

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

Program: Division or Agency:	4.1: OWS	Question No:	033
Topic:	Activities carried out under section 505D, E, F or G of the EPBC Act		
Proof Hansard Page and Date or Written Question:	42 (12/2/13)		

Senator Waters asked:

Senator WATERS: Could you take on notice any of those section 505D, E, F or G activities that either the interim or the final committee have undertaken, and provide details of that to me?

Ms Nethercott-Watson: Yes.

Answer:

In 2012, the Interim Independent Expert Scientific Committee on Coal Seam Gas and Coal Mining Committee provided advice on research priorities. This informed the initial research projects commissioned by the Department of Sustainability, Environment, Water, Population and Communities' Office of Water Science.

A list of the commissioned projects is available on the Independent Expert Scientific Committee on Coal Seam Gas and Large Coal Mining Development's website, <http://www.environment.gov.au/coal-seam-gas-mining/index.html>.

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

Program: Division or Agency: 4.1: WED **Question No:** 034

Topic: Huon Valley Regional Water Scheme

Proof Hansard Page and Date 33

or Written Question: (12/2/13)

Senator Bilyk asked:

Senator BILYK: Are you able to take on notice whether there are any other surrounding areas that also benefit?

Ms Harwood: Yes, I can.

Senator BILYK: Do we know how many people there are who would benefit from it?

Ms Harwood: I might have to take that on notice in terms of the population down in the Huon Valley—the area there. I can do that.

Senator BILYK: You told me that about one billion litres are returned to the environment. That is obviously good for the catchment but also for the biodiversity in the waterways. Are you able to tell me how much the daily and total supply of water is to the area?

Ms Harwood: I would have to take that on notice in terms of the volume of urban water use in the Huon Valley, if that is what you are asking.

Senator BILYK: What I want to know is, daily, how much supply there is now for drinking water, because I actually come from very near the Huon Valley and have a lot to do with things down there. I know that for quite awhile the water was not of the standard that it should have been. So I am pleased to hear you say that it has now reached the Australian water guidelines. Is that correct?

Ms Harwood: The Australian Drinking Water Guidelines.

Senator BILYK: I am interested in knowing how much there is for people to use and the broad coverage area that it involves. So if you could take both of those on notice, that would be great.

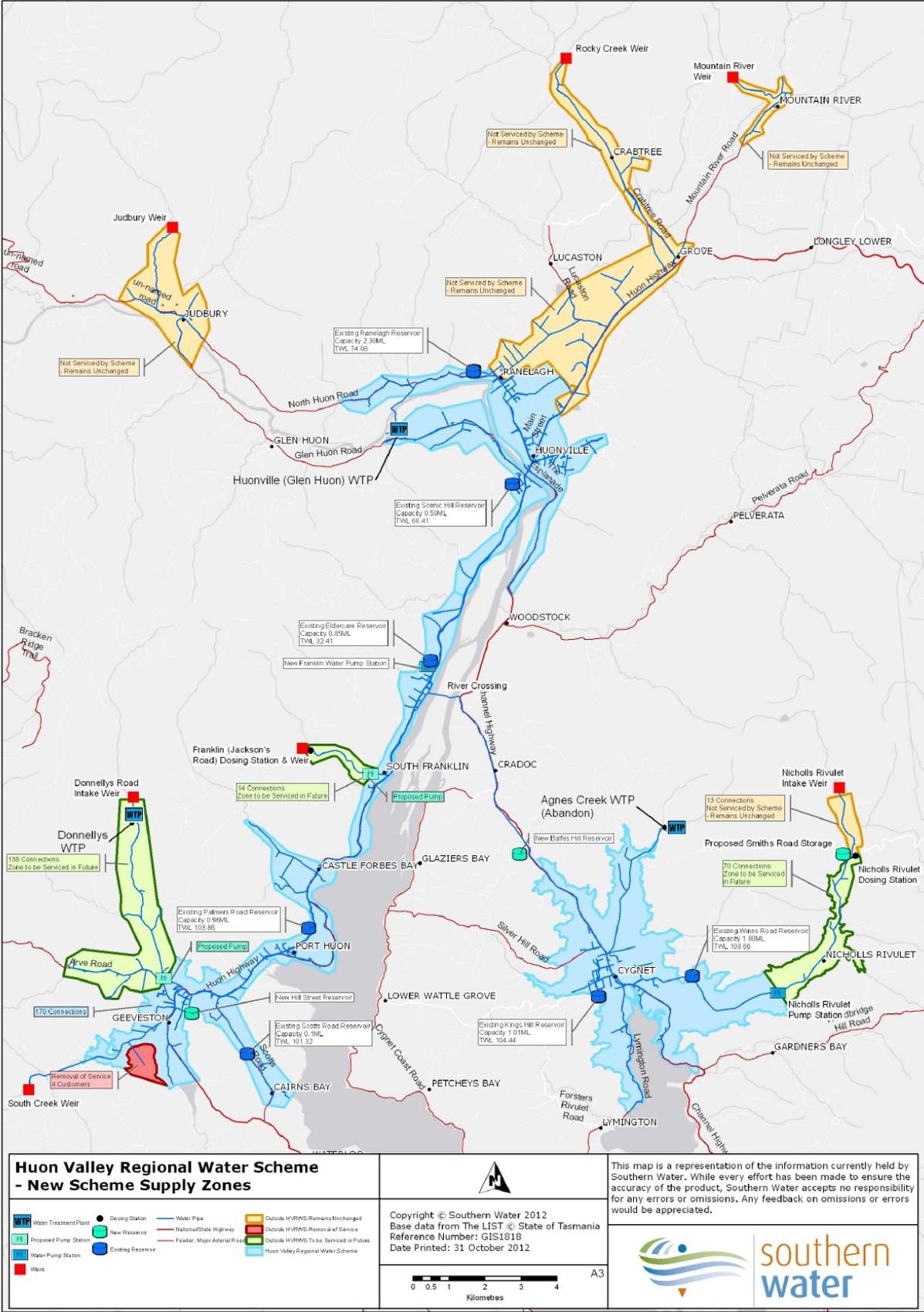
Ms Harwood: Yes.

