on the information provided by Tasmania.

Senator COLBECK—So it was based on the information but not on—okay. I think I understand that. How long will it take before the next stage in the process is completed? I know it is up to the minister's discretion; I understand that. But there are farms along 35 kilometres of river that are not being serviced by this pipeline—the temporary pipeline—that are interested in knowing the time frame for when they are going to get some water for their properties.

Mr Burnett—As I said, we cannot tell you the overall time frame.

Senator COLBECK—What is the minister's next response back to the Tasmanian government? That it is one of a number of alternatives for assessment?

Mr Burnett—The initial step is to determine whether this is a controlled action—in other words, is this caught by the act? There is a 20-day maximum decision time for that, during which there is 10 days public consultation. So a referral comes in, it is put out for 10 days public comment and then there is up to a further 10 working days to decide whether it is caught by the act and, if so, what the assessment process is.

Senator COLBECK—So that is potentially 30 days—potentially?

Mr Burnett—Up to a month, yes.

Senator COLBECK—And then is the assessment process based on that public consultation?

Mr Burnett—Yes, it could be. There is a sort of sliding scale of assessments. At the short end of the scale, or the quick end, if the minister is satisfied that the proponent—in this case, Tasmania—has already put all of the necessary information on the table and that it is there ready to be assessed, then I think it is 20 days. I will just have to check that. If it is a more complex assessment, then obviously it takes longer and it depends on the level of assessment selected. If it were the quickest assessment, it would be 10 business days for public comment and up to 20 days then for a subsequent decision.

Senator COLBECK—That is for the quickest assessment process after the—

Mr Burnett—Yes, so that is up to 30 working days.

Senator COLBECK—Thanks, Chair.

CHAIR—Are there any other questions on the water component of output 1.5? If not, we will then go to outcome 1. Senator Boswell, you had a question?

[5.28 pm]

Senator BOSWELL—I am not sure that I am asking the right department, but I will try my hand anyhow.

CHAIR—What is the topic, Senator Boswell?

Senator BOSWELL—Climate change.

Senator Wong—It depends on which issue, Senator. Perhaps you can proceed and I will give you a bit of an indication.

Senator BOSWELL—Okay. Minister, can you direct me to where in the budget estimates the government has made allowance for the cost of climate change to the government for each department and agency?

Senator Wong—Okay. That probably would have been a question, I would suggest, that could be addressed to my other department, which is DCC.

Senator BOSWELL—Are they available?

Senator Wong—That was last night. They are in the Prime Minister's portfolio.

CHAIR—You could put your question on notice, Senator Boswell.

Senator BOSWELL—These questions could be asked of Treasury.

Senator Wong—Yes, I suppose. We could—

Senator BOSWELL—Could I ask these questions to Treasury?

Senator Wong—You could seem to do that. They probably would refer them to DCC, but you can try. But I am not Treasury.

Senator BOSWELL—Okay. Are these costs known as yet? Has any preliminary work been done?

Senator Wong—The cost of climate change is probably best referred to a different committee, Senator.

Senator BOSWELL—Which committee would that be?

Senator Wong—I would suggest probably my other department would be the department to which that question should be addressed.

Senator BOSWELL—Which department?

Senator Wong—The Department of Climate Change.

Senator BOSWELL—And that is in Treasury?

Senator Wong—That is in the Finance and Public Administration Committee. It is in the Prime Minister's portfolio.

Senator BOSWELL—And that has been—

Senator Wong—That was last night.

Senator BOSWELL—Okay. I will run through these questions. Can you tell me when the Treasury modelling will be made available?

Senator Wong—This was canvassed by Senator Johnston in the estimates last night.

Senator BOSWELL—And will it include the cost to government on climate change?

Senator Wong—If you can put these questions on notice to the Department of Climate Change, Senator, we will endeavour to assist.

Senator BOSWELL—Let me try this one. With reference to global warming, is the department aware of any data that shows the world is cooling rather than warming?

Senator Wong—These were canvassed by Senator Abetz, I think, last night. Again, if you wish to put them on notice to the Department of Climate Change, we can assist in that. We can respond to it.

Senator BOSWELL—Is there another body of opinion beyond the IPCC as to what is happening with climate change? Are there respected scientists who hold different views to the conclusion reached by the IPCC? Has the department considered these alternative views in preparing advice for the government?

Senator Wong—These are not questions to this department, Senator.

Senator BOSWELL—Okay. Minister, you obviously read the article in the *Financial Review* today which quotes Chevron saying that its proposed \$25 billion Gorgon project is at risk if the Rudd government emissions trading scheme is introduced. This is because its operating costs would increase by \$100 million to \$200 million a year.

CHAIR—Senator Boswell, those questions are properly asked of the Department of Climate Change, where the ETS is dealt with.

Senator BOSWELL—I am asking the minister to—

CHAIR—I can assist you to put them on notice to that department, but they are not relevant to this department.

Senator BOSWELL—Well, they are relevant to the minister. I am asking the minister. The minister is sitting in front of me.

Senator Wong—But I am not—

CHAIR—The minister is here representing the minister for the environment, Minister Garrett. She is not here as the minister for climate change. She is representing another minister, Senator Boswell. We would like to help you, but we cannot provide those answers in this committee, and the senators here have questions about this portfolio and of Minister Garrett's department, which we are up to now. That is how it goes.

Senator PRATT—Excuse me, Chair, but I thought we were dealing with outcome 1.

Senator Wong—We are happy to take questions.

[5.32 pm]

CHAIR—I understand that there are no questions of departmental officers on outcome 1 from senators. If I have committee agreement we will now go straight to output 1.1, Response to climate change. Who is leading off on this one? Senator Birmingham?

Senator BIRMINGHAM—Thank you, Madam Chair. Perhaps if we could start off with the Solar Homes and Communities Plan, and in particular the solar rebates. I know the department would love to give us an update as to weekly applications for the solar rebates! I have the minister's press release from 2 August that takes us through to the week ending 25 July. I do not necessarily need every week since then, but maybe if Mr Oxley or Mr Carter could give us the last couple of weeks that would be good, please.

Senator Wong—Senator Birmingham, I am waiting also for opposition senators to withdraw some of the assertions they made at the previous estimates, in light of the evidence

of the continuing take-up of this program. I recall, Senator Birmingham, you making some very dramatic statements about the effect of the government's decision on the rebate for the industry and—

Senator BIRMINGHAM—Well, Minister, you should be grateful that I am highlighting the—

Senator Wong—But you were wrong.

Senator BIRMINGHAM—minister's press release and I am inviting you or—

Senator Wong—I am just inviting you to recognise that you were wrong.

Senator BIRMINGHAM—the officials to give us a little bit more of an update.

Senator Wong—I am inviting you to do the right thing and concede you were wrong.

Senator BIRMINGHAM—I am very pleased to see strong growth in applications. I am sure there would be even more applications, particularly for much larger sized units, if the means test had not been put in place.

Senator Wong—You should be big enough, Simon, to recognise you were wrong. You should be big enough to concede that.

CHAIR—Senator Birmingham, what is your question?

Senator BIRMINGHAM—I have asked my question.

Senator Wong—I will leave that to Mr Carter, I think, or Mr Oxley.

Senator BIRMINGHAM—It was the minister being disruptive, Chair. Do not blame me.

Mr Oxley—To give you, I guess, the most recent snapshot, in the six weeks ending 10 October the average number of applications received under the program was 1,003 per week.

Senator BIRMINGHAM—They are certainly quite extraordinary numbers, Mr Oxley. How many applications, therefore, has the Commonwealth received to date this financial year?

Mr Oxley—That is approximately 12,000 applications.

Senator BIRMINGHAM—And how many applications were budgeted for being received originally?

Mr Oxley—The original budget allocation for the 2008-09 financial year was premised on 6,000 applications being received in the course of the year—or paid during the course of the year, I should say, Senator.

Senator BIRMINGHAM—So we have twice as many applications received than the Commonwealth had budgeted to pay in the course of the year, and we are only up to 10 October in your figures. What additional allocation has been committed to the program to meet the amazing surge in demand?

Mr Oxley—The minister has indicated that the government has made the decision to fund a higher rate of applications under the program this year from within the Commonwealth budget.

Senator BIRMINGHAM—Do you have an estimate of what additional appropriation is required?

Mr Oxley—The department has some internal estimates that are not publicly available.

Senator BIRMINGHAM—Why is that?

Mr Oxley—Because they are just that, estimates, and the place where the department's appropriation for the management of this program will be dealt with is through the additional estimates process, Senator.

Senator BIRMINGHAM—The industry and the public can be confident that the government will leave this program open at least until 30 June next year?

Senator Wong—Can I just say on that, Senator, that the industry and the public perhaps can be more confident of certainty from the government than the reliability of some of the statements of you and your colleagues. We had Mr Hunt saying this was the collapse of the industry. We had Mr Hunt saying few people if any are signing on to new solar panels. We await the shadow minister correcting the record in relation to the claims that were made after the budget decision.

Senator BIRMINGHAM—Thank you, Minister—and the answer to the question?

Senator Wong—Sorry, did you ask me a question? I thought that was addressed to the department.

Senator BIRMINGHAM—It was a question to anybody. I suspect it is more at your level, Minister, as it was seeking a commitment for the industry and for consumers that the program will remain open and accessible for applications at least through until 30 June.

Mr Carter—Senator, as we indicated in answers to the inquiry previously, the minister for the environment has indicated that the government will continue to meet demand in the program. He has also indicated that future support for the solar industry would be considered in the context of the national energy efficiency strategy and the government's response to the green paper. As I indicated in the inquiry, we have no further comment to make than that at this point, Senator.

Senator BIRMINGHAM—I appreciate, Mr Carter, that you have no further comment to make at this stage on what the boundaries of the government's commitment that it will continue to meet demand for the program are. Perhaps the minister representing Minister Garrett could tell us for how long the government is committing to meet the demand for the program.

Senator Wong—Senator Birmingham, I have nothing to add to Mr Carter's answer.

Senator BIRMINGHAM—Minister, that does not provide a lot of certainty to anybody about the program if you are saying 'we will continue to meet demand' but you will not say how long for. The government allocated funding, I think, over a three-year period for this program initially. One can assume and deduce that some of those funds need to be brought forward to meet the escalated demand for the program. Ideally they may be additional appropriations to meet that additional demand, but I am looking, at least in the first instance,

for a commitment for this financial year, let alone for the other two years of initial commitment.

Senator Wong—Mr Carter has outlined the government's position.

Senator BIRMINGHAM—The government's position is not particularly clear, Minister. I am seeking some clarification from you.

Senator Wong—That is your commentary, Senator Birmingham. Mr Carter has outlined the government's position.

Senator BIRMINGHAM—Minister, will applications for grants still be accepted in January next year?

Senator Wong—Senator, we could do this for some time. My answer will continue to be the same. Mr Carter has outlined the government's position.

Senator BIRMINGHAM—When will the government clarify its position? If you are not going to do it today, Minister, when will you do it?

Senator Wong—I refer you again to Mr Carter's answer.

Senator BIRMINGHAM—Mr Carter, I know, is sticking to the script that Minister Garrett has given him and I respect that it is Mr Carter's job to do so. I am looking, Minister, to you to provide some greater clarity around Minister Garrett's statement. You can understand that there is obviously a level of concern that the government, having taken one step already to try to curtail demand for this program by introducing the means test, may decide to take another step, given the continued escalation in demand beyond its expectations to curtail demand.

Senator Wong—Senator, I do not have anything to add. Mr Carter has outlined the position. He has made reference to not only the issue you raised but also the energy efficiency issues in the context of the proposed white paper. I do not have anything further to add.

Senator BIRMINGHAM—So you will provide no certainty other than a day-by-day certainty that comes with Mr Carter's statement?

Senator PRATT—Chair, I think the statement is clear and I also have questions pertaining to this.

Senator BIRMINGHAM—Well, if you could explain how long the statement holds for, Senator Pratt, I would welcome it, but I would welcome it even more from the minister in that regard. Mr Carter made some reference to the long-term COAG process for supporting renewable energies as one of the factors upon which the uncertain length of the government's commitment to this program hinges. Where are those approaches and, particularly, discussions in relation to feed-in tariffs at?

Senator Wong—Senator Birmingham, feed-in tariffs are actually being dealt with by my other department, the Department of Climate Change.

Senator BIRMINGHAM—Mr Garrett said at the COAG meeting in October the government plans to work towards a harmonised approach to renewable energy feed-in tariffs.

Senator Wong—That is right.

Senator BIRMINGHAM—Did the COAG meeting in October pursue that?

Senator Wong—I do not have the officers here who have all the information on the COAG papers. That matter is being progressed through the COAG working group I chair, the Working Group on Climate Change and Water, which comprises a range of officials from the Commonwealth and the states and territories. Feed-in tariffs is one of the issues that that group is charged with. The Department of Climate Change led the issue of feed-in tariffs. I do not have those officials here. I think Senator Milne asked questions of those officials last night, obviously from a different perspective.

Senator BIRMINGHAM—Unfortunately, I was here with Senator Conroy last night, Minister.

Senator Wong—I am sure you had fun!

Senator BIRMINGHAM—I would have loved to have been there for your other department.

Senator Wong—I do not know whether it got better or worse for you, Senator.

CHAIR—Senator Birmingham, have you got further questions under solar homes and communities?

Senator BIRMINGHAM—I will leave it for now.

Senator PRATT—I am concerned about some information that was put on the public record by senators Birmingham, Parry and Williams in their minority report regarding the save our solar legislation. That report argued that the figures for this financial year's save our solar rebate were artificially bumped up because of a large number of applications from Queensland, sponsored by the government of Queensland. I just wanted to test that on the public record. Are the applications from the Queensland initiative artificially bumping up the numbers in relation to the 12,000 applications?

Mr Oxley—I think the overall observation I would make is that the Queensland government commitment was to support the installation of 1,000 systems through that tender process. We are getting 1,000 applications a week. I think the inflationary impact would be small in the scheme of things. What I can give you is a very high level snapshot of where that company's applications are up to. I am aware of having received 23 applications through the eco-Kinetics tender. But I would suggest that there are further applications from that company within that group of 1,000 awaiting assessment in the department at the moment. In terms of those that have gone through the pre-approval assessment, it was 23 as at the end of last week.

Senator PRATT—Just 23.

Mr Oxley—Yes, but I cannot be clear as to how many more there are awaiting assessment. We do not have that statistic.

Senator PRATT—So there are 23 within that figure of 12,000?

Mr Oxley—It would be more than 23, but I cannot be definitive. It could not be more than 1,000. I cannot imagine that the company would have, at this stage, put 1,000 applications in.

Senator PRATT—I also wanted to raise the proposition within that same report that the size of the kilowatt system has come down as a result of those kinds of programs. I would like to know the history of when the kilowatt system first started to decline.

Mr Oxley—When we gave evidence to the Senate inquiry into the save our solar bill we indicated that the average system size in the period since the introduction of the means test was 1.24 kilowatts. An update on those figures is that that number remains pretty stable—it is 1.22 kilowatts. That is a couple of watts reduction.

Senator PRATT—If you were to argue, as was done in this report, that the means test has impacted on the kilowatt size, would that be true according to those figures?

Mr Oxley—I think it is difficult to make that definitive conclusion. We plotted the average system size under the program. What we have seen is that since the doubling of the rebate in the 2007-08 budget there has been a downwards trend in the average size of a system under the program. That suggests that because of the increased affordability of the rebates there is an increase in uptake of solar power by households.

Senator PRATT—So that relates to the fact that the \$8,000 rebate comes quite near to matching the cost, in some circumstances, of a system just over one kilowatt?

Mr Oxley—That would be one reason. If you make the assumption that a reduced net cost to the households and therefore increased affordability prompts uptake then, yes, that is right. What we cannot do definitively is disaggregate that effect from any effect that might be attributed to the means test.

Senator PRATT—So there has been a trend towards smaller systems but that does not intersect with the means test; rather, it intersects with the doubling of the rebate?

Mr Oxley—I am saying that I do not think you can draw a definitive conclusion one way or another. That is a complex market.

Senator MILNE—If we can just go back to the 12,000 applications, how many have been processed and paid?

Mr Carter—At the current time we have 7,500 applications awaiting approval. I might just add that the significant and unexpected rise in demand has been quite challenging for the department in processing those applications. We have been looking at streamlining our processes and also putting additional resources into that processing. I will give you a couple of figures to illustrate that. We have increased staff from nine at the beginning of the calendar year to a current level of 26 to deal with that processing. Mr Oxley may have some more detail.

Mr Oxley—I have to apologise, but that is probably the one question I had not come equipped to answer today. I will take that on notice and I will try to get that information on the number of installations so far this financial year to you as quickly as I can.

Senator MILNE—What I am trying to establish is that since the budget in May there have been 12,000 applications but so far only 2½ thousand have actually been processed and the rebates paid; is that correct?

Mr Oxley—No, that is not quite correct. What we are seeing is a very significant difference between the number of applications we are receiving and approving to go on to the installation of systems, and the number of actual installations of systems. While we are receiving, at the moment, something like 1,000 applications a week, we are receiving something in the range of 200 to 300 installation reports per week. So we have quite a significant difference between what the industry is getting into the system to get approved and what the industry is actually out there installing at present.

Senator MILNE—What do you think the problem is?

Mr Oxley—I think there are many factors contributing to it. One factor, as Mr Carter has indicated, is the challenge the department is having in keeping up with the application rates. We have gone from having nine staff working on the program at the beginning of the year to heading on for 25 and soon closer to 35 staff. We are trying to catch up with the backlog of applications for assessment.

We do not know the extent to which solar businesses are focusing on getting the business locked in rather than doing the installations. We do not know the extent to which there may be some capacity constraints in the installer community. I think we talked about that particular question at the estimates at the beginning of the year. It is not a clear picture. But the one thing that is clear is that the application rates are running well in excess of the installation rates that the industry is getting on with.

Senator MILNE—But the installation rates are what then generate the rebate?

Mr Oxley—That is correct.

Senator MILNE—So, whilst there are 12,000 applications, in terms of the budget allocation you are actually on track for your 6,000 to be funded in the year unless you increase that rate in the next few months. Are you suggesting to me that the additional staff will see that rate increase?

Mr Oxley—The additional staff will certainly see our ability to process applications through to preapproval increased and subsequently our ability to deal with installation reports increased. We are seeing a trend towards higher numbers of installation reports received each week. So it might have been 50-odd at the beginning of the year. It is in the 200 to 300 range at the moment. I think we actually cleared and approved about 400 installation reports last week. So there is an upward trend there as well, but it is still lagging behind the preapprovals.

Senator MILNE—So with this issue of capacity constraint, which I think is highly significant right across Australia, the Prime Minister announced recently as part of the financial stimulus package opportunities for training and so on. What role does your department have or what capacity does it have to make recommendations in terms of where some of those training places might need to go in order that this installation rate, which is effectively what we are talking about, can be lifted?

Mr Oxley—I am not aware of any process by which the department would provide input to the decision-making process around the allocation of those training places. I think we would have to take that on notice.

Senator MILNE—Perhaps if I could direct that to the minister.

Senator Wong—Sorry?

Senator MILNE—I was just making the comment that obviously one of the issues here is that the capacity constraint in relation to trained people installing solar systems is one of the reasons we are not getting them rolled out as quickly as we might like. In relation to the Prime Minister's stimulus package and the announcement of more training places et cetera, what is the process for this department to draw attention to the fact that this is an area where training packages are desperately needed to upskill people and to reskill others?

Senator Wong—We might take that on notice. Obviously the actual funding of those places falls within the Deputy Prime Minister's portfolio, but we will take that on notice.

CHAIR—Are there any further questions on output 1.1?

Senator BIRMINGHAM—Yes. Mr Oxley, how many successful applications from Solartec have been processed this financial year?

Mr Oxley—Senator, I am not sure. I may or may not have individual company information.

Senator BIRMINGHAM—You seemed to have individual company information at your fingertips for Senator Pratt.

Mr Oxley—That was a publicly known tender process and I think it would be reasonable for us to anticipate to receive a question about a major Queensland government tender process, Senator—and, in particular, where the number of allocations associated with that business is a publicly known number. I am not sure about the appropriateness of us divulging the actual numbers in relation to an individual solar business to the Senate without consulting first that company.

Senator BIRMINGHAM—Did you consult that one?

Mr Oxley—I do not believe I needed to consult that company because it was a publicly known tender process.

Senator BIRMINGHAM—But you were revealing how many applications had been processed to date. That is fine, Mr Oxley. You handled that question well. I do not want to attack you personally on that. What is the average cost of the system that is being processed now?

Mr Oxley—To help you, the average system price in April 2008 was \$16,866 and an August snapshot of the average price was \$14,684.

Senator BIRMINGHAM—How many of the 12,000 applications—and you might need to take this on notice, or you probably will—are at a cost of less than \$9,000 all up?

Mr Oxley—Senator, bear with me for a moment.

Senator BIRMINGHAM—If you have different but similar figures, I am quite flexible.

Mr Oxley—I am working out whether I have something along those lines or not.

Senator BIRMINGHAM—I am looking for how many are basically about \$8,000 or a bit more.

Mr Oxley—The closest number I have that approximates that is that 1,000 applications have been received in 2008-09 with a system cost of \$10,000 or less.