Answer:

The areas that benefit from the Huon Valley Regional Water Scheme are shown in blue in **Attachment A**.

Southern Water have indicated that, whilst an exact figure of those affected by the new scheme is difficult to obtain, approximately 12,000 people will receive a more reliable water supply.

The new water treatment plant at Glen Huon can provide up to 9 megalitres/day or 3,285 megalitres/year.



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

Program: Division or Agency:	4.1: WED	Question No:	035
Topic:	Stormwater Harvesting Grants Program – Nyrstar project		
Proof Hansard Page and Date or Written Question:	34 (12/2/13)		

Senator Bilyk asked:

Senator BILYK: I think it was last estimates that some of the direction had to be changed—or something had to be changed—and the plan had to be changed. Do you know anything about that? I think it was mentioned last estimates.

Ms Harwood: I am not aware of that being an issue for this project, but I could take that on notice.

Answer:

Two projects are funded in the Glenorchy area of Hobart: the Integrating Water Cycle Management at Nyrstar Hobart project that spans areas within Derwent Park and the adjacent suburb of Lutana; and Glenorchy Council's Derwent Park Stormwater Harvesting and Industrial Reuse project. Both projects are progressing in accordance with the tasks identified in funding agreements with the Department of Sustainability, Environment, Water, Population and Communities (the department).

In respect to changes in direction or plans the Nyrstar Hobart project has not proposed any changes to date. The Glenorchy Council has increased the number of bores and associated works for aquifer storage and recovery to increase the project's capacity to supply treated stormwater. This change to the project was approved through a variation to the funding agreement with the department at no additional cost to the Commonwealth Government.

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

Program: Division or Agency:	4.1: WED	Question No:	036
Topic:	Water buyback – receipt of funding from a foreign entity		
Proof Hansard Page and Date or Written Question:	50 (12/2/13)		

Senator Nash asked:

Senator NASH: ...Could you take on notice for me if there is any buyback from a non-Australian owned entity that has received funding through the buyback process?

Mr Papps: I will take the second question on notice.

Answer:

Information on the level of foreign ownership of entities offering their water entitlements for sale to the Commonwealth is not collected by the Department of Sustainability, Environment, Water, Population and Communities.

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

Program: Division or Agency: 4.1: WED **Question No:** 037
Topic: Northern Victoria Irrigation Renewal Project Stage 2
Proof Hansard Page and Date or Written Question: Written

Senator Birmingham asked:

1. In reference to QoN 87 part 5 part c – How will the CEWH assess the effectiveness of water saving actions?
2. What has the CEWH found to date?
3. In reference to QoN 87 part 5 b and e – How will the Commonwealth monitor the economic conditions of the irrigation sector?
4. What actions are possible if conditions deteriorate?

Answer:

- 1-2. The Commonwealth Environmental Water Holder has no role in undertaking 'water savings actions'.

Key Performance Indicators are included in the Project Schedule for Northern Victoria Irrigation Renewal Project Stage 2 (NVIRP2) to ensure agreed water savings are progressively delivered to the Department of Sustainability, Environment, Water, Population and Communities as legal water entitlements. Victoria reports progress, including agreed water savings, in an Annual Progress Report. Quarterly reports prepared by Goulburn-Murray Rural Water Corporation also track the works and the water savings.

- 3-4. The Commonwealth and Victoria are jointly developing a Monitoring, Evaluation, Reporting and Improvement (MERI) Plan which will be used to assist in monitoring economic conditions in the irrigation sector in the Goulburn-Murray Irrigation District.

Social and economic indicators were included in the Victorian business case for the project and selected agreed measures from the business case are being incorporated into the draft MERI Plan alongside agreed key performance indicators already defined in the project schedule.

The Murray-Darling Basin Plan (the Basin Plan) requires regular monitoring and reporting on the effects of the Basin Plan including into the impact of the Plan on social, economic and environmental outcomes across the Murray-Darling Basin (the Basin). Information being collected through the MERI Plan for the NVIRP2 Project will be considered in relation to the broader monitoring and reporting being undertaken across the Basin. Potential actions would be dependent on the nature and contributing factors of any deterioration of economic conditions.

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

Program: Division or Agency: 4.1: WED **Question No:** 038

Topic: Access to infrastructure grants

Proof Hansard Page and Date Written

or Written Question:

Senator Birmingham asked:

What progress is being made on reforms to allow SA irrigators to access infrastructure grants?

Answer:

South Australian irrigators have already been successful in securing irrigation infrastructure investment through competitive programs under the Sustainable Rural Water Use and Infrastructure Program.

Under the On-Farm Irrigation Efficiency Program, which is open to all irrigators across the Southern Basin, South Australia has been awarded more than \$53 million in-principle funding (of which \$13.7 million is contracted). Grants totalling \$14.4 million have been provided under the Private Irrigation Infrastructure Program for South Australia.

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

Program: Division or Agency: 4.1: WED **Question No:** 039

Topic: Private Irrigators Infrastructure
Program – South Australia

Proof Hansard Page and Date Written

or Written Question:

Senator Birmingham asked:

What is the timeline for spending funds remaining under the PIIP-SA program?

Answer:

Funding of up to \$110 million was originally allocated to the Private Irrigation Infrastructure Program for South Australia (PIIP-SA) as part of the negotiations under the 2008 Intergovernmental Agreement on Murray-Darling Basin Reform.

Funding of \$14.4 million (GST exclusive) has been approved under two rounds of PIIP-SA for 13 projects, including a Delivery Partner project with 16 sub projects.

A third round will not be held unless and until the South Australian Government indicates that it supports such a measure. Remaining funding from PIIP-SA (and other State Priority Projects) is available to South Australia for further State Priority Project investment until 30 June 2019, when the Sustainable Rural Water Use and Infrastructure Program ceases.

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

Program: Division or Agency: 4.1: WED **Question No:** 040

Topic: Sustainable Rural Water Use and
Infrastructure Program - expenditure

Proof Hansard Page and Date Written

or Written Question:

Senator Birmingham asked:

1. Please provide a breakdown of expenditure (incurred and committed) under the SRWUIP detailing expenditure on each project and categorised by projects in the Murray-Darling Basin returning water in the commonwealth, projects in the Murray-Darling Basin where water savings are retained in the region and projects, programs or other expenditures without a water-saving component within the Murray-Darling Basin? Please also detail the volume of water savings arising from each project?
2. How much do you expect to spend on non-water saving projects under SRWUIP?

Answer:

1. The requested details are at **Attachment A**: Tables 1, 2 and 3.
2. As at 31 January 2013, commitments under the Sustainable Rural Water Use and Infrastructure Program (SRWUIP) for projects which do not return water savings to the Commonwealth or do not have water savings that are retained in the region total \$0.8 billion.

These projects achieve other benefits, including enhanced rural water planning (for example Irrigation Modernisation Planning Assistance) and knowledge (for example, CSIRO sustainable yield studies), feasibility studies to inform future water savings projects (for example Environmental Works and Measures), water market reform, water information (for example, the E-water Cooperative Research Centre hydrological modelling platform) and irrigation industry development (for example, Supporting More Efficient Irrigation in Tasmania).

Table 1 - SRWUIP Commitments in the Murray-Darling Basin returning a share of water savings to the Commonwealth

SUSTAINABLE RURAL WATER USE AND INFRASTRUCTURE PROGRAM			
As at 31 January 2013			
Projects in Murray Darling Basin (MDB) returning water to the Commonwealth	Contracted SRWUIP Activities (\$m)	Program Expenditure (\$m)	Water Savings to be transfer to the Commonwealth ^A (Ave Yield) (GL)
SA Riverine Recovery Project ^B	89.0	20.9	4.7
SA Private Irrigation Infrastructure Program	14.4	11.4	2.7*
Vic Northern Victoria Irrigation Renewal Project	1000.0	195.0	112.0*
Qld On Farm Water Use Efficiency Project ^B	115.0	19.7	3.0*
NSW State Priority Projects package - Irrigation Farm Modernisation (including pilot), Basin Pipe - Stock and Domestic, Water Metering Scheme (including pilot)	449.8	64.3	81.8*
NSW Private Irrigation Infrastructure Operators Program	492.5	188.8	81.8*
On-Farm Irrigation Efficiency Program (including pilot)	214.6	169.5	59.8*
Menindee Lakes Project	24.0	23.1	To be confirmed
Small Block Irrigators Exit Grants ^C	49.0	49.0	18.9 Water recovery recorded as purchase under RTB
Irrigator Led Group Proposals ^C	0.03	0.03	24.2 Water recovery recorded as purchase under RtB

Table 2 - SRWUIP commitments in the Murray-Darling Basin where all the water savings are retained in the Region

SUSTAINABLE RURAL WATER USE AND INFRASTRUCTURE PROGRAM		
As at 31 January 2013		
Projects in the MDB where all the water savings are retained in the region	Contracted SRWUIP Activities (\$m)	Program Expenditure (\$m)
NSW State Priority Project - Healthy Floodplains	50.0	4.5
Strengthening Basin Communities Program	69.3	41.5
South Australia Lower Lakes and Coorong Recovery Project	160.4	61.1
SA Integrated Pipelines Project	119.9	116.9
Victorian Wimmera-Mallee Pipeline Project	99.0	98.0
Orange Emergency Pipeline Project	20.0	2.0
Lithgow-Clarence Colliery Water Transfer Project	4.0	0.6

Table 3 – SRWUIP commitments in the Murray-Darling Basin for rural water planning, knowledge, feasibility studies, market reform and water skills development projects

SUSTAINABLE RURAL WATER USE AND INFRASTRUCTURE PROGRAM		
As at 31 January 2013		
Improved water use and knowledge, market reform and water skills development projects in the MDB (with no water savings component in the Murray-Darling Basin)	Contracted SRWUIP Activities (\$m)	Program Expenditure (\$m)
Commonwealth Environmental Water – Management of Water Holdings	47.0	47.0
Compliance and Enforcement program	56.4	22.7
National Water Market System project	30.2	22.0
Snowy River Repayment of Mowamba Borrow	13.7	13.7
Environmental Works and Measures feasibility studies	10.0	6.4
Water for the Future communications	4.1	4.1
Water for Rivers	6.3	6.3
National Hydrological Modelling Platform	5.1	2.7
National Water Commission – assessment of reforms	1.1	0.6
Irrigation Hotspots Assessment Program	2.1	2.0
Qld Coal Seam Gas Project	5.0	4.0
Irrigation Modernisation Planning Assistance	6.9	5.6
ACT State Priority Project	0.4	0.4

Notes for Table 1:

- A. Water saving volumes are based on water savings received, estimated and/or agreed in signed project works contracts. Until water transfer contracts have been exchanged, however, these water saving figures may change.