Senator BIRMINGHAM—Thank you, Mr Oxley. I have further questions on output 1.1 but not on this matter.

CHAIR—If there are no further questions on this particular aspect of output 1.1, we will suspend for dinner and will resume with output 1.1.

Proceedings suspended from 5.59 pm to 7.03 pm

CHAIR—We will resume proceedings with output 1.1. Senator Milne.

Senator MILNE—I wanted to move on to the mandatory renewable energy target.

Senator Wong—Senator, I am sorry, that is again the Department of Climate Change.

Senator MILNE—So that is not managed by this department?

Senator Wong—No; it used to be.

Senator MILNE—When did that get changed?

Senator Wong—The administrative orders with the change of government.

Senator MILNE—It does not matter. The next question I want to ask is in relation to Solar Cities. I want to know if there are sufficient funds to cover the current Solar Cities commitments and, particularly, what steps the government is taking to ensure that the changes to other solar programs are not affecting Solar Cities. Can you give me an update on where Solar Cities is and whether we have enough funds for the current commitments.

Mr Carter—There are sufficient funds across the program for all of the solar cities. There were certainly some implications arising from the Solar Homes and Communities Plan for Solar Cities. That was predominantly the Blacktown Solar City and also, to some extent, the Adelaide Solar City.

As you would be aware, each solar city is a group of consortia that is quite unique in themselves, and the program has been designed with a lot of flexibility around the different offerings that occur under the particular arrangements. We went through a process of renegotiating for each of those solar cities in light of any impacts arising from the Solar Homes and Communities Plan for specific offerings within them. For both of those solar cities, we have reached conceptual agreement with the consortia on the way forward and we are in the process of finalising the contractual adjustments to those.

Senator MILNE—The flow-on effect of the changes to the Solar Homes and Communities program was significant. You have now renegotiated that. When does the government expect to sign the renegotiated agreements with those consortia?

Mr Carter—As I say, they are in the process of negotiation. I might just check if we have a date on when we expect those to be completed.

Senator MILNE—Can you give me an update on what you are actually negotiating.

Mr Carter—They have already been agreed. They are just waiting for legal clearance of the documents for execution, so I would imagine that would be a matter of weeks.

Senator MILNE—When you say they have already been agreed, is that to deliver on the original promises via a different mechanism? Is that what you are saying?

Mr Carter—Yes. Because each of the arrangements has quite a range of different offerings under it and is designed to accommodate changes in the market over time, the mix of offerings under each solar city was renegotiated, and those are in place and ready to be executed.

Senator MILNE—In relation to the remote rural program, I want an update and the forecast of the funding demand through to 2010 for that program.

Mr Oxley—The funding forecast is the current forward estimates in the budget. We have a capped program. We have a funding allocation each year, and our duty as a department is to manage within that appropriation.

Senator MILNE—So you expect to manage it within that—

Mr Oxley—Our job is to manage it within that appropriation.

Senator MILNE—Yes, but is that on track?

Mr Oxley—Do we expect that we will spend all of our money?

Senator MILNE—Yes.

Mr Oxley—Yes.

Senator MILNE—In terms of the technologies that are benefiting from the program, how much is going to solar PV and how much is going to solar concentrations and so on?

Mr Oxley—I will take on notice the specifics of it, if I may, and we will provide some more detailed information as we can. But as a general observation, where we talk about residential and small-scale projects, they would tend to be solar-diesel hybrid systems, so PV systems. When we get to larger scale installations, we have quite a bit of solar thermal going in through the company solar systems.

Senator MILNE—That leads me on to the impact of higher oil prices on the program demand, particularly those hybrids. Has there been any impact in relation to the higher oil prices?

Mr Oxley—We have generally seen an increase in demand for the program as a result of higher oil prices, yes.

Senator MILNE—Is it true that the government has been reviewing the large-projects element of the program? Have you reached any decision in relation to that?

Mr Carter—Yes. We have certainly been examining the major project and industry subcomponents and have now received enough major project and industry support proposals to fully commit the available funding for those subprograms, so the applications under those particular subprograms will be suspended. Some of the major projects have not yet been announced, and we expect construction activity to continue over the next two years for those projects.

Senator MILNE—Are you able to give me any indication of what they are?

Mr Oxley—Are you asking for an indication of the projects that are still in the assessment process or those that have already been approved?

Senator MILNE—The ones that have been approved.

Mr Carter—Certainly we can read through the list of them, or provide them to you if you would like the detail.

Senator MILNE—Could you provide the list in detail, but just give me a sense of it now. You do not have to read them all out.

Mr Oxley—I can do that. I am sure the minister will forgive me if I inadvertently announce something. Of the projects which are currently under construction or are soon to begin construction, there are solar systems in the Northern Territory at Hermannsburg, Yuendumu and Lajamanu. There are projects in the Northern Territory at Ti Tree, Kalkarindji and Ali Curung. The project that was recently announced by the minister, putting PV on the Crowne Plaza Hotel at Alice Springs, is another example. There is a sample for you.

Senator MILNE—Forty-eight million dollars was slashed from this program earlier this year, wasn't it?

Mr Oxley—The budget for the program was reduced by \$42 million across 2007-08 and 2008-09, yes.

Senator MILNE—So when I asked you before about funding demand and whether you were on track and so on, obviously on track to spend the money, albeit \$42 million less than might have been expected. In terms of applications, how many are you refusing because it would take you beyond budget?

Mr Oxley—We are in the situation where we would have a number—and I could not tell you how many—of projects which we understand are in the process of being developed by proponents who have approached us and sought a copy of the draft guidelines for the major projects who, if the major projects component had not been suspended, you would reasonably anticipate would have made an application at some future point in time. There may be one or two projects which are in the assessment pipeline that may not be able to be supported as a consequence of the budget being fully committed.

Senator MILNE—How many of those are there?

Mr Oxley—I would prefer to take that on notice, because I would only be giving you a guesstimate and I would rather not do that.

Senator MILNE—Okay.

Mr Oxley—It is a very small number, I should say.

Senator MILNE—I have got some questions on energy efficiency, but some of the others might want to ask more about the solar programs or whatever.

Senator BIRMINGHAM—I would like to ask some questions on green loans. As a general starter, Mr Carter or Mr Oxley, where are we at with the Green Loans Program in terms of the development of criteria, the establishment of contracts with financial providers and those appropriate issues?

Mr Carter—The program is progressing on schedule and there are quite a number of elements to it. So if you indulge me I might run through those and give you a bit of an update. Clearly, we have got to develop program guidelines overall, and one of the initial tasks that we have been progressing is also related directly to assessor training, assessment support software and also assessment booking services.

One of the key elements of green loans, even though it is entitled ‘loans’, is the assessment process, and the home sustainability assessment is a really important part of that. As we have done more research and work in this space and consulted with various stakeholders, particularly people that have been delivering services at state and regional levels, there is clearly a lot of data that says that the face-to-face assessment process is critical to improving energy efficiency in the home.

There are a number of very simple things that are often discovered for households through that process and hence the importance of developing it well. So we have signed contracts with the Association of Building and Sustainability Assessors to develop a nationally accredited assessor training and registration program. We are also including an e-learning component in that to cater for assessors in remote and rural areas.

The assessment process is going to be based on existing environmental calculators to ensure that the self-assessment and expert assessment paths can be in place in time for the program to be rolled out early next calendar year.

Additionally—and these are some questions that Senator Milne asked last time in estimates about concerns with barriers to uptake of the loans—we have got contracts signed with a consortia of Australian universities to undertake a program of research into those sorts of barriers and we are expecting the results to come in from that over the next couple of weeks, which will also assist in informing the draft guidelines that we will be putting to the minister in the next couple of months for approval.

In relation to the loans themselves, we have undertaken quite detailed consultations with the finance industry which have been very productive. We have undertaken that broadly through bodies such as the Australian Bankers Association and Abacus, but we have also been engaged with a couple of particular financial institutions where we have been able to iterate some of the ideas that we wanted to explore in terms of how to provide the subsidy in the most effective way and what are the sorts of mix of products or constraints that the industry may have in delivering that.

So we have progressed across all of those elements. We are currently finalising the implementation side of that and are preparing to provide the minister with draft guidelines. Within that there are some options and decisions that he will clearly need to make about the scope and the manner in which the loans are provided, or the subsidy is provided.

Senator BIRMINGHAM—What time line are you expecting in terms of the loans being able to be made available to the public?

Mr Carter—We are expecting the loans to be made available in the second half of this financial year.

Senator BIRMINGHAM—How are you proposing to select the finance company or companies that the government will partner with?

Mr Carter—That is one of the issues that we are still working through at the moment. We have not finalised what is the best way of delivering that selection process.

Senator BIRMINGHAM—How long do you expect that selection process for a finance company will take?

Mr Carter—It depends on the nature of it: whether we establish a set of rules, for example, which a financial institution, if they were to meet those rules, would then be eligible for payment, or whether we went through a tender or procurement process. Clearly there are different time lines involved with those.

Senator BIRMINGHAM—Do you believe that the current financial crisis and credit arrangements will make application of the program more difficult or more expensive in any way?

Mr Carter—We have had some initial discussions with a couple of the financial institutions that we have been working with, and they have indicated that they do not anticipate that the risk factors for loans at that level would alter greatly, but that is the extent of the information that I have on that. It is a little beyond our expertise to comment on the implications of a global financial crisis at this point.

Senator BIRMINGHAM—Are other agencies assisting Environment in the structure of this, in particular the structure of the tender and negotiations with the banks or financial institutions?

Mr Carter—We have consulted with other agencies about similar experiences that they may have had and, indeed, with states and territories to gain insight into the success particularly of the assessment based programs, but we have not got other agencies involved, I think, to the extent that you are asking the question about.

Senator BIRMINGHAM—The target, as we discussed at some length in the last estimates and, I think, as is stated in the Labor Party policy statements, is for 200,000 green loans to be provided. That remains the target for the program as funded?

Mr Carter—The program states up to 200,000 loans, and it is worth talking a little bit about that, as we have worked through the sorts of actions that households might take. In fact, coming out of a household assessment, some of the actions that households can take that will make quite big differences to their energy efficiency are not that costly at all. For example, simple draught proofing makes a large difference, as does one of the most effective things that people can undertake in the house: home insulation.

When we looked at the ranges of options that might come out of home assessments and the range of costs of those options, we concluded that 200,000 loans is quite a possible target within that, but it is very difficult to predict what the actual household uptake and mix of actions and size of loans is likely to be. As I have indicated, for many homes, actions that are in the sub-\$3,000 or even below a \$2,000 range would be extremely effective actions.

Once again, we also anticipate quite a level of achievement out of the program just through the home assessment process, which includes a refit of lighting, water control shower heads,

curtains, pelmets et cetera to assist in that first instance, but some of the behavioural and simple measures that people can take. In fact, we were talking to a number of welfare NGOs that have been involved in provision of services to lower income households, and some of the home assessment information that came out of their home assessment and behavioural discussions with households was at a fairly fundamental level of changes that people can make. An example was given of pet access where people might have been leaving a laundry door open, so the fitting of a cat flap to the back door could make quite a difference to the heating and cooling efficiency in that home.

Senator BIRMINGHAM—To refresh my memory, the assessment process from last time came at a \$50 cost and that \$50, if somebody takes out a green loan, is refunded or paid for out of the green loan, or paid for by the department in the costs in some way. If they do not take out a green loan, then the household pays the \$50. Is that right?

Mr Carter—Yes, that is the intention.

Senator BIRMINGHAM—That remains the plan for the program?

Mr Carter—Yes.

Senator BIRMINGHAM—Has any consideration been given to possibly rebating the \$50 if the household simply demonstrates that it spends the smaller \$1,000 or \$2,000 that you are talking about on energy efficiency measures without taking out a green loan?

Mr Carter—That would certainly be an option that we should have a look at. The reason for having an up-front fee is to demonstrate a commitment and an interest from the household in taking the actions. The corollary to that would be that, if actions are taken, there could be a rationale for examining that fee, so we will examine that option as part of the design.

Senator BIRMINGHAM—How many assessments is the department planning on in the first year of the program?

Mr Carter—I am not sure if I have an annual breakdown of that. I might have to take that on notice. We are anticipating in excess of 300,000 assessments over the program, but I do not have the detail of how we see that rolling out.

Senator BIRMINGHAM—How many qualified assessors exist at present?

Mr Carter—I would have to take that on notice, too, the actual numbers. We do not have that number available now. We can look into that for you.

Senator BIRMINGHAM—The signed contract you have with the national association of building assessors—I did not quite catch the full name—is that for the delivery of training for a particular number of additional assessors?

Mr Carter—No, the contract is for the development of the accredited green loans assessor training and registration program. I am not sure that it has a number through it. The contract is for developing the program to run out. We have budgeted for 2,000 assessors but it will depend on the demand for the project as to how many of those we then contract through that process.

Senator BIRMINGHAM—Does the association undertake the accreditation of assessors or does the department, once the association has put it in place, undertake the accreditation of assessors?

Mr Carter—The intention is that the association undertakes the accreditation.

Senator BIRMINGHAM—When do you expect those guidelines that are being developed and tools for that accreditation process to be complete under the contracts?

Mr Carter—The full process will be in place this calendar year, so by the end of December.

Senator BIRMINGHAM—So certainly by the end of December, qualified persons should be able to start pursuing that accreditation process?

Mr Carter—Yes.

Senator BIRMINGHAM—Lastly from me, there is a statement on the department's website about the Green Loans Program that says:

This innovative program will help an estimated 200,000 home owners to reduce annual greenhouse gas emissions by around 600,000 tonnes of carbon dioxide equivalent per year by 2020.

How is that estimation made?

Mr Carter—I can provide some detail on notice about that. It was taken across a range of the sorts of energy efficiency technology and behavioural changes that we might expect to be taken up through the program. Clearly we are basing that on estimates of what we would anticipate. We have also factored into it a reasonably conservative rebound effect. For example, where insulation might be applied to a home, we have applied a factor of 66 per cent to thermal savings achieved through that insulation, because there has been some demonstration of rebound effects where households use more heating or air conditioning for a greater area of the house. We have tried to be reasonably conservative, but the estimates are based on a guess of what level of uptake of different technologies will occur under the program. But I can certainly provide the table of details.

Senator BIRMINGHAM—It sounds as if you have done some reasonable modelling. If you could on notice provide that information as to the energy savings estimated under the program and therefore carbon emission reductions estimated under the program, that would be appreciated. Thanks, Mr Carter. Thanks, Chair.

CHAIR—Senator Milne.

Senator MILNE—Thank you. Just to follow up on the issue of capacity for the auditors, can I just add to the remarks I made earlier in terms of trying to access some of the Prime Minister's training budget for the fiscal stimulus package to see if a number of those places can be provided in this area of renewables, energy efficiency and capacity building, because it is desperately needed. If we can get it, that is one area where it could have a real impact.

The issue I want to pursue in relation to the green loans is: what is a low-interest loan? What have you determined is the interest rate that people pay?

Mr Carter—This is one of the areas where we cannot provide specifics at this point. The loans will be commercial products provided by institutions. The actual interest rate and loan

costs will be reduced through the subsidy and will be relative to normal commercial factors, but the sorts of variables are the cost of commercial money, the size of the borrowing, the length of time of repayment, the risk profile to the house, the level of the security on the loan and other commercial factors. That is the mix of issues that we are working through at the moment. There are a range of options that we are looking at that we would be putting to the minister for that, hence at this point I cannot give you a specific percentage of subsidy.

Senator MILNE—That is why I cannot understand how it is going to work. Is it the thinking at this stage that the government will provide a fixed percentage subsidy and then the householder will pay whatever the variable difference is? Are you going to pay a different rate for each application or are you going to say it is a straight 2½ per cent or whatever it is across and you will pay whatever your risk profile is according to the product?

Mr Carter—I would caveat this by saying it is purely illustrative. We have not yet put options to the minister. For example, one option could be, for a personal loan for a period of a few years, the government could subsidise the interest for the first few years of that loan with it returning to its commercial rate for the remainder of the loan. Likewise with, for example, a home loan redraw: the subsidy could be applied to the first few years of that redraw rather than for the whole period of the loan. That is one option that we have been exploring.

Senator MILNE—So it is more likely to be a matter of timing?

Mr Carter—Under one option, yes.

Senator MILNE—I am inclined to think that the current crisis is going to be such that people are not going to want to take out any additional debt in the short term but we will see whether that is the case or not when the product is being offered. It concerns me that the people who would benefit most from energy efficiency are likely to be low-income households, especially in the light of increased energy prices because of emissions trading and so on, and they are the people least likely to get the lowest interest rates by virtue of the risk profile, and therefore there is not going to be the flow-on benefit. Are you looking at a differential rate according to a means test, or is everyone going to be able to access the same, regardless?

Mr Carter—One of the options we are looking at is whether smaller amounts for lesser periods are more advantageous in the loan. That is not only something that may assist with low-income households but, when we look at the range of things that households might do, as I indicated, the things between zero and \$3,000 are often those that make the biggest difference to energy efficiency.

The other point that I would make, going back to the research that we have put in place, is that we have particularly asked for the research to examine costs and other potential barriers for low-income families as well, so we are expecting to get some advice out of that.

Senator MILNE—The other issue I wanted to raise about energy efficiency is, in the commercial sector, what is currently operational and how effective has it been, in terms of government programs?

Mr Carter—In terms of commercial energy efficiency?

Senator MILNE—Yes.

Mr Carter—Certainly we are seeing some uptake particularly of the ratings schemes, such as Neighbours and Green Star, in assessments, and also the Green Lease Schedules that the department developed are being taken up through the commercial sector. We have been working on developing a regulatory impact statement on mandatory disclosure of commercial buildings. That is clearly, though, a program to be looked at for the future. Some of the measures that we have been taking under the Minimum Energy Performance Standards have also been assisting the commercial sector in that sense.

Senator MILNE—What about getting some changes, through the COAG process, to make insulation compulsory, and a few of those kinds of things that will make systemic change possible?

Mr Carter—Through the COAG process and the Working Group on Climate Change and Water that Minister Wong chairs, we are involved in the energy efficiency subgroup of that working group and have worked through a range of policy options for accelerating and expanding energy efficiency across sectors. That report has been provided to the working group and to COAG. The communique from COAG of 2 October indicated that a national energy efficiency strategy should be developed, and we would expect that those options would be considered as part of that process.

Senator MILNE—When would we expect the strategy to be developed and released? What is the time frame for the strategy?

Mr Carter—Those decisions, I think, are yet to be made. The communique from COAG—which I am sure you have noticed—talks about streamlining roles and responsibilities for energy efficiency policy and programs to be agreed by the end of December and implementation of this strategy finalised by June 2009.

Senator MILNE—And standardising things like building codes and compulsory insulation—those kinds of things—will be part of that strategy?

Mr Carter—Options covering all of the sectors are part of the advice that has been provided for those decisions.

Senator MILNE—Can the community feed into that process, or is it too late for that?

Mr Carter—I am unaware of the detail of the process. I would have to take that on notice, as to whether there is going to be consultation built into the development of that.

Senator MILNE—Maybe I could ask the minister. In relation to developing this energy efficiency strategy and getting streamlining across the states with issues like making insulation compulsory and so on, is there going to be any community consultation about the sorts of initiatives that might come forward through that, or has that passed?

Mr Carter—Sorry. If I might mention that the minister undertook a series of stakeholder roundtables in August and September, particularly on energy efficiency issues. He undertook, I think, eight roundtables involving about 170 stakeholders that covered energy efficiency and renewable issues. That was a fairly substantial and recent consultation process.

Senator MILNE—That happened in August and September of this year, did it?

Mr Carter—Yes.

Senator MILNE—Okay. They were not too high profile. Thanks very much.

CHAIR—Thank you, Senator Milne. I understand there are no further questions for output 1.1.

[7.39 pm]

CHAIR—We will now move to output 1.2. Senator Siewert has some questions.

Senator SIEWERT—Is this where I ask NRM questions?

CHAIR—Yes.

Senator SIEWERT—I am not going to take up too much time, because I am aware that I have been asking a lot of questions. Last night in Rural and Regional I was asking some questions about natural resource management and we were yet again clarifying issues around Landcare funding. I think I have got it finally! In terms of Landcare funding, there is a stream for Landcare funding, and Minister Burke makes the decisions on that funding. Is there any funding that Minister Garrett alone makes any decisions on?

Ms Colreavy—Yes, he does for some parts of the program. A decision between ministers was made early in the program that Minister Garrett would make decisions on Working on Country and NRS, and Minister Burke would take positions on Landcare or sustainable farm practices, and also World Heritage. Minister Garrett has three parts. The rest of the program is jointly decided.

Senator SIEWERT—NRS, World Heritage and Working on Country?

Ms Colreavy—That is right.

Senator SIEWERT—I am interested to know the final decisions on funding for NRS, World Heritage and marine. As I recollect, the discussion we had at the last estimates was that the decision on marine funding had not been finalised. I would also like to know, under Caring for our Country, whether any EPBC elements are funded under that program.

Ms Colreavy—Under the arrangements entered into for this transition year, there is funding provided for EPBC from the Caring for our Country budget of \$12.4 million. This reflects a decision taken by the previous government that was set in place, and it was agreed that the arrangements would be implemented again for this year.

Senator SIEWERT—Is it envisioned that that will go on into the future?

Ms Colreavy—It is subject to review.

Senator SIEWERT—Does ‘subject to review’ mean that EPBC may no longer get that amount of funding, or does it mean that it may then come out of the Caring for our Country funding and go into normal expenditure?

Ms Colreavy—That will be a decision of government.

Senator SIEWERT—Okay. I have some specific questions about funding for some of the activities under the EPBC Act and I am wondering whether I should ask them here or under 1.5.

Ms Colreavy—It depends on whether it relates to EPBC as provided for with Caring for our Country.

Senator SIEWERT—Specifically listing of threatened species and communities; development of recovery plans; development of threat abatement plans. That will do for a start.

Mr Borthwick—That should be asked under 1.5.

Senator SIEWERT—Specific funding issues, thank you. In terms of funding for World Heritage—

Mr Borthwick—Funding for World Heritage is probably best answered under 1.4.

Ms Colreavy—It depends on the question. There are some aspects of World Heritage that are being funded from the Caring for our Country budget, but the World Heritage program overall and its management and decisions will be handled in a different part. I can help to the extent I can.

Senator SIEWERT—Can you tell me how much funding was allocated under Caring for our Country against World Heritage? To save time, could you then table the projects that are being funded?

Ms Colreavy—Individual projects? I do not think I am able to do that at this stage because some of the projects that will be funded will be subject to proposals that have not yet been approved, so I might not be able to provide down to project level, but we have an overall budget for natural icons and World Heritage of \$14 million. That is not just for World Heritage, that is for a mix of activities.

Senator SIEWERT—How is that money going to be allocated against that expenditure item? In other words, how much is being allocated to World Heritage, how much is being allocated to icons and how are the decisions being made about those allegations?

Ms Colreavy—During the transition year 2008-09, ministers have taken a number of decisions about funding programs in order to maintain momentum and operations in the department. World Heritage sorts of activities subject to MOUs with state agencies for maintenance of World Heritage properties were quickly determined because there were existing commitments made for those. Other sorts of activities for which a decision had not already been taken needed to be weighed up against other competing priorities and decisions taken as to whether or not they would be funded. Proposals could be made from external proponents, say, through open grants as well, if that was seen as viable. I could go back to your question about budget allocation for particular areas and give you some level of detail at this stage.

Senator SIEWERT—That would be appreciated, thanks.

Ms Colreavy—For the Tasmanian Wilderness World Heritage area, there is a budget of \$3.4 million. For the World Heritage area for the wet tropics in Queensland, there is a budget of \$2.7 million. I cannot tell you the exact projects, but there are some allocations for activities in other World Heritage areas of \$0.835 million.

Senator SIEWERT—You cannot tell me what that is for?

Ms Colreavy—I do not have the breakdown here, I am sorry.

Senator SIEWERT—That is okay.

Ms Colreavy—It is being run from the World Heritage area. \$0.35 million has been set aside for strategic assessment for the Kimberley World Heritage area.

Senator SIEWERT—That is coming out of Caring for our Country money?

Ms Colreavy—Yes, this is all Caring for our Country. \$0.45 million has been set aside for World Heritage nomination for Ningaloo Reef and \$1.77 million for rodent eradication on Macquarie Island World Heritage area.

Senator SIEWERT—That is the World Heritage money—

Ms Colreavy—That is the World Heritage money.

Senator SIEWERT—That has been allocated against World Heritage. Then there is money for icon sites.

Ms Colreavy—Potentially, yes.

Senator SIEWERT—What do you mean ‘potentially’?

Ms Colreavy—If proposals are received and approved.

Senator SIEWERT—So how do the states make those proposals?

Ms Colreavy—What we have done this year is a little different to what we will be doing in the future. In the future, all elements of the program will be packaged within the business plan, so there will be just one port of entry into the program for people to apply for funding. As you know, this year, whilst we have been preparing the program design and the rules and the framework around the program delivery, we have had a number of different calls for proposals. Earlier this year we had a call for up to \$25 million of open grants. Potentially there could have been proposals against icons or other World Heritage activities within those open grants. Those are being assessed and are still subject to announcement by ministers.

Senator SIEWERT—There is a certain amount that has been allocated against World Heritage and icon sites, which is \$14 million. If you do not then get applications for icon sites under the open grants process, how do you then address expenditure against those iconic sites?

Ms Colreavy—Those budgets are notional budgets in order to make some decisions about what sorts of activities could be entered into. We could move those funds around within the program. There are no rules to stop that happening. So that budget is a notional budget that has been agreed to. We could also commission particular work if we felt that there was a priority activity that needed to be done and we had the agreed budget there that ministers had approved. We could perhaps go to ministers and commission a particular piece of work to be done if we did not receive a proposal to do such a piece of work.

Senator SIEWERT—I recall that last time you had not resolved expenditure against the marine budget under Caring for our Country. I recall that the NRS money was for terrestrial NRS, not marine NRS.

Ms Colreavy—That is right.

Senator SIEWERT—At that stage the marine budget looked like it had been cut and there was a correction. I do not have the details directly in front of me, but there was a correction

made to say that you could not say definitely the budget had been cut because there would be an allocation against Caring for our Country. Has that decision been made?

Ms Petrachenko—Yes, the decision on transitional funding for marine has been made and the transitional allocation for this year is \$7,042,000.

Senator SIEWERT—Can you tell me how that relates to previous allocations, please.

Ms Petrachenko—The difficulty was my NHT allocation previously. I had marine and terrestrial biodiversity, but if I recall correctly—and I can take on notice the exact detail—it was approximately \$6.7 million in marine.

Senator SIEWERT—Should I ask here what that money is being allocated for, or should I ask that in marine? What is that specifically?

Ms Petrachenko—The majority of the funds—so about 75 per cent of it—go to the management of the existing Marine Protected Area Network. So that is for ongoing management, development of management plans for the existing network, as well as for the development of recovery plans for a species, for studies on things like turtles and dugongs and all that type of work that we are doing, and for threat abatement plans as well.

Senator SIEWERT—That is on top of the allocation you get from—

Ms Petrachenko—The regular allocation from the department?

Senator SIEWERT—Yes.

Ms Petrachenko—That is right.

Senator SIEWERT—It has not changed since last time. Is that still the same as last time?

Ms Petrachenko—That is exactly right.

Senator SIEWERT—Thank you. I will not bother going there. Is NRS funding under Caring for our Country?

Ms Petrachenko—Yes.

Senator SIEWERT—Where are we at? I see Mr Cochrane is coming to the table.

Mr Cochrane—Thank you. The minister announced in March this year an allocation of \$180 million to the National Reserve System over the next five years. A call for applications under the first year's funding has already been made and they are currently being assessed.

Senator SIEWERT—How many applications have you had?

Mr Cochrane—I will give you a more precise number. Just over 100 applications. The round closed on 27 June.

Senator SIEWERT—How close are you to making decisions on this?

Mr Cochrane—Very close but, as I recall, our advice on those proposed allocations has not yet gone to the minister.

Senator SIEWERT—We cannot go there then. Are any of the applications that went in for the biodiversity hotspot program—which we knew was underspent—being considered or been resubmitted? Is that possible to know?

Mr Cochrane—It is not my responsibility.

Senator SIEWERT—I am trying to find out whether they subsequently submitted them to this program.

Ms Colreavy—I should have some information on that. I am sorry, what were you asking again?

Senator SIEWERT—Applications for the biodiversity hotspots program that was undersubscribed last time—and we have had discussions about this previously, if people will recall. I am wondering whether they have been—

Ms Colreavy—Six million dollars of uncommitted program funds was returned to consolidated revenue as part of the department's new savings measures.

Senator SIEWERT—Yes.

Ms Colreavy—That lapsed. I am sorry, what else?

Senator SIEWERT—It is all right. I will follow it up on notice; it is probably more detailed. I have just been given the hurry-up. Mr Cochrane, are you able to tell us whether there has been a specific focus on areas where applications have been received from?

Mr Cochrane—The minister has been very clear that the program is focusing on high-priority bioregions—that is, those that have less than 10 per cent of their area represented in the protected area system. That is what we are assessing the applications against.

Senator SIEWERT—Thank you.

CHAIR—Thank you, Senator Siewert. In the same output, 1.2, Senator Nash.

Senator NASH—Bear with me, please, if I am in the wrong spot and do let me know if I am not. Is it correct that the National Landcare Program funding will continue until the end of 2011 and 2012?

Mr Taylor—The National Landcare Program is an ongoing program, and forward estimates take it out for this year and a further two years in the budget papers at this stage.

Senator NASH—Are the delivery arrangements for 2008-09 up until 2011-12 being finalised at the moment?

Mr Taylor—Yes, that is correct. At the moment parts of Caring for our Country and the NLP have been operating under the transition year arrangements and they will become part of the business plan arrangements for subsequent years of Caring for our Country.

Senator NASH—Uncompleted projects under the NHT2 and NAP which have been delayed due to drought or other things, I think, will be able to be completed after June 2008. That's right? That is subject to negotiations with states?

Ms Colreavy—Yes.

Senator NASH—What are those negotiations with the states? What is that?

Ms Colreavy—For each jurisdiction within each state and territory, we have an establishment called a joint steering committee which comprises senior officials from both the state and the Commonwealth and sometimes there are other members on it. That joint steering

committee, under bilateral agreements between the state and the Commonwealth, has decision making about day-to-day operations of the funds, and final decisions regarding changes in expenditure go to ministers for approval. We have delegations, though, at committee level to make decisions or variations to funding within our delegation.

Senator NASH—Is it correct that the NRM regional bodies are guaranteed only 60 per cent of their historical average funding?

Ms Colreavy—No, it is not as straightforward as that.

Senator NASH—That is why I asked the question. I am interested in it.

Ms Colreavy—The allocation to regions this year was that every region received more than 60 per cent. Every region received 60 per cent of their average funding, plus an additional allocation, which was a share of 15 per cent of the total bucket that had been given to regions previously. So every region received more than 60 per cent for this year, most of them closer to 75 per cent of their average funding. In addition, most regions had carryover funds from the previous allocations, from both the NHT2 and NAP, which they were still rolling out through this year. Many regions have applied for further funding through the Coastcare rounds and some through open grants as well. So there are various other sources of funds. Many regions received funding from their state governments as well, so they have all got considerably more than 60 per cent.

Senator NASH—Was that just a budget cut?

Ms Colreavy—No, it was a redistribution of funding.

Senator NASH—Sorry, I meant for that particular program.

Senator Wong—You cannot say—

Senator NASH—Why have you woken up for me, Minister?

Senator Wong—I am awake. I do not feel that awake, but I am.

Senator NASH—I am very sad. You have not been giving input in the last hour.

Senator Wong—It has not been that fascinating. You cannot decide to narrow the premise of the question such that Ms Colreavy cannot answer it.

Senator NASH—No.

Senator Wong—She has given you an answer—that is, it was a redistribution.

Senator NASH—She was just about to answer it, because I was going to ask, ‘Was it a budget cut for this program?’ She was just about to say where the redistribution of funding went: I was interested to know where the redistribution went.

Ms Colreavy—I was going to say that in fact the regions have access to a much larger amount of funding than they had under the previous program.

Senator NASH—Where is that coming from—all those other various programs you were talking about before that they could access?

Ms Colreavy—Yes, but also under Caring for our Country itself. Under the design of the previous program, regions only had access to funding that was designated for the regional

component, so under NHT and NAP there was a national funding stream, a regional funding stream and a local funding stream. The regions only had access to the regional funding stream. Under the design of Caring for our Country, which is still being developed and rolled out, I must admit—this is only the transitional year—regions have the opportunity to apply for funding for the full suite of funds, as long as they can deliver against the priorities for the government.

Senator IAN MACDONALD—Ms Colreavy, isn't it a fact that this program, Caring for our Country, is \$127 million a year, which is 60 per cent of what it used to be, plus \$10 million from elsewhere, and people can bid for \$25 million in open grants? It is also a fact that a lot of this money is going to Barrier Reef things, which means they will be getting 80 per cent, which means that some will be getting, on sheer mathematics, less than 60 per cent and some will only be getting 40 per cent. That is the sort of information we got from your colleagues at a recent inquiry. Now you are telling us that it is not that bad?

Ms Colreavy—No, it was me that answered that question at the inquiry.

Senator IAN MACDONALD—Was it?

Ms Colreavy—Yes.

Senator SIEWERT—Senator Macdonald, you are getting mixed up with what we were told last night.

Senator IAN MACDONALD—No, this was at the inquiry.

Senator SIEWERT—But we were told something different last night about the 60 per cent.

Senator IAN MACDONALD—Wherever we go, we get a different spin on what is clearly a cutback in funding for natural resource management.

Ms Colreavy—I would be happy to answer it again. The overall budget for Caring for our Country is \$428.2 million for 2008-09. The allocation—this is the guaranteed, baseline allocation to the regions only, and it is one component of the funding—for the regions in 2008-09 was \$127.2 million for the 56 regions, plus a distribution of a further \$31.9 million, which is to assist them with the costs of transitioning to the new program. So the overall budget dedicated just to the regions for 2008-09 was \$159.1 million.

Senator SIEWERT—That is for next year?

Ms Colreavy—No, that is this year. Then from 2009 through to 2013, the funds that are dedicated just to the regions—that is, the baseline, guaranteed funding to the regions—are \$127.2 million plus an additional allocation, to assist with transition that will continue through this first five years, of \$10.8 million. So the overall budget for guaranteed funding to regions is \$138 million for the next four years, the last four years of this tranche of the program. The regions can apply for additional funding beyond that. That is their guaranteed—

Senator IAN MACDONALD—So can the state governments.

Ms Colreavy—allocation from the Australian government.

Senator SIEWERT—The clarification there that we got last night was that each region this year gets 60 per cent plus transition. What we were told last night was that, while that

overall amount of money per year is 60 per cent, each region is not guaranteed to get 60 per cent.

Ms Colreavy—That is true.

Senator SIEWERT—Yes. That is the point.

Mr Taylor—For years 2 to 4, that is correct.

Senator SIEWERT—Yes, exactly. For this year, yes, they are, but for ongoing years, no, they are not.

Mr Taylor—That is correct.

Senator SIEWERT—So there can be preference given to specific regions and regions are not guaranteed of getting a certain amount of money. That is the point we have been trying to get to.

Senator IAN MACDONALD—So how is 60 per cent more than 100 per cent?

Mr Taylor—Some regions in the 2008-09 financial year have received, or have access to funds this year, in excess of 100 per cent of the long-term average of funds. That funding is made up of a combination of the initial guaranteed 60 per cent, plus their share of the \$31.9 million, plus funds that they have carried over from previous years, plus funds provided by the states.

Senator IAN MACDONALD—It is hardly new money. That is money they did not spend previously.

Mr Taylor—But in terms of their spend and workload for this financial year, plus funds provided by the states, plus in some cases funds—

Senator IAN MACDONALD—We know, because we have the statistics, that most of the states give in-kind support, and in spite of questions at estimates after estimates I can never get any detail of the states' in-kind support. A few of the states pay cash. So the NRM group on the ground do not get cash; they get 'in-kind' support from state government.

Mr Taylor—They get a mix of cash and in-kind and I am referring to the cash component.

Senator IAN MACDONALD—That does not happen in every state.

Senator Wong—Perhaps Mr Taylor could finish his answer and then we will have another question.

Senator IAN MACDONALD—It does not happen in every state, does it?

Mr Taylor—As far as I know, every state provides some cash component. In addition to that, some regions also have been charged with delivering election commitments. Through those combinations of funding, there are a number of regions who are operating in some cases above or at about their long-term average.

Senator IAN MACDONALD—And in some cases below.

Mr Taylor—Yes, there are some that are below.

Senator IAN MACDONALD—Just on notice, and it will not take you long because they have already done it for me, can you get me the cash contributions by state governments in

recent times and in the current year, just to convince yourself that one or two states put in some cash and most of them put in in-kind, which means that NRM groups do not get a share of that cash.

CHAIR—Senators, I am mindful that we are very short of time and still have a big program to finish. Can we attempt to get to the end of output 1.2 fairly soon. Senator Nash.

Senator IAN MACDONALD—I am sorry, Senator Nash, but we have heard four different versions.

CHAIR—I understand that. It is always difficult.

Senator NASH—That is all right. Perhaps I could just have five minutes. I will put most of them on notice, Chair, if that is okay.

CHAIR—Yes, certainly, Senator Nash.

Senator NASH—One of the specific funding allocations for Caring for our Country is to employ additional Indigenous rangers. I think it is \$90 million over five years. Can you just quickly and briefly outline what the rangers do, what is the individual cost for each, and what are the associated costs?

Ms Colreavy—I will call up Kathleen Mackie.

Ms Mackie—Could you just go through that question again?

Senator NASH—Absolutely. If you could just confirm that it is \$90 million over the five years?

Ms Mackie—That is correct, yes.

Senator NASH—How many rangers? What do they do? What is the individual cost, and are there any associated costs?

Ms Mackie—The commitment was for 300 rangers over the five-year period. In the first round we have placed 44 rangers. That builds on 100 rangers that were placed in 2007-08. We have just completed an assessment round for 75 rangers. The types of activities they do vary from fire management to weed management to looking after pests, eradicating pests, protecting threatened species, doing cultural and heritage site management.

The average cost per ranger is about \$100,000. That consists of around \$40,000 to \$50,000 for the wages component. We ensured that the ranger groups had good support, for example, through—

Senator NASH—If one particular ranger is getting \$50,000 and the cost is \$100,000 for each ranger—

Ms Mackie—That is correct, the average cost.

Senator NASH—what is the other \$50,000?

Ms Mackie—I was going on to say the additional cost relates to support for vehicles, equipment, materials, uniforms, training.

Senator NASH—Okay. My next question is probably to you as well. It is Indigenous also. Apparently another \$10 million over five years is allocated to assist Indigenous Australians to

enter the carbon trading market? Can you just say who is being targeted, what it entails, how the funding is being used, and what that actually is?

Ms Mackie—Consultations are still underway on how to roll out that program. It was a \$10 million commitment over a five-year period. It is to support Indigenous communities and organisations to engage with emissions reduction and emissions trading, so it is essentially seed funding which provides support to communities. A lot of them have been approached for carbon trading or carbon credit opportunities, so there was a desire to ensure that Indigenous people were given strong support to understand what those credits may entail, to ensure legal frameworks are set up and to ensure any arrangements they enter into would be consistent with the government's accounting procedures for emissions. So the primary focus is likely to be on fire management in the tropic north, because that is partly where the abatement opportunities would be.

Senator NASH—Caring for our Country also by 2013 has an objective of assisting 30 per cent of farmers to increase uptake of sustainable farm practices. I am trying to determine how much it will cost, how it will be done and how you have assessed that you will be able to get 30 per cent of farmers to increase their uptake of sustainable farm practices. It seems like a bit of a figure out of the air. A third of farmers is a lot to target.

Ms Colreavy—I can help there. The figure of 30 per cent of farmers was arrived at based on experience to date through the government's previous programs. This work is primarily being managed by the DAFF part of our joint team. We have, as you know, some combined programs with the two departments. There has been a lot of work done with both the ABS—the Australian Bureau of Statistics—and ABARE, together with DAFF, looking at the statistics of uptake by farmers of changed practices to engage in natural resource management.

With that research and data gathering, they have arrived at this preliminary estimate of a 30 per cent uptake. They believe that this is ambitious but achievable, and the ongoing research work that will be done will inform that target or that outcome and, if necessary, it will be revised. We will report on that through the annual report card, if it is thought to have missed the mark, but the indications at this stage are that this is a reasonable target for the next five years.

Senator NASH—If in fact there is a higher percentage of farmers that want to take this up and be involved, have there been any discussions about an increase in funding to go with that?

Ms Colreavy—I think that is a bit premature at this stage.

Senator NASH—We farmers are always hopeful! Can I go just briefly to the National Reserve System and the recent announcement by the minister, Peter Garrett, of an extra 25 million hectares to go into that system. What were the criteria for the decision to increase the amount of land by 25 million hectares?

Mr Cochrane—Again based on experience, under the NHT the program added about seven million hectares to the National Reserve System through land purchases and 20 million hectares through Indigenous protected areas. So over 10 years something like 27 million hectares was added to the National Reserve System, at an expenditure of about \$110 million. On our calculations, the expenditure of \$180 million on the National Reserve System and

another \$50 million on Indigenous protected areas will yield of the order of an additional 25 million hectares.

Senator NASH—When will those land purchases be?

Mr Cochrane—They are, as Senator Siewert has asked before—

Senator NASH—Sorry, you may have already been asked this when I was out of the room.

Mr Cochrane—We put out annual calls for applications by the states and other proponents, and we are currently assessing this year's round.

Senator NASH—Was there any consultation with the representative farming groups about extending the area, particularly in terms of the land purchases?

Mr Cochrane—No. This growth of the National Reserve System has been a fairly consistent part of government policy for quite a long time.

Senator NASH—Have there been any socioeconomic impact studies done on the fact that another seven million hectares of land will be used for purposes other than food or grain production?

Mr Cochrane—No. This is somewhat similar to the earlier question on Toorale.

Senator NASH—You are going to give me a big 'no', aren't you? I can hear that coming!

Mr Cochrane—No, because in all cases the acquisitions are done on the open market between willing buyers and sellers. As has been indicated before, those purchases are done in a commercial way. The last government and this government have not wanted to signal the government's interest in those purchases—otherwise you would distort the prices paid.