Projects marked with an asterisk also have water savings retained in the region.

Allow for rounding.

- B. Contracted amount reflects the total commitment for these activities, however for some projects, water savings to be transferred to the Commonwealth will progressively come under works contracts subject to further assessment (for example, future funding rounds for on-farm projects).
- C. Water recovery from Small Block Irrigators Exit Grants and Irrigator Led Group Proposals was by way of purchase using Restoring the Balance funds, while SRWUIP funds were used for infrastructure works and related payments.

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

Program: Division or Agency: 4.1: WED **Question No:** 041

Topic: Menindee Lakes joint evaluation team

Proof Hansard Page and Date Written

or Written Question:

Senator Birmingham asked:

1. Has NSW agreed to the proposed scope of infrastructure works?
2. When will final agreements and subsequent works begin?
3. How much water will be returned under this project?

Answer:

1. Yes.
2. The intergovernmental agreements required for the project to proceed have yet to be negotiated. On-ground works are not expected to commence until at least 2014, given the time required to prepare detailed engineering designs and achieve required planning and environmental approvals.
3. It is estimated that 80 gigalitres of evaporation savings will be achieved from the project.

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

Program: Division or Agency: 4.1: WED **Question No:** 042
Topic: River Murray improvements program
Proof Hansard Page and Date Written
or Written Question:

Senator Birmingham asked:

1. Is it correct that the Government announced \$265 million to SA for projects before a business case was finalised?
2. Has the business case now been lodged? If so, when was it lodged?

Answer:

1. An in-principle funding commitment of up to \$180 million for the River Murray Improvements Program and up to \$85 million for research, regional development and industry redevelopment in the South Australian Murray was announced on 28 October 2012. As noted in the announcement of this commitment, the commitment is conditional on a satisfactory outcome from the Commonwealth's due diligence assessment of proposals submitted by South Australia for these funding initiatives.
2. As at 5 March 2013, South Australia is still developing the final business case for the River Murray Improvements Program for submission to the Commonwealth.

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

Program: Division or Agency: 4.1: WED **Question No:** 043
Topic: Condamine-Balonne water tender
Proof Hansard Page and Date Written
or Written Question:

Senator Birmingham asked:

In reference to QoN 82 – you did not answer my question. Again, has the Commonwealth received offers during its tender processes or otherwise for water for sale in the Condamine-Balonne that it has rejected?

Answer:

Yes. Offers have been rejected when they did not represent value-for-money for the Commonwealth based on an assessment of prevailing market prices and potential environmental benefit.

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

Program: Division or Agency: 4.1: WED **Question No:** 044

Topic: Proposed New South Wales three per cent cap

Proof Hansard Page and Date Written

or Written Question:

Senator Birmingham asked:

How would the proposed 3 per cent cap on buybacks by the New South Wales Government affect operations of the MDBA and water recovery methods?

Answer:

In relation to water purchase, the Commonwealth Government has stated in the draft Environmental Water Recovery Strategy that if New South Wales achieves its apportioned share of the 650 gigalitres of offsets from supply measures, as the Murray-Darling Basin Plan (the Basin Plan) allows, then this volume combined with water recovery to date and existing and expected water yields from infrastructure projects, will mean that remaining water purchases to bridge the gap in New South Wales will not exceed the maximum rate of three per cent of the Baseline Diversion Limit in each catchment per decade as imposed by this limit.

It is understood that water recovery through the trade of water entitlements derived from infrastructure projects, activities to meet New South Wales' commitments under the Water Management Partnership Agreement with the Commonwealth Government and measures under the Basin Plan Sustainable Diversion Limit adjustment mechanism are excluded from the operation of the limit.

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

Program: Division or Agency: 4.1: WED **Question No:** 045

Topic: Irrigation modernisation planning assistance

Proof Hansard Page and Date or Written Question: Written

Senator Macdonald asked:

In answer to Questions On Notice (Supplementary Estimates QON 85) from previous Estimates the Department has advised that the budget allocation for 2012/13 – which has increased to \$300,000 from the previous years' figure of \$210, 074 – had not yet been fully allocated.

The Department indicated (@ sub 4) that some applications remained under assessment at the time of last Estimates hearings.

1. Have all applications for funding in 2012/13 under the Irrigation Modernisation Planning Assistance Scheme now been assessed?
2. How much of the \$300,000 budget for the 2012-13 financial year has been allocated?
3. How much of this budget has been allocated in Queensland?
4. How much of this budget has been allocated in the Northern Territory?
5. How much of this budget has been allocated in Western Australia (excepting the South West region)?

Answer:

1. Yes, all eligible applications have been assessed.
2. \$30,000.
3. Nil.
4. Nil.
5. Nil.

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

Program: Division or Agency: 4.1: WED **Question No:** 046
Topic: SRWUIP – allocation of funding
Proof Hansard Page and Date Written
or Written Question:

Senator Macdonald asked:

In answer to Questions On Notice at previous (Supplementary Estimates QON 93) the Department indicated that as at 30 September 2012, \$360 million of SRWUIP funding remained unallocated.