Senator NASH—Okay, thank you. I will put the rest on notice, bar one. I don't know if I am in the right place for this either, but it is a question about endangered birds. Have endangered birds stopped building on freehold land? Does that fall under this output?

Ms Colreavy—It depends on what you are referring to.

Senator NASH—Really I just want some clarification, because I am the last person to ever believe media reports of things. Apparently a Queensland couple were told that they could not build on their freehold property because it is home to an endangered finch. This fellow, Mr Benton, went on to say he had volunteered to pay his own way to Canberra to discuss the matter with the minister, Peter Garrett, but was told, 'He doesn't speak to the public.' 'That was their comment to me,' Mr Benton said. Given that he could not come down and talk to the minister about it, who obviously does not speak to the public, according to this—and it could well be wrong; it is just a media report—I would like some advice on how the arrangements work if somebody cannot build on their own freehold property because it is home to an endangered finch.

Mr Borthwick—That is output 1.5, but I will ask Mr Burnett to come to the table, because there is some consistency here. He might be able to answer this question. There are some specific circumstances that he will be able to elaborate on.

Mr Burnett—I think the report you are alluding to relates to a rural residential subdivision at Oak Valley, which is south-west of Townsville, consisting of 16 rural residential lots. The

developer who acquired that land divided it into 16 lots and sold a number of them but did not get the necessary approval. There is the presence of a threatened species on that land—the black-throated finch. The normal course of action would have been for that matter to be referred under the EPBC Act. If a significant impact was identified, it would have been assessed and any conditions put on the development prior to the blocks being sold. That is what should have happened. That referral did not occur. We have the matter under investigation, so I will not comment on why it did not occur.

Senator NASH—I understand.

Mr Burnett—But the bare fact is that it did not occur. Because it did not occur and it subsequently came to our attention—and some blocks had already been sold—it meant that we had to deal not only with the developer but with the people who had acquired these blocks and inform them that there were threatened species present.

Senator NASH—So you speak to the public. That's good!

Mr Burnett—We advised them that, if they wished to go ahead and develop, they would need to lodge a referral under the EPBC Act. This is unfortunate and it is something we would much prefer not to have to do, and we do not want to be regulating at the level of individual landholders, but given that the referral did not occur at an earlier stage, when it should have occurred, we had no choice but to deal with it in order to discharge our duties to protect this endangered species.

Senator NASH—Thank you for your answer.

Senator IAN MACDONALD—In view of the fact that neither the developer nor the council nor anyone else knew that they had to apply under the EPBC Act for a piece of land that nobody would have guessed had any special significance—

Mr Burnett—I cannot speak as to the state of mind of the various parties. That is what we have under investigation in relation to the developer, in particular.

Senator IAN MACDONALD—The council knew nothing about it.

Mr Burnett—Our interests were notated on a regional electricity plan, but also—

Senator IAN MACDONALD—Good!

Mr Burnett—I would expect that these matters would come to light as a normal part of conveyancing and property law matters.

Senator IAN MACDONALD—How would you search? You do not often check the electricity plan for endangered species.

Mr Burnett—It is possible to do searches on our website. It is a matter that property lawyers ought to be addressing.

Senator IAN MACDONALD—So it was on your website, was it?

Mr Burnett—Not specifically that 'X marks the spot', but there is information available from us that, were inquiries to be made, would enable you to identify the presence of species in a location.

Senator IAN MACDONALD—It is a pretty ordinary piece of bushland—lovely to those people who bought there, but it is not the sort of place where you would say, ‘Gee, this will house some endangered species.’ There is a real flaw. I don’t know the full details of this, but I know the council was not aware. So when the property lawyers checked at the council there was no suggestion. When they checked at state government, when they checked on the title—I do not know whether they checked the electricity plan, but as a former lawyer I would not have looked at an electricity plan for an endangered species. Anyhow, you are looking into it.

CHAIR—Are we ready to move on from this?

Senator IAN MACDONALD—No. I have not had any of my questions yet, Madam Chair.

CHAIR—Senator Macdonald, we have a lot of agencies to come.

Senator IAN MACDONALD—I am very appreciative of that and the one I am most interested in is right at the end.

CHAIR—We may not get there.

Senator IAN MACDONALD—For so long as we do not put some time limits on these on the way through, you are always going to get jammed at the end. But, anyhow, that is a matter for the committee.

Senator Wong—Can I just make a point in relation to your comments about the EPBC Act?

Senator IAN MACDONALD—Yes, I think you can. It is up to the chairman.

Senator Wong—I do not believe this government has put forward any amendments to the act that would affect the issue that you have just raised. That issue arises under the legislation that your government put in place.

Senator IAN MACDONALD—You and your colleagues seem to think that, just because another government did it, it excuses it.

Senator Wong—No, I am just making the point.

Senator IAN MACDONALD—We are interested in the future. I thought your boss told you to forget the blame game. We are here to try and help people.

Senator Wong—I am just making sure that we have the facts on the table here. You are making a political point about—

Senator IAN MACDONALD—I am not blaming you or Mr Garrett.

Senator Wong—Can I finish? If I could finish, I would appreciate that. My comment is about the operation of the EPBC Act. I make the point that this is your legislation.

Senator IAN MACDONALD—Big deal! So that means it is okay?

Senator Wong—No.

Senator IAN MACDONALD—That means we should not inquire about it? That means we should not feel some sympathy for these people who are left in limbo?

Senator Wong—No, but perhaps you could be honest with them and tell—

Senator IAN MACDONALD—If that is your attitude, Minister, it is no wonder people have no confidence in your government.

Senator Wong—Perhaps you could be honest with them and tell them that this was your legislation. I doubt that you would have done that.

Senator IAN MACDONALD—We are interested in fixing a problem so that it will not happen again. You seem quite oblivious and not interested in that, Minister, but I would hope your departmental officials might be thinking of a way that can be addressed in the future.

Madam Chair, before I ask my questions, I want to come back to Mr Taylor and say: don't bother getting me that on notice because I have it. For your interest, in passing, Queensland provides \$1.4 million out of \$23 million. Every other state provides no cash. It is your document. Have a look at it. You gave it to me in answer to this question at this estimates last time. Am I reading it wrong? 'Tasmania: in kind \$8 million, in cash zero, total Tasmania \$6 million, total Commonwealth \$3 million.' If I go on, 'Victoria: \$24 million in kind, in cash zero, total Victoria \$24 million, Commonwealth \$24 million.'

Mr H Taylor—That is not the whole picture. I suspect that is part of the—

Ms Colreavy—In your question, when you asked it, you said you took it as read from us that the NAP was cash matched and you asked for clarification on the matching of the NHT component. There are two parts to the story and that summary was provided to you because you were seeking clarification on the NHT component.

Senator IAN MACDONALD—As you know, NAP does not cover Australia. NAP was for certain areas but not other areas.

Ms Colreavy—No, but the NAP was part of the formula of the agreement between the Commonwealth and the state under the bilateral agreements.

Senator IAN MACDONALD—But this is all about you saying that these people have access to 60 per cent of what they previously got from the Commonwealth, plus they had access to state cash money. I am saying to you, in relation to NHT areas, which is right across Australia, there was no cash money except in Queensland, and it was so infinitesimal that it did not make any difference. I am simply saying: don't bother getting it to me.

CHAIR—Senator Macdonald, have you got further questions?

Senator IAN MACDONALD—Yes, I certainly have. Is the Weeds CRC relevant to your department at all?

Ms Colreavy—No, that would be DAFF.

Senator Wong—Do we fund any—

Senator IAN MACDONALD—Yes.

Senator Wong—We will check that.

Senator IAN MACDONALD—It is a CRC. There is a new CRC for weeds research.

Senator Wong—Yes. We are checking that, if you could give us a minute.

Senator IAN MACDONALD—While we are doing that, can I go on to the only other question I have. Can someone tell me what action your branch is taking in relation to endangered species in an inland waterway called the Mary River?

Senator Wong—Is this weed or wheat?

Senator IAN MACDONALD—Weeds.

Senator Wong—The advice I have been provided with—and I wonder if I could take it on notice because I do not have a department official who can assist, it appears—is that the government has allocated \$15.3 million over four years to establish a cutting edge Australian Weeds Research Centre.

Ms Colreavy—That's right.

Senator Wong—This is Caring for our Country funding. I am not sure to what extent this is Minister Burke's or Minister Garrett's. It is shared responsibility under Caring for our Country.

Senator IAN MACDONALD—Thanks for establishing that. My real question is: has the permanent CEO been appointed?

Senator Wong—We would have to take that on notice.

Senator IAN MACDONALD—If you are providing half the money, one would think that someone might have some idea of how the CRCs operate.

Senator Wong—I do not have an officer rushing to the table on this issue.

Ms Colreavy—It is being managed under the DAFF part of the program, but we can check that answer for you and provide it on notice.

Senator IAN MACDONALD—If you could also check if the new permanent CEO has been appointed. Can you note my urgings on behalf of those that are very interested in this group, which is just about everybody on the land or with an interest in the environment. They are desperate to get going. They cannot get going without a CEO and there has been some delay in appointing one.

Ms Colreavy—Okay.

Senator IAN MACDONALD—My final question: what action is the department involved in that would protect three very endangered species in the Mary River in Queensland?

Mr Borthwick—That is output 1.5, but we will come to the table and address it now.

Mr Burnett—You are referring to the Mary River cod, the Mary River turtle and the lungfish?

Senator IAN MACDONALD—And the lungfish—yes, all three.

Mr Burnett—I will have to take it on notice. Essentially, you are asking about the content of the recovery plans associated with those threatened species and what funds are being provided by the federal government to support the implementation of those plans in that specific location?

Senator IAN MACDONALD—Yes, I am very interested in that. But I am also very interested in the same three species in the Burnett River where the Paradise Dam was built and for which there has been a complete failure of the condition precedent that your department imposed on the Queensland government when it built the Paradise Dam—that is, in relation to procedures that would help those three threatened species.

I have asked two questions I can recall in Senate question time and not got an answer to either. But I take it that your department is not yet prosecuting the Queensland government for its breaches of condition on the Paradise Dam, which came to light again recently when an NGO had to take legal proceedings to force the Queensland government to enforce your rights under the EPBC Act approval for the Paradise Dam.

Mr Burnett—I think you are referring to—and we have discussed this matter at previous estimates—the audit of the Paradise Dam and the finding of partial noncompliance with the requirement associated with the fishway at Paradise Dam and the underlying problem there—that the dam is not filled to the level anticipated and therefore the fishway is unable to operate.

Senator IAN MACDONALD—It was not allowed to operate until the fish ladder was working. It has never worked, but the dam is operating—a clear breach of the conditions imposed under the EPBC Act. I have asked time and time again what action you are taking to enforce your conditions. I have struggled to get an answer—well, I have not got an answer in the Senate, in spite of even tipping the minister off on one occasion. But I saw in the paper the other day that a private NGO is taking court action to enforce your conditions.

Mr Burnett—That is correct. A private NGO has initiated action in the Federal Court. As I said, the finding of the audit was partial noncompliance. The department is actively engaged with the operator and the dam. Our focus to date has been on action to protect the lungfish, and discussions with the dam operator, including the commissioning of scientific work as to what options are available, what other action can be taken given that the fishway is not operational. The issue of taking formal compliance action, whether it be court action or other compliance action, remains open. There has been no decision on that.

Senator IAN MACDONALD—When is a decision going to be made? These are your—our laws. Ours is a federal parliament. They are our laws. They have been breached. The people you would expect to be upholding those laws are not taking action, so some poor half-funded private group has to take on the might of the Queensland government in a court case.

Mr Burnett—We have a compliance policy and, under that policy, we do not necessarily take formal legal action in every identified instance of noncompliance, so it does not automatically follow that prosecution action will follow. The matter is still under consideration.

Senator IAN MACDONALD—As you would appreciate—

CHAIR—Senator Macdonald, we have to move on. Could you wind this up fairly soon, please.

Senator IAN MACDONALD—Madam Chair, I can understand that people are very sensitive about this.

CHAIR—I am not sensitive about it. I am aware that we have got a big agenda to finish and only a couple of hours left.

Senator IAN MACDONALD—I have one more question.

CHAIR—Thank you.

Senator IAN MACDONALD—My concern is about the Paradise Dam on the Burnett River but, equally, my concern is about what Mr Garrett is going to do with the application for the Traveston Crossing Dam on the Mary River with the same problems. If, as I suspect—because it is the Queensland government, after all—Mr Garrett approves it, subject to conditions, what confidence can we have that the Queensland government, which has clearly shown itself incapable or uninterested in complying with conditions, is going to pay any more lip-service to that than it has paid to the Paradise Dam?

Mr Burnett—Your question assumes a decision that the minister has not yet taken. The matter is not even yet before him.

Senator IAN MACDONALD—When is it going to be before him? I have asked this question for, what, the last four estimates committees—even before the change of government.

Mr Burnett—I can be quite precise. It will be before him when the Queensland government submits it to him.

Senator IAN MACDONALD—When is that likely to be?

Mr Burnett—When they choose to submit it to him.

Senator IAN MACDONALD—Yet they continue to buy up land, to bully people in the Mary Valley, and they are obviously not in a rush to offer that to Mr Garrett.

Mr Burnett—I cannot comment on that. When they have completed the assessment and their assessment report, they submit it to the minister, but the timing of that is entirely at the discretion of the Queensland government.

Senator IAN MACDONALD—They have made a preliminary approach to the federal government—to the former federal government; in fact, three ministers ago, I think. I do not know what the procedure is. Is there not a time limit which says, ‘Hang on; if you don’t do it by a certain time you’re out the door’?

Mr Burnett—No. As I was explaining before in relation to an earlier question, time limits apply at certain stages in the assessment process. When Minister Garrett receives the assessment report, for example, he is subject to a time limit. However, the proponent is not subject to a time limit. So a proponent preparing an impact assessment can take as long as they choose to take. It is their proposal and there is no obligation on them to meet any particular time frame.

Senator IAN MACDONALD—All right. So it is not before Mr Garrett at the moment.

Mr Burnett—No.

Senator IAN MACDONALD—Questions that we have asked and that have been asked of him by people in the valley suggest that he is looking at it, and he has been up there to see it

once, but he is not going again. Perhaps he does not like talking to people. But it is not before him at the present time. Didn't the previous environment minister decide—wrongly, in my view—that it did not have to be stages 1 and 2 assessed; it could just be stage 1?

Mr Burnett—I am not quite sure about the stage 1 and stage 2. The matter has been referred at an earlier point. It has been determined to be a controlled action—that is, the EPBC Act applies. Queensland assessment process has been accredited, so it is in the works. It is up to the stage where the Queensland government have released—I think it was late last year, spilling into early this year—a draft environmental impact assessment. It has been out for public consultation. Queensland have prepared a supplementary environmental impact report, taking into account the results of the public consultation. That document has been tabled in the Queensland parliament. However, the Queensland government has yet to submit the finalised proposal to Minister Garrett for a decision.

Senator IAN MACDONALD—I do not think you will have to worry about it until after the next state election, which is likely to be April. So you have got a bit of a rest on that. Thank you.

CHAIR—Thank you, Senator Macdonald. Are there any further questions in output 1.2. No? If not, we will move to 1.3. Senator Birmingham.

Senator BIRMINGHAM—Is the appointment of Sandy Hollway as Australia's whaling envoy a cabinet appointment?

Senator Wong—It is a government appointment.

Senator BIRMINGHAM—Was the appointment made by cabinet or approved by cabinet?

Senator Wong—We do not discuss what was on cabinet agendas.

Senator BIRMINGHAM—Come on, Minister. Cabinet approves things that are then subsequently publicly announced as cabinet decisions all of the time. This has been a public announcement.

Senator Wong—The decision has been announced.

Senator BIRMINGHAM—Was the appointment made by cabinet? Many appointments are legally required to be made by cabinet or Executive Council. Was this a cabinet decision?

Senator Wong—I can indicate to you that this is not an appointment that is legally required to go to cabinet.

Senator BIRMINGHAM—Did this appointment go to cabinet, Minister?

Senator Wong—I will take that on notice.

Senator IAN MACDONALD—Is it a ministerial appointment?

Senator Wong—Yes.

Senator BIRMINGHAM—Did the minister make the appointment of his own accord or with reference to cabinet?

Senator Wong—That is what I will take on notice.

Senator BIRMINGHAM—You are a member of cabinet.

Senator Wong—Yes, and I am certainly not going to discuss what may or may not have been discussed in cabinet at this hearing.

Senator BIRMINGHAM—I am only seeking to know whether the minister put forward a recommendation that Sandy Hollway be appointed as Australia's whaling envoy, a fact that is now in the public arena—whether the minister put that as a recommendation to cabinet or whether he took the decision himself.

Senator Wong—And I am taking that on notice.

Senator BIRMINGHAM—Minister, I would have thought, seeing as we spent quite some time canvassing Mr Hollway and his potential appointment in the May estimates hearing, that perhaps you and the officials would have come armed to answer some questions tonight about his appointment. You would not then need to take on notice the nature of his appointment.

Senator Wong—No. I have indicated the nature of his appointment. I have said that this is not an appointment where there is a legal requirement to go to cabinet.

Senator BIRMINGHAM—When did the government—

Senator Wong—I have not finished, Senator Birmingham. I have indicated that this is a minister's appointment.

Senator BIRMINGHAM—When did the government confirm the appointment of Mr Hollway? For your information, Minister, whilst you look that up—

Senator Wong—Ms Petrachenko is going to answer.

Ms Petrachenko—Thank you, Minister. On behalf of the department, we entered into a contractual arrangement with Sandy Hollway on 5 October.

Senator BIRMINGHAM—The department entered into a contractual arrangement with Mr Hollway on 5 October. Just for the minister's benefit, to step back a moment, as Senator Macdonald pointed out to me, question on notice No. 94, which I have looked at previously as well—which was a question that Senator Macdonald asked as to whether or not the appointment of the special envoy had been to cabinet—was answered:

Yes, the issue of a special envoy on whale conservation has been considered by Cabinet.

That was a question asked on 29 May. I do not have the date on this that the answer was furnished, but nonetheless we take it that it had been to cabinet at 29 May. Was Mr Hollway's appointment confirmed at a cabinet meeting? As it was indicated it was discussed prior to 29 May, was it confirmed at that meeting?

Senator Wong—I do not think I have anything to add to the answer to the question on notice, and I told you I will take that issue on notice.

Senator BIRMINGHAM—You took on notice last time whether it had been considered by cabinet and you answered saying, 'Yes, it has been considered by cabinet.' I am now trying to ascertain when it was considered by cabinet.

Senator Wong—And I have taken that question on notice.

Senator BIRMINGHAM—Was the consideration prior to budget estimates last time, prior to 29 May, specifically related to Mr Hollway's appointment?

Senator Wong—Senator Birmingham, I am not going to talk to you about what was discussed in cabinet, so I will take those questions on notice and refer them to the minister.

Senator BIRMINGHAM—Let's approach it a different way. When did the government first approach Mr Hollway to be the special envoy?

Mr Borthwick—My recollection is that at the last Senate estimates we indicated that we had given a number of possibilities to the minister. We are not across what subsequently transpired between Minister Garrett, Minister Smith and cabinet, what the process was. That is why we are hesitant in saying whether it was considered by cabinet earlier this year or whether it was considered more recently.

Senator BIRMINGHAM—Mr Borthwick, to assist you, in answer to question on notice No. 93, you said you provided advice to government about possible envoys in a brief to the minister on 9 January 2008. So we know that you provided advice to the minister about possible envoys, so we will assume that was a list of possible envoys, on 9 January 2008. As I said before, I find it remarkable, having canvassed this issue so widely last time, that we are struggling to be able to come up with answers on this occasion, unless there is something the government is trying to hide.

Mr Borthwick—No, nothing is being hidden here. We provided advice on possibilities. What we are not aware of is what subsequent discussions there were between ministers or in the cabinet context.

Senator Wong—Or—I think the question also related to this—by Mr Garrett.

Senator BIRMINGHAM—Who negotiated the terms of the appointment with Mr Hollway?

Mr Borthwick—The contract was a contract between the department and Mr Hollway.

Senator BIRMINGHAM—Right, and when did the department first make contact with Mr Hollway to discuss those terms of appointment?

Ms Petrachenko—We will take that on notice. I believe it was 29 September.

Senator BIRMINGHAM—When was the department advised to begin negotiations for the appointment of Mr Hollway?

Ms Petrachenko—I will take that on notice as well for the exact date.

Mr Borthwick—But it would have been around that time; in other words, it has only been recently.

Senator BIRMINGHAM—What advice did the department have from the minister or cabinet between providing its list of options on 9 January and the appointment or advice to negotiate terms and conditions on 29 September? When did the department become aware that Mr Hollway was the preferred choice of government?

Ms Petrachenko—I think I can refer back to previous questions on notice where we discussed in those answers the actual role of a special envoy and those answers were

provided. In terms of the exact date the government decided to choose Mr Hollway, I will take that on notice. We entered into the contract with him on 5 October.

Senator BIRMINGHAM—Was it some days before you were asked to enter into contractual arrangements on or about 29 September—weeks, months?

Senator Wong—I think Ms Petrachenko has assisted you as much as she can in terms of the knowledge she has and other department officials have. In relation to ministerial- or political-level discussions, I would have to take those on notice.

Senator BIRMINGHAM—I am not going to hold somebody necessarily to the exact dates here, Minister.

Senator Wong—Ms Petrachenko has told you what she can tell you and she has asked to take the question on notice. She has given the 29 September date and the 5 October date, and asked to take on notice your additional question, but I do not think officers at the table can answer questions about the ministers or ministerial office level discussions. If you have questions, you may well put them and I will have to take them on notice.

Senator BIRMINGHAM—Minister, how long have you known that Mr Hollway was the preferred appointment of government?

Senator Wong—I am not actually the minister.

Senator BIRMINGHAM—No, that is fine. But you are a cabinet minister. You are a cabinet minister with dual responsibility for this department, so I imagine you work reasonably closely with Mr Garrett.

Senator Wong—With all due respect, we have plenty to do in climate change and water without me bothering Ms Petrachenko about whales.

Senator BIRMINGHAM—I am sure you do, Minister. Nonetheless, when did you become aware that Mr Hollway was the preferred appointment of government?

Senator Wong—The announcement was made yesterday morning.

Senator BIRMINGHAM—That is not the question and you know that is not the question.

Senator Wong—That is the answer you are going to get.

Senator BIRMINGHAM—That is the answer I am going to get? Thank you for the respect you are showing for the process here, Minister, in terms of blatantly ignoring—

Senator Wong—The feigned outrage does not become you, Senator Birmingham. The point is that you are asking me a question about cabinet. You have asked that question and I have taken that on notice. I am not going to answer the question via some other avenue.

Senator BIRMINGHAM—I do not actually know whether or not it was a cabinet appointment necessarily, if you will not clarify that. If it was purely a ministerial appointment, you may well have become aware of the appointment by means other than—

Senator Wong—The announcement was made yesterday.

Senator BIRMINGHAM—Minister, was yesterday's announcement the first you heard of it?

Senator Wong—I am not going to play this game.

Senator IAN MACDONALD—It is hardly a game.

Senator BIRMINGHAM—No.

Senator Wong—Clearly I am not. If you want information about what discussions occurred prior to officers of the department being asked to negotiate with Mr Hollway, which is a legitimate question, I will take that on notice.

Senator BIRMINGHAM—Was this decision made, or was Mr Hollway identified as the preferred appointee, before or after the last budget estimates?

Mr Borthwick—I do not know the answer to that.

Senator Wong—Because you are asking us to give information about what was Minister Garrett's decision-making process and, in relation to that, I have said we will have to take that on notice.

Senator BIRMINGHAM—I am asking for some clarity broadly as to when Mr Hollway was appointed—whether it was days, weeks, months.

Senator Wong—We can tell you when he was appointed. You have that evidence. Ms Petrachenko said that.

Senator BIRMINGHAM—And when the decision surrounding his appointment was made?

Senator Wong—The decision by Mr Garrett?

Senator BIRMINGHAM—The decision by Mr Garrett and/or the decision made by cabinet, whoever made the decision.

Senator Wong—I have told you it was a ministerial appointment. I have told you, on Ms Petrachenko's advice, it is not an appointment that is required to go to cabinet, unlike some statutory appointments. In relation to Mr Garrett's decision making, that will be a question I will have to take on notice.

CHAIR—Senator Birmingham, we need to move on.

Senator BIRMINGHAM—Okay, we can move on. Do you stand by your comments to estimates last time, on 29 May, that no contact with any envoy, and no arrangement, has been entered into?

Senator Wong—I do not have the *Hansard* in front of me. If I put that to the estimates committee, I assume I did so on advice—in other words, that was the advice I was given.

Senator BIRMINGHAM—And the advice—

Senator Wong—I do not have personal knowledge of matters in this portfolio.

Senator BIRMINGHAM—Although we are aware that consideration had been to cabinet before that time. That was revealed in questions on notice subsequently provided.

Senator Wong—I think the question on notice said, 'The issue of ... had been considered.' You can read into that what you wish, but I am not going to assist you with that.

Senator BIRMINGHAM—How much is Mr Hollway being paid?

Ms Petrachenko—The value of the contract, which extends from 5 October to 5 March, is \$80,000.

Senator BIRMINGHAM—And that is an all-inclusive amount?

Ms Petrachenko—That is the value of the contract. Travel expenses would be over and above that amount.

Senator BIRMINGHAM—And additional secretariat support or other services that may be available to Mr Hollway?

Ms Petrachenko—Would be provided by my office.

Senator IAN MACDONALD—Sorry, what were the dates for his \$80,000?

Ms Petrachenko—5 October to 5 March.

Senator IAN MACDONALD—2009?

Ms Petrachenko—That is correct.

Senator IAN MACDONALD—He gets more than a federal parliamentarian does, but then I suppose he does more important work.

Senator BIRMINGHAM—He might get answers from the minister, which could be a start. When did Mr Hollway—

Senator Wong—You should not try to imitate Senator Macdonald, Senator Birmingham. Really you are a little bit better than that. I would not pick up his habits.

Senator BIRMINGHAM—Thank you, Minister. I will keep my own counsel on whose habits I pick up.

Senator Wong—People remember how senators behave in this place.

Senator IAN MACDONALD—Five months and he gets \$16,000 a month. Wow!

Senator BIRMINGHAM—When did Mr Hollway hold talks in Japan?

Senator Wong—First hold talks in Japan—that is the question?

Senator BIRMINGHAM—Yes.

Ms Petrachenko—It would have been the week of 5 October onto the 10th.

Senator BIRMINGHAM—When were those talks organised?

Ms Petrachenko—I was overseas myself at that point in time, so I cannot answer that question. I will have to take that on notice.

Senator BIRMINGHAM—Were they more than a week in advance?

Ms Petrachenko—I said I do not know, so I will have to take that on notice.

Senator BIRMINGHAM—Because the week of 5 October was, of course, the week that Mr Hollway signed his contract, which was only a week after a request to draw up such contract was provided. Are we looking at a situation where the department or Mr Hollway were lining up his meetings in Japan ahead of being requested to draw up his contract?

Ms Petrachenko—I think the normal chain of events is that we receive a direction from the minister's office to negotiate a contractual arrangement, at the same time understanding initial visits would be required, and then we would work through Foreign Affairs and the embassy to secure appropriate times. I cannot tell you the exact date of when that occurred. However, I could take that on notice.

Senator BIRMINGHAM—Thank you, Ms Petrachenko. I notice Mr Hollway is returning to Japan later this month for further talks. What other trips are planned?

Ms Petrachenko—At this stage, the only discussions have been the subsequent trip to Tokyo, and the dates have yet to be confirmed through the embassy for that.

Senator BIRMINGHAM—Who accompanied Mr Hollway on his first trip to Japan?

Ms Petrachenko—There was an official from the department of foreign affairs and an official from the Department of Environment, Water, Heritage and the Arts.

Senator BIRMINGHAM—What level of discussions did Mr Hollway have?

Ms Petrachenko—He met with officials in Japan—their Ministry of Foreign Affairs—he met with our embassy officials in Tokyo, he met with representatives of the Ministry of Fisheries, so the Japan Fisheries Agency, which is where whaling responsibilities lie, and he had a number of discussions with representatives of the Diet.

Senator BIRMINGHAM—Were any of those meetings with persons who senior departmental officials may not have otherwise been able to meet with themselves?

Ms Petrachenko—Sorry?

Senator BIRMINGHAM—Were any of those meetings with officials who you, Ms Petrachenko, or other senior officials may not previously have met with or been able to access in the past?

Ms Petrachenko—Previously we have not, in our department, met with members of the Diet. That is at a political level.

Senator BIRMINGHAM—I wish to go to the International Whaling Commission meeting in Chile, if there are particulars to Mr Hollway.

Senator IAN MACDONALD—Just while we are on that, \$80,000 for five months is \$180,000 a year. That would be tax-free, would it, or at a diplomatic tax rate?

Ms Petrachenko—Not that I am aware of. It is a regular service arrangement. It is exclusive of GST. It is based on per diem, so it is not an all-up contract. It is based on how many days he is required. With this type of work, we do not know the actual number of days, so we have specified an overall amount—the maximum value potential for that contract for that period of time.

Senator IAN MACDONALD—So he may not get \$80,000?

Ms Petrachenko—That is correct.

Senator IAN MACDONALD—How much a day is it worked out to?

Ms Petrachenko—It is based on \$1,800 a day.

Senator IAN MACDONALD—Any chance, Minister, that parliamentarians can get onto this racket?

Senator Wong—I notice that parliamentarian salaries are a consistent theme of some of your estimates contributions, Senator.

Senator IAN MACDONALD—I notice you do not argue about these things. Why would you, on a cabinet minister's salary?

CHAIR—Senator Macdonald!

Senator IAN MACDONALD—In coming to the determination of this fee, did the department take into account Mr Rudd's urging in January that payment of salaries to senior executive people should be dealt with moderately? Do you know if the department took into account the Prime Minister's urgings?

Ms Petrachenko—My understanding is, in all of these, that it is a very competitive rate for senior advice to that being paid for comparable contracts. It is a very competitive rate, Senator.

Senator IAN MACDONALD—Minister, do you think it is a bit hypocritical that Mr Rudd would ask politicians not to have an increase and yet continue to pay your departmental senior people, plus Mr Hollway, amounts that can hardly be justified by comparison to other people doing those sorts of jobs? Do you think it is hypocritical?

Senator Wong—I am not sure I can agree with your last statement. I do not know what comparable jobs would be paid at. I would need to refer to department officials. I assume that Ms Petrachenko and her officers, when they negotiated this arrangement, would have ensured that this was a comparable amount to that paid for other analogous positions. I might need her to comment on that. I think you and I have discussed before the issue of the government's view that parliamentarians, and certainly members of the government, should lead by example in terms of demonstrating wage restraint and forgoing the salary increment for this financial year. I know, Senator, that you disagreed with that.

Senator IAN MACDONALD—It is not a question of disagreeing. I am saying it is hypocritical that your public servants got quite substantial pay rises—something like \$1,500 a week, I thought.

Senator Wong—What I am saying is I understand the position that the government took in terms of parliamentarians' salaries was not a decision you supported, but it is the government's position.

Senator IAN MACDONALD—I accept that. Thanks for the answer, Minister, but I was asking if it was hypocritical, with the Prime Minister on one hand saying parliamentarians should lead by example—and we are all very happy to do that—but at the same time senior public servants getting increases of up to \$1,500, and Mr Hollway seems to be getting very well paid for a few months work.

Senator Wong—Perhaps I could ask Ms Petrachenko to indicate the basis on which that amount was determined.

Ms Petrachenko—Yes. We can take this on notice and do a comparative analysis of other per diems that we pay. I think that would be a fairer comparison, because we did look at that and our determination was that it was a competitive rate.

Senator IAN MACDONALD—Perhaps if you could do that for us, thanks very much, Ms Petrachenko.

Senator BIRMINGHAM—How many people were in the party to the IWC meeting in Chile in June?

Ms Petrachenko—I believe it was 16.

Senator BIRMINGHAM—It was led by the minister. What was the composition of the rest, broadly? Were they all public servants?

Ms Petrachenko—I believe I answered this at the previous estimates, but I can go through it again if you want.

Senator BIRMINGHAM—Sorry, I am looking at the June one. Very quickly, what was the total cost?

Ms Petrachenko—I will have to take that on notice in terms of total cost. It would be split between a number of departments. Included in that 16, as I indicated, there were officials from the department of foreign affairs and there were on-ground Santiago, Chile, based embassy staff. There were scientific staff who were there for previous meetings—not just the commission itself but the meetings of the scientific committee, the meeting of the conservation committee et cetera. So in terms of the total cost, I will have to take that on notice.

Senator BIRMINGHAM—Did the government fund travel for any non public servants?

Ms Petrachenko—No, we did not. Our policy is that we have them as part of the delegation but their organisations pay for their costs.

Senator BIRMINGHAM—Thank you. Thank you, Chair.

CHAIR—Thank you, Senator Birmingham. We will hear from Senator Colbeck and then Senator Siewert. I will remind senators that we are on a very tight time line.

Senator COLBECK—Thanks very much, Chair. I would like to ask some questions about the listing on the priority assessment list of the Patagonian toothfish.

Senator Wong—Sorry, are there any more questions on whales, before we move to the Patagonian toothfish?

CHAIR—Senator Colbeck.

Senator COLBECK—No, I am not on whales, I am on Patagonian toothfish. They are a big fish but they are not quite as big as whales.

Senator Wong—It is different parts of the department.

Ms Petrachenko—Peter Burnett from Approvals and Wildlife.

Senator COLBECK—On 27 August Minister Garrett put out a press release announcing that 27 animals, plants and important habitat areas have been assessed as a priority for their

conservation status under the environmental legislation under the EPBC Act. He mentions a number of species, the Tasmanian devil and the koala being the keynote animals for the press release. I am reading directly from his press release now, which goes on to say:

Also included in the list was the Patagonian toothfish, the grey-headed albatross, Don's spider orchid, Kuranda tree frog, three woodlands and several aquatic ecological communities.

Mr Garrett said that the process to finalise the priority list was a rigorous and transparent process.

Mr Garrett is quoted in the next line as saying:

In developing this list, a wide range of views from the community and expert scientific opinion are taken into consideration.

The industry is interested to know how it was a transparent process when the first they heard of it was in Minister Garrett's press release.

Mr Burnett—I might ask Ms Smith to answer this. There is a public consultation process, and I might ask Ms Smith to provide you with the detail of this process.

Ms Smith—The process is one that is set down in the EPBC Act. The process is one of public announcement, nominations from the public of items for assessment, assessment by the Threatened Species Scientific Committee, which is an independent committee, advice from that committee to the minister and a decision by the minister.

Senator COLBECK—Are the nominations public?

Ms Smith—The nominations are from the public.

Senator COLBECK—No, are the nominations made public?

Ms Smith—No.

Senator COLBECK—How is it a transparent process, when a secret nomination is made to the department, those potentially impacted by it have no concept whatsoever of it and are not consulted as part of the assessment process by the assessment committee—the TSSC—and the first they hear of it is that it is announced by the minister that this species is going to be listed?

Ms Smith—It is transparent because it is laid down in the EPBC Act. The total process is open and transparent. It is advertised in the public press, and everybody understands the process. Once the minister makes a decision on the finalised priority assessment list, based upon advice to him from the Threatened Species Scientific Committee, a further process is put in train, which is an assessment of all the species on the list, and that process includes public consultation, expert consultation, consultation with stakeholders et cetera.

Senator COLBECK—So there is no provision in the act for people who are in an industry that may be impacted to be notified that there has been a nomination of a species for listing?

Ms Smith—No.

Senator COLBECK—There is no provision for that to occur?

Senator Wong—I will make the point—and Ms Smith may wish to add to this—that the list is a list for assessment.

Senator COLBECK—I understand that.

Senator Wong—So it is not a list that suggests that there is a decision to apply any other status at this point other than assessment. The assessment is a process which involves the sort of consultation that you are alluding to. Perhaps Ms Smith can confirm precisely what listing—

Senator COLBECK—I understand that very well, and I am not trying to make any other point about that. What I will say in response to that, Senator Wong, is that the Patagonian toothfish, which has probably had more research done on it than any other fishery, is rigorously controlled both here and internationally. It has, according to the industry, 200 per cent observer coverage and has one of the world's largest systems of marine protected areas. Some of the industry's customers get very nervous when they think that they are buying a potentially listed species.

I understand what you are telling me, Senator Wong—that this is an assessment process for listing—and I have been provided with a copy of a letter that has been sent to the CEO of one of the fisheries by Mr Burnett that seeks to explain some of the issues that I want to explore here tonight. I understand that this is an assessment process and it does not mean that the species may be listed, but I think it is fair to say that people are very conscious about the food that they eat and environmental protection. The fact that this has been listed for assessment does raise some questions that the industry has to deal with. Given that sensitivity, what I am looking to explore is the fact that the industry was quite surprised that this was listed.

I have spoken to some people who have been involved in the research of the industry, including the Tasmanian Aquaculture and Fisheries Institute, who I think I could comfortably say are quite highly regarded with respect to their research, being a partnership between the Tasmanian government and the University of Tasmania. They question why this is on the list and they were not consulted as part of the process. I will go on now. Is the consultative committee a set committee or is it a committee drawn from a panel?

Ms Smith—It is a set committee. The members are appointed by the minister.

Senator COLBECK—Are they publicly known? They are on the web?

Ms Smith—Yes.

Mr Burnett—I should clarify that. It is not a consultative committee, it is the Threatened Species Scientific Committee. It is an expert committee.

Senator COLBECK—I was not wanting to cast aspersions on them at all. I understand their purpose and what they are there for. Is there any capacity for that committee to seek outside advice as part of the process of recommendation to the minister?

Ms Smith—Not in the first part of the process, which is the Threatened Species Scientific Committee assessing nominations in an initial and preliminary assessment, and providing advice to the minister on what should be assessed. But there is very much after that, as I mentioned before. Once it has been determined what species will be assessed, then it is very much a public process.

Senator COLBECK—What information is considered by the scientific committee in making the initial assessment about recommending to the minister whether or not to assess?

Ms Smith—The committee has set itself a number of criteria which it utilises to make a preliminary assessment on what items should be put on the finalised priority assessment list.

Senator COLBECK—Is that publicly known?

Ms Smith—No, it is the committee's own criteria.

Senator COLBECK—It is the committee's own criteria.

Ms Smith—Can I check that?

Senator Wong—It is a committee that is set up under the act so I understand that the role or functions of that committee would be set out in the act.

Senator COLBECK—I will go back and I will have a further look at that. Thank you. So the committee takes the nomination, effectively, and then goes away, through its own devices and its own assessment process, to make a decision as to what it might recommend to the minister?

Ms Smith—Yes, it uses all public information that is available.

Senator COLBECK—So it does source other information?

Ms Smith—It uses expert consultation. It uses stakeholder consultation. It uses whatever information is available.

Senator COLBECK—No, I am talking in the initial process. I am not talking about the process that occurs from now.

Ms Smith—Sorry.

Senator COLBECK—I am talking about the initial process. Is the only information that they look at the nomination or do they draw from a wider source of information?

Ms Smith—They utilise the nomination and their own knowledge and any other information that they request.

Senator COLBECK—Because what I am struggling with and what the industry certainly is struggling with is that there is, in the industry's view and from other experts on the fish species that I have consulted, a lot of information there that gives details about the fishery, its stock levels and all those sorts of things, and they are all struggling to understand how the minister has come to this decision to list a species which is so highly managed.

Ms Smith—It was on the basis of advice from the Threatened Species Scientific Committee that the minister made that judgement.

Senator COLBECK—Yes.

Ms Smith—But I would add that the department has had a number of discussions with the industry and they have agreed to work—

Senator COLBECK—I am sure you have.

Ms Smith—closely with us on this assessment and to provide all the information that they have as quickly as possible.

Senator COLBECK—A question to you, Minister: does Minister Burke, who is the minister for fisheries, consult with other agencies and colleagues—AFMA and groups like that—when making a decision of this nature?

Senator Wong—The advice I have been provided with is that it is generally not the approach taken in relation to the preliminary decision to list for assessment.

Senator IAN MACDONALD—Sorry, he does not?

Senator COLBECK—He does not.

Senator Wong—The advice I have been given is that the minister—and again, Senator Macdonald, I do not want to get into another argument, but this is the case—under the act that your government also applied and passed—

Senator COLBECK—Which your government also voted on and amended in the Senate.

Senator Wong—Yes.

Senator COLBECK—Let's not have the political argument because it is not about that.

Senator Wong—I am making the point to ensure that we are clear about this. The advice I have been provided with is that the minister does not consult in the manner you have discussed in relation to the decision to list for assessment on the basis of the advice of the Threatened Species Scientific Committee. That is the advice I have been given.

Senator IAN MACDONALD—But he does not talk to his colleague, the fisheries minister, or the AAD, or AFMA?

Senator Wong—I have been provided with that advice. I am happy to take it on notice to see if there is anything further that may be added by the minister. That is the advice from the department and I assume that is in relation to processes which are generally observed.

Ms Smith—That was in relation to ministers. Other parts of the portfolio and the relevant agencies can and are often consulted.

Senator IAN MACDONALD—So the AAD would have been?

Ms Smith—The AAD was not in this instance. The Marine Division of the department was and my recollection is that AFMA was as well.

Senator IAN MACDONALD—You think AFMA was consulted?

Ms Smith—That is my recollection.

Senator IAN MACDONALD—But not the AAD?

Ms Smith—No.

Senator Wong—Can I make a suggestion? We can take on notice, if you wish to press this, which agencies or parts of the department were consulted in relation to this assessment listing.

Senator COLBECK—How many nominations were not put forward as part of this latest listing of 27?

Ms Smith—Do you mean nominations that were received?

Senator COLBECK—How many nominations were received as part of this culling process and how many were not taken forward?

Ms Smith—It is a slightly more complicated question this time around. In 2007 the act was amended and a new listing process was set up. We are going into the second round of that. Everything that was considered in the first round was eligible for consideration in the second round. So there were a range of ecological communities, key threatening process nominations and species nominations which were eligible this time around, even though they had not been specifically nominated this time around. I do have a list.

My recollection is that there was only one species that was not successful, but I think there were a range of other items. No, there was more than one species. There were three species, five key threatening processes and, if my counting is correct, 23 ecological communities.