1. How much of the \$360 million in question continues to remain unallocated?
2. Of the amount that has been allocated, to what has it been allocated?

Answer:

1. As at 31 January 2013, \$180 million of Sustainable Rural Water Use and Infrastructure Program administered funding remains unallocated.
2. Since 30 September 2012, \$180 million of Sustainable Rural Water Use and Infrastructure Program administered funding has been allocated to the River Murray Improvement Program (subject to due diligence).

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

Program: Division or Agency: 4.1: WED **Question No:** 047

Topic: On-Farm Irrigation Efficiency Program

Proof Hansard Page and Date Written

or Written Question:

Senator McKenzie asked:

The On-Farm Irrigation Efficiency Program (OFIEP) has currently had three Rounds funded by *Water for the Future*. Projects are listed on the SEWPaC website:
(<http://www.environment.gov.au/water/policy-programs/srwui/irrigation-efficiency/index.html>)

1. Can you provide a table of summary information which provides totals for state, round, number of irrigators, cost per megalitre and volumes of water secured?
2. Have there been any studies into productivity gains for irrigators who participated in this program?
3. Can you provide the total amount of water generated from this program for both irrigators and environment?
4. Have there been any studies determining how many irrigators who participated in this program have purchased additional water?
5. Can you provide any documents that describe individual on-farm efficiency works conducted by farmers (without disclosing individual farmers details please)?
6. Can you outline how processes associated with the OFIEP that will ensure that the following will not occur:
 - a. Profiteering of the delivery partner, as they are intended to be a facilitator of the program?
 - b. Water purchases being disguised as savings from on-farm efficiency programs?
 - c. Investment being made on greenfield sites and/or on sites that will not have a connection to irrigation services in the future?
 - d. Commonwealth received water entitlements, before statutory planning approvals are completed?
 - e. Preferential treatment provided to suppliers of farm irrigation equipment?
7. Can you list the administration fees received by each delivery partner and funding received?

The successful projects for Round Three of the OFIEP were announced in December last year and include \$100 million of funding. The SEWPaC website states that Round Three “is aimed at assisting irrigators within the southern connected system of the Murray-Darling Basin to modernise their on-farm irrigation infrastructure while returning water savings to the environment.”

8. However, despite this, only \$5 million of the over \$100 million was specifically allocated to Victorian projects. Can you explain the rationale for small proportion of funding allocated to Victoria?

Answer:

1. **Attachment A** provides a summary of information relating to in-principle funding provided to Delivery Partners, the proposed number of irrigators and the states from which water is proposed to be returned across each of the three Rounds of the On-Farm Irrigation Efficiency Program (the Program) to date.

The Department of Sustainability, Environment, Water, Population and Communities (the department) does not assess applications to the Program through a simple cost per megalitre equation.

The On-Farm Irrigation Efficiency Funding Guidelines (The Guidelines) (page 9) outline that the value for money analysis will take into account:

- The total volume of water savings likely to be offered in terms of the total investment in the project required to produce those savings.
- The volume and security type of water savings to be transferred to the Commonwealth Government in terms of the Commonwealth Government Investment in the project.
- Any cash or in-kind contributions.

In Senate Estimates on 16 October 2012, Ms Mary Harwood, when questioned about the cost per megalitre of water recovered through infrastructure savings, responded with *“It varies with the project. In general terms, on-farm irrigation efficiency projects vary between about 1.7 and 2.5 times the market price of the water entitlements that are yielded from that project.”*

Data on water volumes expected to be secured under the three Rounds of the Program to date can be found in the answer to Question 3 below.

2. Some non-quantifiable information on productivity gains from completed sub-projects has been obtained from irrigators. The department is not aware of any formal studies by irrigators on productivity improvements arising from the Program.
3. To date, Ministerial in-principle approval has been given for \$350 million of funding across the first three Rounds of the Program. Contracts for the \$350 million of funding are expected to yield approximately 176.5 gigalitres (148.3 gigalitres on a long term average annual yield basis) in total water savings, with up to 119.2 gigalitres (99.5 gigalitres on a long term average annual yield basis) of those savings proposed for transfer, being transferred to the Commonwealth.

4. The Program has not conducted any studies into additional water purchases by irrigators. However, the technical assessments of proposals under the Program assesses whether sufficient water remains for the proposed on-farm production using the upgraded irrigation infrastructure, therefore additional water is not required to be purchased based on the information supplied by the irrigator and assessed in the application process.
5. Proponents receiving funding under the Program are contracted to Delivery Partners organisations. Examples of the works undertaken for infrastructure upgrades can be found at the links below which provide details of the technologies used by Proponents to undertake infrastructure efficiencies:

Lachlan Catchment Management Authority – On-Farm Irrigation Efficiency Pilot Project

‘Conversion of existing subsurface irrigation and flood irrigation to centre pivots’

<http://www.environment.gov.au/water/publications/action/local-stories/pubs/lachlan.pdf>

Border Rivers Gwydir Catchment Management Authority – On-Farm Irrigation Efficiency Pilot Project

‘Conversion of surface irrigation to drip irrigation’

<http://www.environment.gov.au/water/publications/action/local-stories/pubs/border-rivers-gwydir.pdf>

South Australian Murray Darling Basin Natural Resources Management Board – On Farm Irrigation Efficiency Program, Round 1

‘Extensions to existing soil water monitoring networks and irrigation system upgrades’

<http://www.environment.gov.au/water/publications/action/local-stories/pubs/south-australian-riverland.pdf>

- 6a. Applications for funding under the Program are assessed as part of a competitive grants program taking into account a number of criteria, including overall value for money of projects (The Program’s Round Three Guidelines May 2012, page 9, <http://www.environment.gov.au/water/programs/srwui/pubs/on-farm-guidelines-r3.pdf>).