Senator COLBECK—All of those are eligible to go up again?

Ms Smith—Sorry, that was for 1 October 2007.

Senator COLBECK—So they are all eligible to go up again?

Ms Smith—October 2008. Sorry, I do not have the 2008 list.

Senator IAN MACDONALD—Are we able to know who the nominator was?

Ms Smith—That is not normally made public.

Senator IAN MACDONALD—I will bet Senator Siewert knows.

Senator SIEWERT—Why do you ask me?

Senator Wong—He is lumping environmental and greenies all into one.

Senator SIEWERT—Yes.

Senator COLBECK—Is there an onus of proof process as part of this assessment?

Ms Smith—In what sense?

Senator COLBECK—I am trying to get an understanding of how the assessment works. If someone puts an application in and has a whole heap of information in it, do they have to verify their information, or is that up to the scientific review panel?

Ms Smith—If it is to be assessed fully, that will be part of the assessment—to verify the information.

Senator COLBECK—But in the case of this particular circumstance where it has potentially damaging impacts on an industry, shouldn't that be considered prior to that? I am not trying to cast aspersions on anyone, so please do not take them that way, but if the assessment of the veracity of the nomination does not occur until the second stage of the process—

Ms Smith—That is what the process is for.

Senator COLBECK—Okay.

Mr Burnett—It is a science based process, so the Threatened Species Scientific Committee make an assessment of the science that comes before them as to whether they

think, on the basis of that science at their preliminary stage, it is appropriate to recommend to the minister that it go forward for full assessment.

Senator COLBECK—How long does the assessment process usually take?

Ms Smith—It varies.

Senator COLBECK—I know it is a piece of string thing, to a certain extent.

Ms Smith—It varies. The finalised priority assessment list that the minister determines also sets down the time frame for assessment, which is the maximum time frame. It can be shorter than that. Generally, the assessment period is one year, but for more contentious or difficult items it can be two years. It can be whatever is set down in the finalised priority assessment list.

CHAIR—Senator Colbeck, do you have any more questions?

Senator COLBECK—I think I might leave it there. But I cannot agree with the minister's comments in his press release that it was an open and transparent process. I understand what you are saying about how the process works, but I can tell you that there is nobody in the Patagonian toothfish industry fishery that thinks it is in any way transparent, because to find out by press release something like this that impacts on a very valuable fishery is anything but transparent.

CHAIR—Thank you, Senator Colbeck. We have to move on, senators.

Senator IAN MACDONALD—I might also say in relation to that that other people who have ensured the protection of that species by being out in the water and stopping the pirates—

CHAIR—Thank you, Senator Macdonald. Senator Siewert, we are going to whales.

Senator SIEWERT—Thank you. Can you tell me whether you have provided advice to government on any international legal action with respect to whales?

Ms Petrachenko—No. That would be the role of the Attorney-General's Department.

Senator SIEWERT—Have you been in dialogue with the Attorney-General's Department about providing any advice to government on any potential legal action?

Ms Petrachenko—No, I have not, but I do know that a number of our scientific staff have been asked for information.

Senator SIEWERT—Sorry, I did not mean you personally necessarily. But the department has given that advice?

Senator Wong—It is quite hard to hear Senator Siewert at the moment. There is a lot of chatter behind me and in front of me.

CHAIR—The senators on my right: when you are having conversations it is very difficult for the officers to hear. Can you either go outside or speak quietly, thank you. Sorry, Senator Siewert.

Senator SIEWERT—Thank you. I will repeat that question. Your department, as I understand your answer then, has been involved in providing that advice to A-G's.

Ms Petrachenko—Yes. I will be clear: it is not legal advice. It is advice related to potential legal matters. For example, we are talking about scientific whaling, so we provide information on our policy perspective and on the scientific information that we have through our scientists as well.

Senator SIEWERT—Did you have anybody at the IUCN meeting last week?

Ms Petrachenko—Yes, we did.

Senator Wong—Senator Milne can probably tell us about that.

Senator SIEWERT—Yes. But I am looking for the government representatives that were there.

Senator Wong—Yes.

Senator SIEWERT—I understand you said that you did have people there as part of the delegation, I presume, or was the department leading the delegation?

Ms Petrachenko—Peter Cochrane, Director of National Parks, was leading the delegation. One of my staff from the Marine Division was part of the delegation.

Senator SIEWERT—It was reported in the media last week—and I point out that it was reported; I am not taking it as read—that Australia was part of the group that in fact opposed a motion that seemed, from back here, to be progress in terms of debunking the debate about whales eating fish.

Senator Wong—Can I just make a comment. I was overseas at the same time as Senator Milne at an international meeting and I had Australian NGOs suggesting that Australia was taking a certain position in those discussions, which was completely inaccurate. I would just caution you about taking some of these assertions at face value.

Senator SIEWERT—That is why I prefaced my comments—

Senator Wong—It is very irritating, to be frank, if you are in an international context and people seek to put these views for political purposes domestically. Anyway, that is my contribution. I will let the officers answer.

Senator SIEWERT—Minister, that is why I framed my comments to say that it was reported in the media.

Senator Wong—Yes, you were very careful. I did notice that.

Ms Petrachenko—I can answer, if you are wanting the detail of what happened and the position that the Australian delegation took.

Senator SIEWERT—Yes, please.

Ms Petrachenko—As you are aware, it has been a longstanding position to oppose scientific whaling, to oppose the arguments by some countries that there is some scientific relationship between whale populations and the decline in fish numbers. That really was at the heart of what this motion was. It is very important to focus on what the operative paragraph was. In the original version it said:

1. ACKNOWLEDGES that there is no widely accepted body of scientific evidence supporting the premise that culling whales would aid in the recovery of commercial fisheries;

On the surface, some people might think that that is a fine statement, but it could in fact lead to someone holding that up in front of the IWC and saying, as with many scientific hypotheses: ‘Now we have to prove or disprove it.’

Senator SIEWERT—Right.

Ms Petrachenko—So we, our delegation, intervened to make the acknowledgement even stronger, and I will quote the revised and accepted version that the Australian delegation put forward:

... that the great whales play no significant role in the current crisis affecting global fisheries.

Senator SIEWERT—Okay. That was then accepted?

Ms Petrachenko—That was accepted.

Senator SIEWERT—Thank you for clearing that up. You are right, it is an important point, because we do not want to have to start defending that argument yet again. I have a few questions about the *Sea Shepherd*. I did try and ask A-G’s yesterday and they could not answer the questions and it was not clear where I should ask them. Perhaps you can advise me whether you have been involved in this or, in fact, which agency would be involved. The issue is around the fees that they are paying in Australian ports. Have you provided any advice to any agencies on that?

Ms Petrachenko—No, we have not.

Senator SIEWERT—Do you have any contact with the *Sea Shepherd* at all?

Ms Petrachenko—The only contact with the Sea Shepherd Society would have been at the IWC meeting in Santiago. They are not accepted NGOs because of some stances that they have taken, so they are not allowed into the meeting of the IWC, but they occupied the lobby of the Sheraton Hotel for most of the week.

Senator SIEWERT—Thank you for that. Could you tell me what preparations are being made by Australia for dealing with the forthcoming season?

Ms Petrachenko—In terms of preparations for the upcoming season, as we know it—the season being referred to is when the Japanese undertake their so-called scientific whaling in the Southern Ocean, also known as JARPA—this year, according to the plan, we understand through the IWC that the majority of the JARPA work will take place in the area that New Zealand is responsible for from a search-and-rescue point of view. So we have had discussions with New Zealand about our experiences from last year and some of the lessons learned.

Senator SIEWERT—What I understand you to be saying is that they are not going to be in Australian waters?

Ms Petrachenko—They will be transiting in the high-seas area. They will be, part of the time, potentially in the Australian area of the search-and-rescue area, but the majority of the time they will be in the New Zealand area.

Senator SIEWERT—Do they plan to be taking whales this season, the forthcoming summer, in Australian waters?

Ms Petrachenko—I cannot answer that with certainty. Japan did not indicate at the IWC what their plans are; so we have an idea, but not with actual certainty.

Senator PARRY—Did you ask?

Ms Petrachenko—We asked. Let me put it this way. Japan was asked and did not respond in any detail. What they do—and it was a number of years ago when they put through the multiyear JARPA program—is they sketch out where they think they might be and, before they leave—usually in November—they say where they are heading in more detail.

Senator SIEWERT—When do they provide the greater detail? I understood that they did that at the IWC, but they have not done it this year.

Ms Petrachenko—No, they did not.

Senator SIEWERT—When do you expect to be given that information?

Ms Petrachenko—They give you an overall survey approach, but then again it depends on ice conditions and it depends on their capabilities. We are not actually given a formal document that details exactly where they are going.

Senator SIEWERT—As I recall in the last estimates, there had been no money specifically allocated to any potential surveillance operations that would be undertaken this season. Is that still the case, or have resources now been allocated?

Ms Petrachenko—No, that is still the case. The government has yet to make a decision on this season.

Senator SIEWERT—Whilst the government makes a decision, where would that money be allocated from?

Ms Petrachenko—I cannot answer where the government might allocate it from.

Senator SIEWERT—Is there money available in the budget for allocation to surveillance activities?

Ms Petrachenko—Not in my division's budget, no.

Senator SIEWERT—Last year it came out of A-G's budget.

Ms Petrachenko—No, there was \$700,000 through additional estimates that was allocated.

Senator SIEWERT—From Environment?

Ms Petrachenko—No, additional funds.

Senator SIEWERT—Thank you.

Senator PARRY—Which has been spent.

Ms Petrachenko—Yes, it was spent in the last financial year.

Senator PARRY—Yes, that is right. So there is nothing left.

Senator Wong—Would it be correct to say, Ms Petrachenko, that that is a decision the government has not yet determined?

Senator SIEWERT—I understand that, obviously, since the money has not been allocated at the moment. How much of the evidence that was collected last time has been made available to the countries that Australia works with in terms of our anti-whaling stance?

Ms Petrachenko—To the best of my knowledge, none. That is being examined internally within government.

Senator SIEWERT—It has not been shared with any other countries?

Ms Petrachenko—Not to my knowledge, no.

Senator SIEWERT—Obviously then, it has not been taken to the IWC either.

Ms Petrachenko—No, it has not.

Senator SIEWERT—Thank you.

CHAIR—We will finish on whales and then we will have a quick break.

Senator PARRY—I will try and be very brief with my questions. Minister, you indicated that it has not yet been determined whether there will be any funding allocation for surveillance or watching this year. When will that determination be made?

Senator Wong—You are asking me to answer a hypothetical.

Senator PARRY—Let me ask it—

Senator Wong—If you make a decision that you may or may not make, when would it be? Is that your question?

Senator PARRY—No, that is facetious.

Senator Wong—No, I am not being facetious.

Senator PARRY—Let me ask a separate question. When does the whaling season start?

Mr Borthwick—About mid-November.

Senator PARRY—Will a decision be made between now and mid-November as to whether or not the Australian government will be monitoring whaling in the Southern Ocean?

Senator Wong—That is a question that asks me to pre-empt decisions by government.

Senator PARRY—Can you rule out that a decision will be made?

Senator Wong—No, we are not doing that. We are not doing the rule in, rule out.

Senator PARRY—So you have no clue? You are the minister and you have no clue.

Senator Wong—No, Senator. These are decisions—

Senator PARRY—Of the minister or not?

Mr Borthwick—It bears on the earlier question about exactly where the Japanese will be undertaking their whaling activity.

Senator PARRY—How do you know that if you are not surveilling?

Senator Wong—Hang on—let him finish. I presume, Senator, you were listening to Ms Petrachenko's answers to Senator Siewert.

Senator PARRY—I was.

Mr Borthwick—Because it is likely that we will get some clear idea of where they will end up whaling and whether or not it is within range of aircraft surveillance and—

Senator PARRY—I heard a very clear answer earlier from Ms Petrachenko that the Japanese do not give clear plans and you are not certain as to what they are doing.

Senator Wong—That is what she said. As I understood her evidence—and she can clarify it if I am incorrect—she said that the Japanese give a multiyear broad indication—

Senator PARRY—Yes, very broad and non-specific.

Senator Wong—Let me finish, Senator—of where they may be choosing to undertake these activities and that a firm indication for a particular season is usually announced prior to the season. On previous occasions it has been announced at the IWC. As yet no such announcement by Japan has been made. That is how I understood the evidence.

Senator PARRY—So we are looking at less than a month. A decision may be made on the eve of the whaling season opening, and the Australian government has no plan as to whether or not it will surveil and, if it does surveil, it would not know where it is going and how much money it is going to spend. You cannot mount a surveillance operation with less than one month's notice. It is impossible.

Senator Wong—I think Ms Petrachenko can assist you.

Senator PARRY—Okay. This will be interesting!

Ms Petrachenko—I will provide some additional background information too. We are forgetting one important part that I forgot to mention, which is that Minister Garrett at the IWC and the Minister for Foreign Affairs, in discussions with the Japanese, in fact, have raised the issue, as has this special envoy, of having a cessation or a pause in JARPA for this year. We are putting heightened diplomatic efforts, at officials levels and at ministerial levels, into pushing for a cessation, a pause, in this summer's activity. Those are the discussions that are going on now.

Senator PARRY—If the minister says to me, 'Please, Senator, don't ask any more questions because there's a possibility we may not need to surveil,' I would be happy to do so. Is that what you are putting to me, Minister?

Senator Wong—I think Ms Petrachenko has outlined the position.

Senator PARRY—There is a possibility, then, that there may be no whaling activity? In the interests of not wishing to impede any issue in that regard, I will cease my questions. I hope that there is no whaling program commencing in November.

Senator IAN MACDONALD—I wanted to talk about the reef rescue plan. There is \$200 million to be spent. I had an answer to a question on notice at the last estimates, which is question No. 20-19/(2), about money spent in 2006-07, 2007-08 on programs similar to that proposed under the reef rescue plan. Could someone on notice give me a short account of what the two lots of \$11 million were spent on? Is that clear?

Ms Petrachenko—To make sure I understand, those were the program levels we gave you the last time. You want to know actuals, what it was spent on?

Senator IAN MACDONALD—The complaint coming to me from people who are very concerned about the water quality on the reef is that for years governments—previous governments and this one—have been talking about water quality on the reef. Money has been allocated, but nothing ever seems to get done. AIMS have a graph which shows coral cover has fallen from 40 per cent in 1986 to less than 10 per cent now, and it is getting worse. I am told that is all about water quality rather than climate change.

Senator Wong—Except they are not distinct. Water quality can affect how vulnerable coral is to changes in temperature.

Senator IAN MACDONALD—That is exactly the point, Minister. If the water quality is okay, the reef will be able to withstand any climate change, I am told. Scientists can argue about that, but I will not.

Senator Wong—That is a little bit simplistic.

Senator IAN MACDONALD—I want to know, if I can, with the government's new program of \$200 million for reef rescue, what is going to landowners through the various primary industry groups to actually do something concrete? There are no assessments, no studies, no conferences, no strategies. They all have to be done. I really want to know what actual money is going to go to taking back riparian areas, stopping fertilisers running into the sea et cetera—practical, on-the-ground stuff.

Ms Petrachenko—I will provide you on notice the details of the answer to the question—what was spent previously. I think Mr Taylor can provide you with some information on what is planned to get out on the ground now.

Mr H Taylor—I can give you a very brief overview.

Senator IAN MACDONALD—Could you, Mr Taylor? I have three minutes for this, so give us a brief overview and then take the rest on notice perhaps.

Mr H Taylor—Of the \$200 million, there is \$146 million earmarked for water quality grants, which are directed to go through industry bodies and regional bodies to on-farm practices that reduce sediment, nutrient and pesticide run-off from properties. This is targeting ground cover, reduced tillage techniques, improved grazing, riparian protection and activities of that nature. So \$146 million of the \$200 million is targeting that area.

Senator IAN MACDONALD—Okay. I really want to pin us all down. Can you, on notice, try and time-line how that money is going to be spent so that when we come back in February I can say, 'I was talking to cane growers and they haven't got a cent, but you told me they would have something by now.' Could you try and get me a time line? What I am trying to do is to make sure all of us actually get the work done, because this has been spoken about for years. There has been money allocated for years, but the water quality continues to get poorer. What I want to do is try and put us all on a benchmark and then measure this through the next 2½ years of estimates.

Mr H Taylor—The initial investment of about \$23 million under that component of reef rescue will be rolled out in the second half of this financial year.

Senator IAN MACDONALD—Good.

Mr H Taylor—The further investment in the rest of that component will be rolled out in years 2 to 5 of the Caring for our Country program.

Senator IAN MACDONALD—I will not hold you to it, and say in your written answer, ‘Don’t hold me to this, but we are hoping that, by these months, this money will go to whomever,’ in broad terms. That is one question. In relation to RRRC and MTSRF—and you will know what those acronyms are without me wasting time trying to think what they are—there was an advisory board to MTSRF but it was disbanded because the advisory work on the science in both MTSRF and RRRC was being done by the board of the RRRC. Is that correct?

Mr M Thompson—Yes, that is right. To clarify that, the advisory body for MTSRF is now one single body. It is the independent CERF Reference Group, which advises the minister on aspects of the Commonwealth Environment Research Facilities programs. So MTSRF is one component under the Commonwealth Environment Research Facilities program, and the minister receives advice from the CERF Reference Group. The reason that the ministerial advisory council for MTSRF was abolished was that it duplicated that other body which provided advice to the minister. So we now have one single body providing that advice to the minister.

Senator IAN MACDONALD—I was told it was being done by the board of RRRC, but you tell me that is not correct.

Mr M Thompson—RRRC has a different role. It administers MTSRF on behalf of the government.

Senator IAN MACDONALD—There was a group that was involved in the advisory committee for MTSRF—a very important group and very significant in understanding the changes of water quality and everything else on the reef. That group no longer seems to have any input in an advisory role and, from what you tell me, it has not been placed onto this other advisory group which you are talking about.

Mr M Thompson—If we are talking about the same advisory group, that is probably right. The MTSRF ministerial advisory council, as I said, was dissolved in May 2008 by Minister Garrett and its key functions were transferred to that CERF Reference Group that I referred to. I do know that, in putting together the research program for MTSRF, MTSRF does take advice from a number of significant stakeholders in the research community, the business community and the research user community.

CHAIR—Senator Macdonald—

Mr M Thompson—So they do take advice—

Senator IAN MACDONALD—I am taking my time off GBRMPA.

CHAIR—No, you have already got that. It is 9.55.

Senator IAN MACDONALD—I will take my time off something else. I have got to be careful with this. NTO—who, as you know, are more interested practically than anyone in making sure the water quality is good for commercial reasons, but they are also environmentalists—used to have an input into the advisory role for both MTSRF and RRRC, but now they do not seem to.

Mr M Thompson—Sorry, I did not catch the acronym of that.

Senator IAN MACDONALD—Now they do not seem to have any input role.

Mr M Thompson—They have a seat on the RRRC board and the RRRC administers MTSRF. So we are getting crossed wires on the advisory group that we are talking about.

Senator IAN MACDONALD—So you are telling me they have a seat on the RRRC board?

Mr M Thompson—That is my advice.

Senator IAN MACDONALD—I will stop there.

CHAIR—Thank you, Senator Macdonald.

Senator IAN MACDONALD—Thank you. Is that right? Okay.

CHAIR—Now we will move to output 1.4.

[9.56 pm]

ACTING CHAIR (Senator Lundy)—Please start, Senator Ludlam. You have got 15 minutes.

Senator LUDLAM—Yes, the clock is ticking. I will go through these fairly quickly and I will place on notice whatever is left at the end of the slot. I wanted to ask some fairly general questions at the outset on Commonwealth government expenditure on heritage. I am concerned more at the moment with human heritage and built heritage rather than natural.

It appears from the budget statements that the comparable total heritage budget in 2001 was \$57.6 million. In 2008 it was \$45 million. Can you confirm that that is an accurate assessment and can you explain whether that is a significant reduction in core Heritage Division funding or whether funding has been displaced into different areas?

Mr Shevlin—Unfortunately I do not have the figures with me for 2001 so I cannot give you that precise comparison.

Senator LUDLAM—Is it your sense that funding has been reduced relatively sharply in the last six or seven years?

Mr Shevlin—Total funding for heritage, particularly world, national and Commonwealth heritage, this year is slightly less in total than last year. I can give you that figure but I cannot give you the figure going many years back.

Senator LUDLAM—Perhaps I can put that on notice. The answer that I am seeking really is whether there has been an actual decline in Commonwealth funding since 2001—we can use that as a benchmark—or whether funding has been displaced into different portfolio areas or different agencies, because it appears that that is in fact the case. We will draw your attention to one. The National Heritage Investment Initiative received \$3.5 million in 2001 and was reduced to around \$200,000 in 2008-09. Can you outline what can be done within that program with \$200,000?

Mr Shevlin—The \$3.5 million is the figure that was available in the previous financial year, 2007-08.

Senator LUDLAM—I do beg your pardon. So that is a reduction just in the one financial year?

Mr Shevlin—The figure for this current financial year reflects the funding profile that was agreed by the previous government. Usually there is four years funding. So the last year of the funding is this current year and that was the \$200,000. That is the profile that was agreed some time back. The future funding in this area is something that will be considered by the government in the next budget.

Senator LUDLAM—Is this initiative being shut down?

Mr Shevlin—Different programs are run at different times and this particular one had that profile. Governments will be considering possible alternatives, but it is not the only funding that goes to world, national and Commonwealth heritage. This year a total of about \$28.5 million is going to that in total, but there is always a slightly different mix of programs and expenditure that occurs from one year to the next.

Senator LUDLAM—I draw your attention to a couple of different reports. The Productivity Commission in 2006 identified substantial problems with achieving heritage outcomes at local government level; the 2006 Australian *State of the environment* report also was quite critical of the way that we are managing national heritage and World Heritage in this country; and a letter was sent to the heritage minister, Mr Garrett, on 15 August 2008 from 37 senior heritage figures, including Barry Jones, Jack Munday and a number of others. Their concern was expressed: ‘The overall situation with Australia’s historic heritage is at its lowest point since before the time of the Whitlam government in the 1970s. There are major problems with funding for conservation, education and training, promotion’ et cetera. They cite that the heritage situation in Australia is ‘approaching crisis’. Do you agree with that evaluation? What do you think is being done at a Commonwealth level to address that evaluation?

Mr Shevlin—As I said, the total funding for world, national and Commonwealth heritage listed places this year is close to what was provided last year, but there is a different mix. I do not think I would describe it as a crisis. Certainly—and this is reflected in the letter from those correspondents—they have a particular focus on funding for historic heritage. Funding for historic heritage—that particular program certainly—as I said, has declined from last year to this current year. The government is well aware of those concerns and I am sure will be considering those in the next budget context.

Senator LUDLAM—I put it to you that it would appear that funding is slightly less this year than last year, slightly less last year than the year before and the year before that, and we are looking at a systemic decline in funding for heritage in Australia. Would you agree with that?

Mr Shevlin—There has been a decline over some years, but different parts of the program go up and down. Some of it reflects the decisions made with state governments about where responsibility should sit for heritage in Australia. The clear understanding is that responsibility for local heritage should sit with local government, state heritage should sit with state governments and only national and world heritage appropriately sits with the

Commonwealth. Some of the change in funding could well reflect that agreed allocation of responsibilities.

Senator LUDLAM—Under the EPBC Act there is a requirement to review and report on Commonwealth and national heritage lists by 2009. Is that review afoot at the moment? Is that under way?

Mr Shevlin—We are doing some internal work on that matter at the moment. I understand there is not a requirement for a public review, so we are doing some internal work, which will then inform advice that we would provide to the minister.

Senator LUDLAM—But there is no requirement under the act for the minister to make the review public?

Mr Shevlin—The minister would table it, I understand.

Senator LUDLAM—It will be tabled?

Mr Shevlin—Yes, I just got that advice.

Senator LUDLAM—So some kind of formal process has been triggered under EPBC and that review has started?

Mr Shevlin—There is an internal process occurring within my division and then we will provide some advice to the minister, which could inform whether we do something more formal than that.

Senator LUDLAM—Is there any requirement under that section for public consultation in that regard?

Mr Shevlin—I am not aware of that. I can take it on notice, if you like.

Senator LUDLAM—I would appreciate that, thanks. The Australian Heritage Council is, according to its website, the principal adviser to the Australian government on heritage matters. Is the AHC providing advice on issues such as this, such as the overarching review that is being undertaken, or is the role of the AHC specifically to provide comments on discrete individual sites?

Mr Shevlin—One of the primary roles of the council is to provide statutory advice on potential listings for properties for the Commonwealth and national heritage list, so that is a large part of their job. They are able to provide advice to the minister on any heritage matter that they wish to do.

Senator LUDLAM—So that does not have to be invoked by the minister?

Mr Shevlin—No.

Senator LUDLAM—They can provide advice on broader issues.

Mr Shevlin—Their act allows them to provide advice to the minister on any heritage issue that they believe they could or should.

Senator LUDLAM—Have they provided advice to the minister, since this committee last sat in an estimates hearing, that goes to the issue of declining funding overall for the heritage portfolio?

Mr Shevlin—They have provided no written advice that I am aware of. They have had discussions with the minister. The minister has met with the Heritage Council.

Senator LUDLAM—Lastly, and then I will wind up because we are very short of time, the minister recently abolished his ministerial advisory forum on cultural heritage. I think the minister's statement was that it was not strategically useful, although it had been providing a valuable contribution over 12 years. Did the minister ever actually convene a meeting of the full forum before it was abolished?

Mr Shevlin—The minister met with a number of the key members of the forum—those members that represented the largest groups of members there. He met with the chair of the Australian Council of National Trusts, the head of ICOMOS Australia and the chair of the Federation of Australian Historical Societies. Those three groups between them represent probably close to 200,000 members. He met with those before he took any decision about how he might progress. The whole point of that discussion was to talk to them about what might be the best way forward in terms of engaging with some of those groups and getting advice, but advice that is useful for the minister and the government.

Senator LUDLAM—Just to be clear, the individual groups were met with at different times, but at no point did the minister sit down with that forum before it was abolished?

Mr Shevlin—No, he met with the representative three members together.

Senator LUDLAM—The constituent groups.

Mr Shevlin—He met with those three together. He did not convene a meeting of the entire group.

Senator LUDLAM—Was the rationale for abolishing the forum lack of funds to support its activities?

Mr Shevlin—No.

Senator LUDLAM—What was the reason that was given for dissolving that group?

Mr Shevlin—As the minister advised the body, he thought there were more useful ways to get advice on heritage matters in a more strategic way.

Senator LUDLAM—Can you provide us with some information as to what form that has taken?

Mr Shevlin—The minister, in his letter to the members of the former consultative committee forum, advised them that he would be establishing a working group to advise him. He has not announced the details of that, so it would not be appropriate for me to do so.

Senator LUDLAM—Minister, I am wondering whether we could put on notice with you, because I suspect this would be outside your portfolio responsibilities—

Senator Wong—I am here representing Minister Garrett as well.

Senator LUDLAM—I understand that—when we would expect to see some announcement as to the form of this working group, its make-up and constituency, the role it will play and whether it will have funding going forward.

Senator Wong—I will take that on notice.

Senator LUDLAM—Thanks, Minister. Chair, I have no further questions.

CHAIR—Thank you, Senator Ludlam. We will return to output 1.5. Senator Siewert has questions.

Mr Burnett—Chair, just before we start, could I briefly clarify some further evidence. Senator Colbeck was asking Ms Smith some questions in relation to the Patagonian toothfish and she gave an answer. The question was something along the lines of how many nominations were not accepted by the minister, and Ms Smith counted them and gave a number. She then provided a clarification that it was last year. I am not sure that Senator Colbeck heard her say that, so I wanted to make sure that that is on the record. If Senator Colbeck wants the numbers for this year rather than last year, we can provide those on notice.

CHAIR—All right. Perhaps you could take that on notice. I am sure he would appreciate that, thank you.

Mr Burnett—In that case, we will take that on notice.

CHAIR—Thank you. Senator Siewert.

Senator SIEWERT—Thank you. I would like to ask about Christmas Island and the court case which has apparently overturned the decision of the minister to reject the mining on Christmas Island. Could you give me a few details around that. When did it happen? What were the reasons for it? What was your response? Did you defend the case? Those will do for a start.

Mr Burnett—Phosphate Resources Ltd, the company that does the mining on Christmas Island, challenged the decision of the former minister made on 27 April 2007 to refuse to approve further phosphate mining on Christmas Island. That challenge was brought in the Federal Court. The court's decision was handed down on 13 October 2008, and that was to set aside the former minister's decision. That decision was based on legal process grounds, not a merits review. The Federal Court does not have a merits review power in relation to this act. The effect of that is that a fresh decision must be made. There is, of course, a period in which the current minister can decide whether to appeal. That period is still underway. I think your question is to the effect of what happens next, or what is our response. The current minister has not yet decided whether to appeal.

Senator SIEWERT—Could you tell me what the appeal period is.

Mr Burnett—I think it is 28 days. The decision was last Monday week, so we are at day nine.

Senator SIEWERT—Can you tell me what particular part of the process they found to have not complied?

Mr Burnett—We are starting to get into real detail here, but it related to the matters that the department brought to the minister's attention in terms of whether he took into account the environmental impact assessment; whether it was properly before him. As I say, this is a legal process ground about whether he properly took that into account. I cannot remember the second ground. Mr Flanigan may be able to provide the answer to the second matter.

Mr Flanigan—There were issues around whether or not the summary advice from the department had clearly ticked off on all five of the controlling provisions. At the end of the day the decision that the previous minister took was to refuse the project because he felt the impacts were unacceptable on three of the five provisions. The documentation had not clearly resolved his final position on two of them which regarded the impact on the Commonwealth marine area and the impact on the Ramsar site. The company made a claim, therefore, that the previous minister's consideration of the facts had been inadequate.

Senator SIEWERT—So the minister has 28 days to appeal, and he is currently considering that. What happens if he does not appeal?

Mr Burnett—Then he has to make a fresh decision.

Senator SIEWERT—So it starts all over again, or can he use the existing evidence?

Mr Burnett—No. It has already been through the assessment process. The papers that were before the previous minister would now go before the current minister, with a fresh brief that rectified the procedural defects that the court identified.

Senator SIEWERT—At the moment he is considering whether to appeal or whether to go through the process again.

Mr Burnett—And the department is examining the judgement for the implications in terms of our procedures.

Senator SIEWERT—Thank you. There is nothing you can tell me now about the appeal process—

Mr Burnett—No.

Senator SIEWERT—so I will wait with bated breath. As you are aware, the conservation movement was very pleased that in fact the EPBC Act had been used in what people thought was a fairly appropriate manner to protect threatened species on Christmas Island. I have five minutes left on the EPBC. I tried to ask a question before in terms of funding available for recovery plans et cetera.

Mr Burnett—I did not hear the question before, but are you asking if funds are allocated this year for recovery matters?

Senator SIEWERT—Yes, for listing of threatened species and communities, development of recovery plans and development of abatement plans.

Mr Burnett—The figures I have here also cover some implementation. I do not know whether these are all the figures that you want but I will go through them. There is \$1.5 million under Caring for our Country, provided to support the Threatened Species Network. Within departmental allocations—a separate funding bucket—there is \$3,294,600, which is broken down as follows: \$1,155,000 for development of recovery plans; \$1,850,600 for implementation of recovery plans; and \$289,000 for review of recovery plans, because they are required to be reviewed periodically. In addition, there is a special allocation under Caring for our Country of \$2 million towards the recovery of the Tasmanian devil. That is the government's announcement of \$10 million over five years. I think that comes to roughly \$6.8 million, but that is direct spending. That does not include salaries and support costs and other

things. That is just money that we spend on consultants or payments to states that develop and/or implement plans. In addition, of course, it would not cover any grants made under other programs, such as Caring for our Country, that addressed matters related to recovery of threatened species.

Senator SIEWERT—Yes, but that funding that you just outlined is from Caring for our Country?

Mr Burnett—No, the departmental funding is the \$3,294,600, so that is not from Caring for our Country. The \$1.5 million for the Threatened Species Network and the \$2 million for the Tasmanian devil is from Caring for our Country.

Senator SIEWERT—Thank you for clearing that up for me. How does that compare to last year?

Mr Burnett—Last year was a similar total amount. NHT funding was \$2,976,722.09, and \$1,055,173 was to the Threatened Species Network and \$1,921,540.09 to OBP—the orange-bellied parrot. Departmental funds were \$1,953,800 in total, broken down into \$115,000 for recovery plan development, \$1,651,800 for recovery plan implementation and \$187,000 for recovery plan review. Then there would have been a NHT grant for the Tasmanian devil of \$2 million.

Senator SIEWERT—So the new allocation—the election promise—was a repeat of or built on previous money?

Mr Burnett—No.

Mr Flanigan—There had been a total of \$3 million provided as two ad hoc grants to Tasmanian devil work under the previous government. This government has made an up-front commitment of \$10 million—that is, on top of that—for new, dedicated funds over a longer period of time.

Senator SIEWERT—Thank you.

CHAIR—Thank you, Senator Siewert. Those are all the questions for output 1.5, so I thank the officers very much to for that. We will now move to agencies. The first is the Supervising Scientist. I am pleased to be able to advise the Director of National Parks that he will not be required and may leave. Disappointing, I am sure. Senator Ludlam. Welcome, Mr Hughes.

Mr Hughes—Thank you.

Senator LUDLAM—Welcome, Mr Hughes. I am glad that we got to you eventually. Thanks for coming all this way. Some of these are probably going to get technically fairly complex, so by all means we can put things on notice if you think it is going to take too much time to run through it in detail. Can you give us an overview of the environmental research and monitoring projects that are currently underway under the Supervising Scientist, and their costings, and give us an idea of what criteria you use, both in the OSS office but also in the Alligator Rivers Region Technical Committee, for setting your research project priorities?

Mr Hughes—The research programs that we currently have underway are numerous. They are probably of the order of 40 or so programs. They are prioritised through the Alligator

Rivers Region Technical Committee process. Starting back in 2004, the Alligator Rivers Region Technical Committee undertook a review of all work that had been done and all work that they considered needed to be done and created a list called the 'key knowledge needs'. That key knowledge needs list then was broken down into specific programs that needed to be undertaken and a timetable was set out for those, with a list of priorities. The key knowledge needs were reviewed again in 2007 and a brand new set of key knowledge needs, incorporating those which were residual from previous issues, have been now concluded and they will be published in our annual report this year, which is imminent.

Senator LUDLAM—When do you expect to table the annual report?

Mr Hughes—Some time within the month.

Senator LUDLAM—There is a policy initiative of the new government regarding the establishment of a long-term public register of radiation dose exposure for radiation workers in the industry. What level of monitoring of workers does your office undertake? For how long do you keep these records, and do you make them available to the workers themselves? Has there been any change in the way that you undertake that work, given the government's policy change?

Mr Hughes—I am not absolutely clear of the context of the question, but let me run with it for a moment. The register that is being created has nothing to do with us in terms of organising the register. Our only involvement in the register, or the proposed register, is the records of our own staff.

Senator LUDLAM—So you are not involved in the monitoring of workers on any of the sites that—

Mr Hughes—No. The radiation monitoring that we undertake is environmental monitoring.

Senator LUDLAM—Yes.

Mr Hughes—We do not undertake specific worker monitoring on the mine sites.

Senator LUDLAM—Thanks for that. I would like to turn to the proposed or potential expansion of the Ranger uranium mine. What is your understanding with regard to the publicly flagged or acknowledged plans for the Ranger site? What does the office understand the potential expansion to include?

Mr Hughes—Sorry, what was the last word?

Senator LUDLAM—To include, to incorporate. What is the scope of the proposed expansion?

Mr Hughes—I am not sure how far I can go with this because ERA, the operators of the mine, are obliged to behave in an appropriate fashion under the Australian Stock Exchange rules and so forth. We probably have been told slightly more than what ERA have released in the public arena. So I would need to be cautious about that.

Senator LUDLAM—Okay.

Mr Hughes—My understanding is that ERA is currently undertaking a pre-feasibility study on a further expansion of the mine site and that that is mainly targeted towards further

extensions of the ore body down-dip to the south-east. They have announced quite recently some fairly significant drill intersections down there but have not announced any reserves as a result of those drill intersections.

Senator LUDLAM—For example, the company is proposing a much larger open cut at pit 3, underground mining beneath pit 3, which would be the first time, I think, that underground mining has been undertaken at Ranger, possible heap leaching, a second tailings dam, possible diversion of the Magela Creek, possible mining on the northern side of the Magela Creek and more water disposal areas. Does that more or less match your understanding of what the company is intending?

Mr Hughes—I have heard talk of all of those things. Some of them certainly have been included in the announcements regarding the pre-feasibility study that they are undertaking. I do not think at this stage that there has been any statement about potential underground mining.

Senator LUDLAM—No statement about a potential underground mine?

Mr Hughes—Not to my knowledge.

Senator LUDLAM—I would have thought that had actually been in the public domain for some time—that they are considering going underground at Ranger.

Mr Hughes—Yes, but not as a proposal.

Senator LUDLAM—Not as a proposal. In terms of the demands that might be made on your agency if they were to go underground there, is that something that is under active consideration in your office as to the changing demands that that would place on you?

Mr Hughes—Certainly we consider any potential developments at the mine site and their likely impacts on our staffing and priorities and key knowledge needs and so on.

Senator LUDLAM—Has the company provided any advice to your office on the level of environmental assessment that their expansion plans might reasonably require under the EPBC Act?

Mr Hughes—I believe they have given an undertaking that they will be making a referral.

Senator LUDLAM—They will be making a referral under EPBC?

Mr Hughes—I understand that.

Senator LUDLAM—As far as you are aware. Minister, could I ask you to take a similar question on notice on behalf of the minister.

Senator Wong—If you ask the Supervising Scientist that, and he takes it on notice.

Senator LUDLAM—What the company might have said to the Office of the Supervising Scientist and what they might have said to the minister are—

Senator Wong—I see. Yes, no worries.

Senator LUDLAM—Thank you. Can you give us an idea of your understanding of the status of the Jabiluka project and what monitoring you are currently undertaking at the Jabiluka site?

Mr Hughes—My understanding of the Jabiluka project is that the mining company entered into an agreement with the Northern Land Council that they would not proceed with any further development on the site without the agreement of Aboriginal people. They signed an agreement to that effect, I think it was back in about 2004 or 2005. As far as I understand, that is exactly how it stands.

As far as the monitoring is concerned, the various agencies that have been involved in doing surface water monitoring in the vicinity of the mine site have been winding back those programs because it has been shown to be quite stable. So at this stage it is back to monthly water sampling downstream of the mine site. Certainly we are doing monthly water sampling downstream of the mine site, and the mining company also does monthly sampling downstream and upstream of the mine site. We do not do it on the same week so that there is a bit of a spread.

Senator LUDLAM—As far as you are aware, are there any facilities at that site that are expected to be decommissioned or further decommissioned in this financial year?

Mr Hughes—No, not at this stage.

Senator LUDLAM—Not that you are aware of. Thanks. Can you give us an idea of the extent of the seepage plume at the Ranger facilities from the tailings structures?

Mr Hughes—There has been a long-known seepage plume travelling to the north from the tailings dam. That has been mapped by water bores over some years. There is probably a seepage plume immediately to the south-west of the dam, to my knowledge. It has not extended very far. There are monitoring bores around, and both the ERA and the Northern Territory government as the regulator do conduct groundwater monitoring in those areas. At this stage I think ERA are also undertaking a groundwater study in the area, and we are expecting to get a report from them in the not so distant future on that.

Senator LUDLAM—Did you say there is probably a seepage plume to the south-east? That is something that—

Mr Hughes—No. Sorry, to the south-west.

Senator LUDLAM—I do beg your pardon—to the south-west. So that is not something that you are certain of?

Mr Hughes—There are indications that there is some process water in some water which is springing there, but it is not entirely process water.

Senator LUDLAM—But it is contaminated with processed water and that is expressing at the surface? Is that what you mean?

Mr Hughes—Yes.

Senator LUDLAM—How far from the tailings dam is that?

Mr Hughes—Immediately adjacent to it.

Senator LUDLAM—Okay—just at the foot of the dam?

Mr Hughes—Yes.

Senator LUDLAM—How long are you anticipating it will be before the company would be providing the modelling to you that you were referring to before?

Mr Hughes—I am not sure. It may even be very soon. There are mitigation works there where they collect that seepage water and return it to the system.

Senator LUDLAM—Do you have an idea of what kind of volume of water might be seeping in that direction?

Mr Hughes—By order of magnitude, it is not very high. It is tens of cubic metres or something like that.

Senator LUDLAM—Does the OSS provide advice to the federal government, the Territory government or to industry on uranium issues outside the Alligator Rivers region?

Mr Hughes—Yes.

Senator LUDLAM—Can you give us some examples of what that work would involve?

Mr Hughes—Because we have a fairly significant body of expertise in the organisation on uranium mining, we are currently providing, for example, advice on assessments of other uranium mines outside of the Alligator Rivers region within our department to the Approvals and Wildlife Division.

Senator LUDLAM—These are mines that are under investigation at the moment, or exploration sites that are active?

Mr Hughes—They are proposals which are going to be considered under the EPBC Act in the future.

Senator LUDLAM—Understood. Has the agency's budget been increased to conduct that assessment work since—I will try to use a polite word—the rapid expansion of exploration across the Territory in the last couple of years?

Mr Hughes—No, but the amount of work that we are getting in that regard is not particularly onerous at this stage. However, I would imagine that, in the event that it started to become particularly onerous, we would be making a submission for some reconsideration of that.

Senator LUDLAM—Just to be clear, there is no specific budget allocation you have been provided with over the last couple of years to accommodate that assessment work that you are undertaking outside the Alligator Rivers region?

Mr Hughes—No, that is correct.

Senator LUDLAM—How many sites, off the top of your head, are you engaged in providing material to the government for?

Mr Hughes—I think two at this stage.

Senator LUDLAM—Just two sites? Are you able to tell us which sites they are?

Mr Hughes—Nolans Bore and the Olympic Dam expansion that we have commented on. Sorry, there is a third site.

Senator LUDLAM—In South Australia?

Mr Hughes—Yes, and another site is Crocker Well in South Australia.