In-principle funding awarded by the Minister for Sustainability, Environment, Water, Population and Communities (the Minister) includes infrastructure costs for sub-project works, as well as the administration component paid by the department to the Delivery Partner for undertaking the project management of the works.

Administration fees are nominated by Delivery Partners and are capped at eight per cent of total project costs (Program Frequently Asked Questions, <http://www.environment.gov.au/water/programs/srwui/pubs/faq-r3.pdf>).

Successful Applicants (Delivery Partners) are required to enter into a detailed Funding Agreement with the Commonwealth which includes requirements for regular progress and financial reporting. The Funding Agreement outlines mandatory independent auditing of Delivery Partners’ financial information regarding project costs and spending and contains provisions for recovering any unspent funds from the Delivery Partner. The draft Funding Agreement can be found on the On-Farm Irrigation Efficiency Program website at: <http://www.environment.gov.au/water/programs/srwui/pubs/draft-funding-agreement.pdf>.

- 6b. As stated in the Guidelines, the aim of the Program is to assist irrigators to modernise their on-farm irrigation systems, thus creating water savings that are shared between irrigators and the environment (On-Farm Irrigation Efficiency Program Round Three Guidelines May 2012, page 3, <http://www.environment.gov.au/water/programs/srwui/pubs/on-farm-guidelines-r3.pdf>)

The Guidelines also state that water entitlements must be legally owned and registered to be used by the Proponent when the Stage Two application form is submitted (the Program's Round Three Guidelines May 2012, page 4). Technical assessment by independent consultants (during Stage Two of the assessment process) validates the predicted water savings and the manner in which they are achieved (that is, from different irrigation technology upgrades).

Further, the department works closely with Delivery Partners who monitor Proponent Projects closely to ensure that the timely progression of activities into infrastructure milestones.

- 6c. The Guidelines clearly outline the activities that are ineligible for funding including "projects seeking to establish irrigation on farms not previously irrigated or new irrigation districts" (On-Farm Irrigation Efficiency Program Round Three Guidelines May 2012, page 7). Therefore, projects proposed for installing new irrigation equipment on Greenfield properties will not pass the assessment process.

Consideration of future connection to irrigation services occurs during Stage One of the assessment process where applicants are asked to explain how the project links to water reforms included in Water Sharing and District Irrigation Modernisation plans.

- 6d. The Program places the responsibility of acquiring any required approvals with the Delivery Partner.

The Program's Smartform, which is the avenue through which proponent sub-project information under the Stage Two applicant process is collected, includes a declaration by the Delivery Partner confirming that if the sub-project is approved, the Delivery Partner will obtain all the necessary legal and statutory clearances from authorities at all levels of Government. This would need to be completed before the sub-project would be included in a Funding Agreement with the Commonwealth.

Water transfers to the Commonwealth are only commenced once a sub-project has been included in a Funding Agreement and therefore, all approvals should be in place before the proponent commences the water entitlement transfer process.

- 6e. Several processes are in place to guard against preferential treatment to suppliers of on-farm irrigation equipment and to ensure the assessment process is fair for all eligible applicants including the way the department will manage the following cases:

- where applicants are irrigation supply or install businesses;
- where a Delivery Partner is a member of a consortium including irrigation supply/install business/es; and
- where there may be a potential or actual conflict of interest.

Applicants who have irrigation supply/install businesses

As stated in the Program's Round Three Guidelines May 2012 (page 6), irrigation equipment suppliers may act as Delivery Partners only if irrigation product or service supply is an ancillary component of their business. An 'ancillary' business component is stipulated as generating 15 per cent or less of the total business income. Additional requirements are placed on Delivery Partners with an ancillary business component, including that Delivery Partners:

- “do not mandate particular suppliers of products or services” (including themselves);
- ensure a competitive process is conducted (that is, three quotes) before a proponent may select the products or services that the Delivery Partner supplies as part of its ancillary business; and
- in circumstances where the proponent chooses the Delivery Partner's products, the proponent must complete an approved form outlining why they purchased from the Delivery Partner and record details of the supply (including recording details of other quotes sought and received)” (Funding Guidelines, page 6).

Delivery Partners who have ancillary irrigation supply business components are subject to the same rigorous competitive grant assessment process as all applicants.

Applicants who are members of a consortium including irrigation supply/install businesses

The Guidelines outline that “Consortium members may supply and install equipment” (Program Guidelines page 7). However, if a proponent selects the services and/or equipment of a consortium member, the Delivery Partner will ask proponents to complete an approved form detailing why they purchased from the consortium member.

A Delivery Partner cannot mandate that proponents procure products or services from a consortium member (Program Guidelines page 7).

Where there is any potential or actual conflict of interest

Any conflict of interest (potential or actual) must be outlined in the Stage One application form and if any arise throughout the process it/they must be brought to the attention of the department immediately. Delivery Partners must satisfactorily explain and justify to the department how they will manage any actual or perceived conflicts of interest.

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

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

In-Principle funding details for the successful applicants under each Round of the Program announced to date are detailed at **Attachment A**.

8. The On-Farm Irrigation Efficiency Program is a competitive grants program open to eligible organisations within the Southern Connected System of the Murray-Darling Basin, encompassing the New South Wales Murray, Victorian Murray, South Australian Murray, Campaspe, Murrumbidgee, Goulburn, Broken, Loddon and the Lower Darling (south of Menindee Lakes) river catchments.