Senator LUDLAM—So those are the only ones that you are aware of: two in the Territory and—

Mr Hughes—One in the Territory.

Senator LUDLAM—Nolans Bore.

Mr Hughes—Nolans Bore, the Olympic Dam expansion and Crocker Well in South Australia.

Senator LUDLAM—Okay, thanks. That advice has been provided to the Territory government, the South Australian state government and the federal government?

Mr Hughes—Principally, as technical experts we are providing that advice to our own department.

Mr Borthwick—Just a point of clarification: the Office of the Supervising Scientist is a regular division of the department. It is not a separate agency, so you would expect them to be providing—

Senator LUDLAM—That is okay.

Mr Borthwick—I wanted to clarify it, because you referred to them being an agency.

Senator LUDLAM—Okay, I do stand corrected. I will finish up, because I guess we are fairly short of time.

CHAIR—Yes.

Senator LUDLAM—Thanks, Chair. As you know, a short while ago Professor Tatz and others issued a report that recorded a significantly higher rate of cancer among Aboriginal people in Jabiru, and they said that extra research and monitoring was required. What steps, advice or extra monitoring has the office undertaken in response to the concerns raised in that study?

Mr Hughes—We are not undertaking any additional monitoring. It is not our role to monitor individuals. We monitor the environment and, based on those environmental measurements, we undertake risk assessments and dose assessments of people who may be affected. Our workers concluded that there is no reason for concern—that people are not being exposed to dose rates which are likely to cause harm.

Senator LUDLAM—Is that advice a public document?

Mr Hughes—Yes. We include that advice every year in our annual report, with the supporting documentation and data.

Senator LUDLAM—I understand. Finally, there was an \$8 million budget line item in the 2007-08 budget for the South Alligator uranium rehabilitation program that cleans up the legacy mines from the fifties and sixties. Can you briefly give us an update of the status of that rehabilitation program—the works and the financial commitments in that regard?

Mr Hughes—That program is being operated by the Director of National Parks, and he is probably in a better position to answer detail on that. We are only providing some technical advice and assistance to his staff and contractors on that work.

Senator LUDLAM—All right, I will leave it there. Thanks, Chair.

CHAIR—Thank you, Senator Ludlam. Thank you, Mr Hughes, for taking the trouble to travel here today and appear before us. We appreciate it very much.

Mr Hughes—Thank you very much.

CHAIR—We will now move to the Bureau of Meteorology. Senator Macdonald.

[10.35 pm]

Bureau of Meteorology

Senator IAN MACDONALD—Thank you, Madam Chair. Dr Smith and Dr Vertessy, I will read out this paragraph from a magazine I was reading:

... not surprisingly, average global surface temperatures remained approximately constant from 1999 to 2006, but have fallen significantly over the past 18 months.

Do you agree or disagree?

Dr Smith—Some of those references are to parts of the record where natural variability, decadal variability and El Ninos are impacting particularly on global surface temperatures but also on other surface temperatures. So from time to time, as these interannual variabilities impact on the surface record, we do see changes in the short-term trends. Our records are still showing the long-term trends associated with climate change.

Senator IAN MACDONALD—Thank you, but that was not my question. This is a genuine question: is it true that average global surface temperatures remained approximately constant from 1999 to 2006?

Dr Smith—Approximately constant, because of that effect of the interannual variability.

Senator IAN MACDONALD—I do not understand the qualification but, yes, you are saying it is approximately the same.

Dr Smith—Yes.

Senator IAN MACDONALD—Have they fallen what is said to be ‘significantly’ over the past 18 months? This article is dated 30 August.

Dr Smith—I would not have said ‘significantly’. Again, there have been falls associated with interannual variability. There is a strong correlation between the global temperatures, sea surface temperatures in particular, and interannual variability and El Nino in particular. So, as we go through the phases of El Nino, you do get changes in the temperatures.

Senator IAN MACDONALD—Dr Smith, I am asking you something without quoting my source, but, when you talk about that, you are talking about global surface temperatures as being global temperatures of the sea, are you?

Dr Smith—Sea surface temperatures.

Senator IAN MACDONALD—Sea surface temperatures as opposed to land surface temperatures? Can you, on notice, give me details of however you measured surface temperatures between 1999 and 2006 and then between 2006 and 30 August 2008?

Dr Smith—This is on the method of how we measure—

Senator IAN MACDONALD—No, not how you measure it but just what the temperature has been over that seven-year period and then what it has been in the last 18 months. Do you say it is 23 degrees on average this year and 24 in that year? Is that how you do it?

Dr Smith—We can take that on notice.

Senator IAN MACDONALD—The real purpose of my inquiry, as you may well have anticipated, is some media reports dealing with a matter that both Senator Birmingham and I raised at previous estimates, and that is the staffing of your meteorological stations. As a Queensland senator, of course I am interested in Queensland.

The documents obtained by the *Sunday Mail*—I am not sure what documents were obtained or who they got them from and which documents they are but, again, quoting the Community and Public Sector Union—reveal, according to Dr Sue Barrell, that several stations will be reconfigured and they say:

A BoM source—

unnamed, unsourced—

said of most concern was a plan to reduce the number of staff at the Cairns Airport weather station from five to one by 2011.

Is that reduction correct?

Dr Smith—For Cairns in particular?

Senator IAN MACDONALD—Yes, for Cairns.

Dr Smith—We are reconfiguring the way the observations are done at Cairns. But at Cairns in fact the staff are increasing in total, particularly for air services. We are putting weather service staff there. I would note that the weather service staff, as part of their competencies, are able to take observations, so we believe we can deliver the same observational service—in fact an improved observational service—at that particular site under the reconfiguration.

Senator IAN MACDONALD—You have answered my next question, but I really want the first question answered first. Is it true that there are plans to reduce staffing at Cairns Airport weather station from five to one by 2011?

Dr Smith—You mentioned Cairns weather station—

Senator IAN MACDONALD—I am only reporting from a newspaper report.

Dr Smith—The CPSU media release in fact had a couple of inaccuracies.

Senator IAN MACDONALD—I have not got the release, but I assume that that is what this is reporting.

Dr Smith—At the Cairns office, overall, in fact the staff are not decreasing at all. I think they are referring to reductions in the observational components of the staff and, yes, there are some reductions in the observational staff. But, as I pointed out, we believe that the observational service will be derived from the head office.

Senator IAN MACDONALD—Doctor, it helps if you answer my questions, not start defending things. I will perhaps come to those later. So you are saying it is not—

Senator Wong—With respect, Senator, he is entitled to answer the question as he sees fit.

Senator IAN MACDONALD—No, Minister, this is not question time where you have never answered a question yet. We have officials here—

Senator Wong—Yes, and he is entitled to give the answer—

Senator IAN MACDONALD—who I am asking to answer my question—

Senator Wong—It may not be the answer you like, Senator.

Senator IAN MACDONALD—and without interruption from you, thanks, Minister. I am asking him questions, not explanations, of why things might be happening or why not. He has answered me, as I understand it—

Senator Wong—If I could clarify again: he may not be giving an answer that you want him to give. I had not finished. I listened to you, Senator. He may not be giving the answer you wish him to give, but he is providing the answer in response to your question.

Senator IAN MACDONALD—I can be very simple, and I think he has answered it. Is the Cairns Airport weather station reducing from five to one? You have said no. You have said the observers are reducing, from what to what?

Dr Smith—Over time, the observers are decreasing to one or two. I could look up the exact figure.

Senator IAN MACDONALD—From how many?

Dr Smith—At times I think there have been up to four observers there. I can look up the exact figure if you want it.

Senator IAN MACDONALD—Perhaps you could take it on notice for me and that will give you time to double-check that. What are the current staff numbers at Cairns Airport? You did tell me on notice last time, fortuitously. You said there were 11 there at 20 February 2008. How many now?

Dr Smith—At this precise moment? I would have to take that on notice. Unlike my predecessor, Dr Love, I do not carry around those figures in my head.

Senator IAN MACDONALD—But from your understanding, it would be the same, would it?

Dr Smith—That is right, we are maintaining, and in fact because of the aviation requirement there are staff that are being recruited or moved into the Cairns office.

Senator IAN MACDONALD—You were saying before that you believe the staff in Cairns are increasing?

Dr Smith—I believe it will be increased because of that aviation requirement.

Senator IAN MACDONALD—On notice, could you give me the number of staff at Cairns, what each of them do? As at 20 February, which you had already given me, there were 11. Tell me what those 11 do, please, and then tell me what is proposed for 2011.

CHAIR—Senator Macdonald, your time is almost up. One last question.

Senator IAN MACDONALD—I thought I had 10 minutes for this.

CHAIR—You have had 10 minutes.

Dr Smith—It goes very quickly.

Senator IAN MACDONALD—Three of them were the minister with an unhelpful interruption. Let me quickly say that this report goes on to mention Mackay and Longreach. Perhaps if I can simply ask you to indicate to me what the situation is now and what is proposed. Could you do that? I have to put it on notice because we do not have time to even give you the opportunity of answering. That was in the *Courier-Mail*, but in the *Sydney Morning Herald* there is a quote—again, I assume, from the same source, the Community and Public Sector Union:

The changes will affect weather stations across the country, including Canberra, Launceston, Kalgoorlie, Port Hedland, Mount Isa—

which I am particularly interested in—

Cobar, Moree, Tennant Creek, Mildura, Halls Creek, Cairns, Longreach, Mackay and Coffs Harbour.

Because of the time constraints—and I am sorry to have brought you all this way for a 10-minute day in the sun—on notice could you comment to me on what the situation is in all of those that I have mentioned in relation to current staffing and what is proposed into the future?

Dr Smith—I can do that on notice, thanks.

Senator IAN MACDONALD—But you are telling me, from your view, that these reports are from a Community and Public Sector Union press release and you are saying there are some considerable inaccuracies in that.

Dr Smith—Yes.

Senator IAN MACDONALD—Have you responded to that publicly, or has the minister?

Dr Smith—We are in negotiations for our certified agreement at the moment and those points that the union raised are part of the discussions and consultations. So there is a consultation that is taking place.

Senator IAN MACDONALD—You are not suggesting that the union was being mischievous just to get a better deal with their agreement?

Dr Smith—I am not suggesting that, no.

Senator IAN MACDONALD—No, of course you would not be.

CHAIR—Thank you, Senator Macdonald.

Senator IAN MACDONALD—For my benefit, if no-one else's, Dr Smith, it might help if you could provide me with a copy of the CPSU media release, which no doubt you have—I have not—and perhaps you could highlight what you consider to be the inaccuracies.

CHAIR—Thank you, Senator Macdonald.

Senator Wong—Can I just say that I think a question that says, 'Could you advise what aspects of these reports are inaccurate?' is reasonable, but you want Dr Smith, on notice, to provide a highlighted document. Is that what you are saying?

Senator IAN MACDONALD—I can get a copy of the press release, no doubt. I could Google it.

Senator Wong—It is quoted on the website.

Senator IAN MACDONALD—I am just saying, in fairness to the bureau, could Dr Smith let me have the press release and then in a separate document say: ‘They’re wrong in the third line where they say 10 down to five. It is really 10 down to two,’ or whatever. So could you do that?

Dr Smith—We can do that, certainly.

Senator IAN MACDONALD—That way we can clarify it. That would be good.

CHAIR—Thank you, Senator Macdonald, and thank you to the officers of the bureau for appearing before us tonight.

[10.48 pm]

Sydney Harbour Federation Trust

CHAIR—We now move to the Sydney Harbour Federation Trust. Good evening, Mr Bailey. Senator Birmingham has some questions.

Senator BIRMINGHAM—Thanks, Chair. Mr Bailey, welcome. Thank you for your time and your patience today as well. I would like to ask some questions about the platypus site. Is it still the government’s intention to transfer *Platypus* to the trust?

Mr Bailey—Yes, it is still the government’s intention to transfer that site, as I understand it.

Senator BIRMINGHAM—Where is the memorandum of understanding between the trust and Defence in regard to the transfer at?

Mr Bailey—It is at an extremely advanced stage. It has been a long and difficult process of negotiation because the contamination issues associated with the site are complex. It has now reached a point where we are down to two key issues where we have not yet reached agreement, but hopefully we will work through that shortly.

Senator BIRMINGHAM—At this estimates hearing in May this year and in the similar Defence hearings in that same period, both you and Defence indicated that it was the intention to have the MOU relating to decontamination resolved by 30 June this year. What particular obstacles have delayed that?

Mr Bailey—In particular, the two issues I referred to. One relates to the question of indemnity, a limited indemnity which the trust is seeking from the Commonwealth relating to the potential for third-party claims. The risk of this, in the trust’s view, is extremely low because the site will be decontaminated but, as I say, it is a complex site. It is a former gasworks and part of the gasworks site is now an adjoining private residential development from which it appears there are leaching contaminants into the *Platypus* site and there is the potential—a low one, but a potential—for some of the contaminants that are on the *Platypus* site to leach both into the adjoining harbour and into adjoining properties. We have done extensive testing and intend to remediate the site completely, but no-one is prepared to provide a guarantee that there could not be the possibility of third-party claims. The trustees

and the board of the trust do not wish to indemnify the Commonwealth against that potential future risk, so there is something that needs to be resolved there.

Senator BIRMINGHAM—Is the indemnity you are seeking one that would be held by the Department of Defence as part of the MOU in the transfer, or is it held by some other agency of the government?

Mr Bailey—Our discussions have been with Defence, and that is who we have been putting the question to, but it would not matter, provided there was some form of indemnity that could give the trustees comfort that in years to come they would not be liable for this if it ever arose.

Senator BIRMINGHAM—Your discussions have purely been with Defence, and Defence are the ones who indicate that they will be resolving this issue of indemnity in some way?

Mr Bailey—By and large they have been with Defence, but I have also had discussions with the secretary of the department in order to try to resolve the matter.

Senator BIRMINGHAM—Secretary Borthwick, have you had discussions with your Defence counterpart? Has it reached that stage?

Mr Borthwick—I spoke to the Defence secretary about a fortnight ago and said that I would write to him as a prelude to us having discussions with Defence to try and resolve this matter.

Senator BIRMINGHAM—There appears to be a willingness on behalf of Defence to resolve the matter?

Mr Borthwick—No, the Defence secretary was not across the particular issues, which was not surprising since I raised them with him at a meeting about another matter, and I said that I would write to him as a prelude to having discussions with him to see if we could broker an arrangement between the trust and the Department of Defence.

Senator BIRMINGHAM—When do you expect discussions to occur?

Mr Borthwick—Relatively soon. I will write to the secretary of Defence within the next few days.

Senator BIRMINGHAM—Is there a revised target or time line for the completion of the MOU now?

Mr Borthwick—As soon as we can muster it. There is an interesting issue here because, even though the trust has its own responsibilities, it does become an issue about one arm of the Commonwealth indemnifying another. There are precedents for that, but it is a bit different in this case, because I can well understand why the trustees are a bit nervous about it, so there are some potentially complex legal issues to sort out as well.

Senator BIRMINGHAM—Is the issue of indemnification the only sticking point now in those negotiations with Defence?

Mr Bailey—No. There are two issues and they both, one way or another, relate to indemnification, but that is one. The other one, which is the only other sticking point, is a request by Defence that the trust in all dealings with third parties in the future—and typically that would be in the form of a lease but it could be just the general public—require those third

parties to waive all rights to future claims for damages indefinitely in the future. The difficulty with that, from the trust's point of view, is that we will not get anyone to sign a lease which requires them to waive all their rights.

Senator BIRMINGHAM—Obviously you are seeking some movement from Defence on that issue of total waiver?

Mr Bailey—Yes.

Senator BIRMINGHAM—The chair is making obscene gestures at me! Mr Bailey, I have a string of further questions which can be taken on notice. Can I just ask one quickly: is it still the trust's belief that \$40 million is an accurate estimation for the cost of the site's decontamination?

Mr Bailey—I think the accurate figure is around \$46 million, but yes.

Senator BIRMINGHAM—Thank you.

CHAIR—Thank you, Senator Birmingham, and thank you, Mr Bailey, for appearing before us tonight. We appreciate it. I will now call the Great Barrier Reef Marine Park Authority to the table.

[10.56 pm]

Great Barrier Reef Marine Park Authority

CHAIR—Good evening, Dr Reichelt. Senator Macdonald has questions for you.

Senator IAN MACDONALD—Thank you for staying down for so long for what is going to be a very brief encounter, Dr Reichelt, which I know will disappoint you no end. Is GBRMPA subject to an efficiency dividend?

Dr Reichelt—Yes, four per cent per year.

Senator IAN MACDONALD—What did you get in this year's budget in relation to funding? Was it up or down?

Dr Reichelt—It was essentially the same as the previous year. It was a kind of status quo budget.

Senator IAN MACDONALD—But subject to a four per cent—

Dr Reichelt—Subject to the additional two per cent that was applied, and there was the usual CPI increase.

Mr Borthwick—I do not think it is a four per cent efficiency dividend. It was two per cent on top of an existing efficiency dividend of 1¼ per cent.

Dr Reichelt—It was 1¼, sorry.

Mr Borthwick—It is a bit less—

Senator IAN MACDONALD—A bit less, 3¼ per cent.

Dr Reichelt—From the point of view of managing that budget, it was pretty much a status quo budget, with the CPI and the—

Senator IAN MACDONALD—Mr Borthwick might be able to tell me in dollar figures what happened to your budget from here to there, but you did not get any CPI increase in the budget?

Mr Borthwick—All departments and agencies get an indexation factor. I do not think it is purely based on the CPI. It is also based on some other components.

Senator IAN MACDONALD—So an indexation factor takes it up and an efficiency dividend takes it down.

Mr Borthwick—Absolutely, and it is uniform across all agencies.

Senator IAN MACDONALD—So you have to do the same amount of work with less funds. Dr Reichelt, we did speak about this recently, I think at the committee hearing. Can you elaborate to me what part your agency will play in the practical work needed to address water quality issues in the Barrier Reef lagoon?

Dr Reichelt—Our role is to assist in identifying the target areas, the hot spots. We contribute our expertise in the monitoring programs. We have been active not just on the marine side but also on how we can integrate that effort with the state monitoring. We also have a role in coordinating the Indigenous component of the reef rescue plan.

Senator IAN MACDONALD—You are spending your money, as I understand it, on existing monitoring set-ups. Is that correct?

Dr Reichelt—There is a program ongoing that has been funded and there are some additional funds to be used which will assist the integration with the Queensland component. It is slightly increased on the marine component that was there previously.

Senator IAN MACDONALD—The physical monitoring is in the same positions as it has been for some time. Is that right? If it is right, are you planning new areas to monitor?

Dr Reichelt—The intention is to continue the long-term monitoring with groups like the Institute of Marine Science, James Cook University, CSIRO and principally AIMS on the marine side. But there will be an evolution or a review of the priorities for the additional monitoring. We already know a reasonable amount about what is happening along the coastline and we can prioritise the effort.

Senator IAN MACDONALD—Someone suggested to me that you are monitoring in the Whitsundays in a certain spot but you are not monitoring at the mouth of the Pioneer River, so you are not getting a good spread of data. Does that make sense, or is it silly or is it not true?

Dr Reichelt—Most of the major rivers are monitored. I cannot vouch for the Pioneer. There is also flood plain monitoring; there is reactive monitoring; there is river mouth monitoring attached to bridges. As you are aware, in the dry tropics where you are talking about, most of the year it is dry and periodically there is a major flood and most of the sediment and nutrients are delivered within the space of a few weeks. So it is important to have systems in place before the flood.

Senator IAN MACDONALD—When you talk about monitoring, physically there is a machine or a transmitter or something, is there?

Dr Reichelt—Yes. There are a number of types. There are electronic systems bolted to the legs of bridges. There are samplers that are accumulative. It is physically monitoring; it is not just pictures from space.

Senator IAN MACDONALD—I could see something there doing it?

Dr Reichelt—Yes. There are instruments in the water.

Senator IAN MACDONALD—As you appreciate, we are on a very tight timetable here, so I have to quickly move on to this. What effect do you think declining tourism is likely to have on the amount collected for the environmental management charge? I know you do not directly get that, but it sort of comes back to you, doesn't it?

Dr Reichelt—Yes. It flows through the consolidated revenue. It is running a little bit down at the moment. I think the last figure I saw for the quarter was something like \$80,000 or \$100,000 down. The total per year is over \$8 million. I believe the numbers are down for the industry at the moment.

Senator IAN MACDONALD—Will that have an impact on your budget?

Dr Reichelt—It will.

CHAIR—Senator Macdonald, we are over time already by five minutes.

Senator IAN MACDONALD—Yes, okay. On notice, can you perhaps elaborate on that. What impact is it going to have on your budget? How are you going to cope with that? What are your projections for the next 12 and 24 months for the tourism industry, which is not looking all that hot, although the falling dollar might be making it look a bit better.

Dr Reichelt—We will certainly give you what information we have and projections, if they are there. I suspect it will be a record of what we have to date, but we can give you that and you will see that it is down a little bit.

Senator IAN MACDONALD—Thanks very much, Dr Reichelt.

CHAIR—Thank you, Senator Macdonald. Thank you, Dr Reichelt. That completes the examination of the Environment, Water, Heritage and the Arts portfolio. I thank the minister and all the officers for their attendance. I also thank the secretariat for their support, Hansard and other senators for their cooperation.

Committee adjourned at 11.04 pm