Funding is provided to successful applicants for projects that are assessed against the merit criteria stated in the publicly available Program Guidelines.

Attachment A provides details on Round Three Delivery Partners and the Catchment locations from where the expected water will be returned. In-Principle funding has been awarded in the amount of \$14.8 million to Irrigation Efficiency Partners and \$5.5 million for Fruit Growers Victoria Limited who will fund Proponent Projects specifically in Victoria. In addition, other successful Delivery Partners will also fund Proponent Projects within Victoria.

ATTACHMENT A

**Summary information regarding funding and proposed number of irrigators under
Rounds 1-3 of the On-Farm Irrigation Efficiency Program**

Delivery Partner	In-principle Funding awarded (GST excl)	Proposed number of irrigators	Delivery Partner proposed to return water from catchments in
ROUND ONE			
Australian Processing Tomato Research Council	\$11,710,000	22	Vic and NSW
Goulburn Broken Catchment Management Authority	\$25,820,000	291	Vic
Lachlan Catchment Management Authority	\$3,846,000	46	NSW
Murray Irrigation Limited	\$32,786,000	124	NSW
Ricegrowers' Association of Australia – Murray and Murrumbidgee	\$24,179,000	52	NSW
South Australian Murray Darling Basin Natural Resources Management Board	\$1,659,000	21	SA
ROUND ONE SUBTOTAL	\$100,000,000	556	
ROUND TWO			
Ricegrowers' Association of Australia – Murray	\$7,846,000	31	NSW
Australian Processing Tomato Research Council	\$23,133,000	35	Vic and NSW
Fruit Growers Victoria Limited	\$6,370,000	40	Vic
Goulburn Broken Catchment Management Authority	\$25,108,000	209	Vic
Irrigation Efficiency Partners	\$32,291,000	12	Vic and NSW
Lachlan Catchment Management Authority	\$2,296,000	2	NSW
Murray Irrigation Limited	\$34,820,000	184	NSW
Northern Victorian Fresh Tomato Industry Development Committee	\$4,635,000	9	Vic
South Australian Murray Darling Basin Natural Resources Management Board	\$13,501,000	100	SA
ROUND TWO SUBTOTAL	\$150,000,000	622	
ROUND THREE			
Ricegrowers' Association of Australia –Murrumbidgee	\$29,618,253	80	NSW
Waterfind	\$13,524,138	30	SA, Vic, NSW
South Australian Murray Darling Basin Natural Resources Management Board	\$36,541,238	204	SA, Vic, NSW
Irrigation Efficiency Partners	\$14,811,371	16	Vic
Fruit Growers Victoria Limited	\$5,505,000	17	Vic
ROUND THREE SUBTOTAL	\$100,000,000	347	
OVERALL TOTAL	\$350,000,000	1,525	

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

Program: Division or Agency: 4.1: WED **Question No:** 048

Topic: Strategic Sub-System
Reconfiguration

Proof Hansard Page and Date Written

or Written Question:

Senator McKenzie asked:

The Strategic Sub-System Reconfiguration in the Murray-Darling Basin program is funded for \$200 million over the next four years.

1. How much water is expected to be returned under this program?
2. What proportion of the \$200 million is expected to be spent on disconnection completion grants?
3. What proportion of the \$200 million is expected to be spent on the decommissioning of underutilised or inefficient off-farm water delivery infrastructure?
4. Could you name the irrigator industry leaders which were consulted in the design of this program, also identifying which peak body they were associated with?
5. Applications for this program opened on 18 February 2013. Please specify the number of applications and volumes of water expected to be returned under applications currently received? Also, please specify the date at which this question was answered?

Answer:

1. The volume of water returned through the Strategic Sub-System Reconfiguration in the Murray-Darling Basin Program (the program) will depend on the value of entitlements purchased by the Australian Government through successful projects, and the proportion of project funding which is directed to infrastructure reconfiguration and decommissioning.
2. The proportion of program funding that will be spent on disconnection completion grants will depend on the character of applications submitted by Irrigation Infrastructure Operators in partnership with their customers.
3. The proportion of program funding that will be spent on the decommissioning of underutilised or inefficient off-farm water delivery infrastructure will depend on the character of applications submitted by Irrigation Infrastructure Operators in partnership with their customers.

4. The following irrigation industry leaders were consulted in the design of this program:
 - Deb Kerr, National Farmers Federation.
 - Danny O'Brien, National Irrigators' Council.
 - Tom Chesson, National Irrigators' Council.
 - Col Thomson, National Irrigators' Council.
 - Trent Gardiner, Coleambally Irrigation Cooperative Limited, National Irrigators' Council.
 - John Culleton, Coleambally Irrigation Cooperative Limited.
 - Austin Evans, Coleambally Irrigation Cooperative Limited.
 - Stuart Ellis, Murray Irrigation Limited, National Irrigators' Council.
 - Kelvin Baxter, Murray Irrigation Limited.
 - Anthony Couroupis, Murray Irrigation Limited.
 - Jenni McLeod, Murray Irrigation Limited.
 - Gillian Kirkup, Murrumbidgee Irrigation, National Irrigators' Council.
 - Brett Tucker, Murrumbidgee Irrigation.
 - Raveen Jaduram, Murrumbidgee Irrigation.
 - Geoff Beard, Murrumbidgee Irrigation.
 - Rob Kelly, Murrumbidgee Irrigation.
 - Gavin McMahon, Central Irrigation Trust, National Irrigators' Council.
5. As at 7 March 2013, there have been no applications received under the program.
The closing date for the Expression of Interest phase of the program is 2 April 2013.

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

Program: Division or Agency: 4.1: WED **Question No:** 049
Topic: Water recovery
Proof Hansard Page and Date Written
or Written Question:

Senator McKenzie asked:

Eligible Catchments are defined as those catchments where surface water still needs to be recovered for the environment to bridge the gap to the sustainable diversion limits in the Basin Plan under this program.

Could you list the catchments where water still needs to be recovered and specify how much water needs to be recovered for each of these catchments?

Answer:

This information is regularly updated and can be found on the Department of Sustainability, Environment, Water, Population and Communities' website.
See <http://www.environment.gov.au/water/basin-plan/progress.html>
for the most up to date information in each catchment.

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

Program: Division or Agency: 4.1: WED **Question No:** 050

Topic: Funding for South Australian irrigators and communities

Proof Hansard Page and Date Written

or Written Question:

Senator Xenophon asked:

I refer to an answer to a Question on Notice the Department provided in supplementary Budget Estimates in October last year – question number 81. The answer stated: “Funding of \$530 million was committed for South Australian irrigators and communities under the 2008 Intergovernmental Agreement on Murray Darling Basin Reform on the priorities identified by the South Australian Government.”

1. Can the Department detail which projects have received funding as part of this \$530 million?
2. Can the Department provide any advice on how much is remaining in this fund?

Answer:

1. Up to \$530 million was committed to South Australia, subject to due diligence, for infrastructure related projects under the 2008 Intergovernmental Agreement on Murray-Darling Basin Reform.

Of this, up to \$110 million was allocated to the Private Irrigation Infrastructure Program for South Australia. A total of \$14.4 million has been allocated to projects under this program.

Other projects receiving funding under the \$530 million State Priority Project allocation include:

- up to \$120 million for the Lower Lakes Integrated Pipelines project, now completed (\$116.9 million was provided to the South Australian Government);
- up to \$89 million to the Riverine Recovery Project;
- up to \$162.8 million for the Coorong, Lower Lakes and Murray Mouth Project; and
- up to \$1.2 million for South Australia to undertake a feasibility study and to develop a business case for the River Murray Improvements Program.

On 26 November 2012, in-principle funding of up to \$155 million was announced for the Pike and Katarapko Floodplain Project. Of this, up to \$55 million has been set aside from remaining State Priority Project funding.

2. Approximately \$87.6 million remains in State Priority Project funding not yet committed to specific projects in South Australia.

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

Program: Division or Agency: 4.1: WED **Question No:** 051

Topic: Irrigation efficiency in South Australia

Proof Hansard Page and Date Written

or Written Question:

Senator Xenophon asked:

I refer to the answer provided on notice to question 84 asked in Supplementary Budget Estimates in October last year – the question was regarding Minister Burke’s 18 July 2012 announcement of \$1.2 million funding to explore proposals to improve irrigation efficiency in South Australia.

Has the South Australian Government submitted its final business case to the Commonwealth Government, as was required by 31 January?

Answer:

As at 5 March 2013, South Australia had not submitted the final business case for the River Murray Improvements Program to the Commonwealth.

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

Program: Division or Agency: 4.1: WED **Question No:** 052
Topic: Draft water recovery strategy
Proof Hansard Page and Date Written
or Written Question:

Senator Joyce asked:

What is the status of the draft water recovery strategy? When will that be finalised?

Answer:

The Commonwealth Government released a draft Environmental Water Recovery Strategy (the Strategy) for the Murray-Darling Basin for public consultation in November 2012.

At the request of stakeholders, the consultation period for the draft Strategy has been extended and will close on 22 March 2013. The timing for finalisation of the Strategy will depend on the nature and extent of comments received on the draft.

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

Program: Division or Agency: 4.1: WED **Question No:** 053

Topic: Water recovery toward the Murray-Darling Basin Plan target

Proof Hansard Page and Date Written

or Written Question:

Senator Joyce asked:

1. How much water has been recovered towards the Basin Plan target?
2. How much of the water recovered is through water buybacks?
3. How much of this water is from infrastructure savings?

Answer:

1. As at 31 January 2013, the Commonwealth Government has secured the recovery of surface water entitlements which will deliver, on average, 1,602.7 gigalitres each year for the environment. This includes water entitlements secured under the Restoring the Balance in the Murray-Darling Basin Program, the Sustainable Rural Water Use and Infrastructure Program, water gifted by the Queensland Government to the Commonwealth, and State Government and other recoveries.
2. As at 31 January 2013, the Commonwealth Government has secured the recovery of surface water entitlements which will deliver, on average, 1,119 gigalitres each year for the environment through water purchases made under the Restoring the Balance in the Murray-Darling Basin Program.
3. As at 31 January 2013, the Commonwealth Government has secured the recovery of surface water entitlements which will deliver, on average, 316 gigalitres each year for the environment through infrastructure savings made under the Sustainable Rural Water Use and Infrastructure Program.

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

Program: Division or Agency: 4.1: WED **Question No:** 054
Topic: SRWUIP – cost of water recovery
Proof Hansard Page and Date Written
or Written Question:

Senator Joyce asked:

I refer you to answer question 96 from the last estimates: “As at 30 September 2012, the volume-weighted average cost of entitlements secured by the Commonwealth in agreed Sustainable Rural Water Use and Infrastructure Projects in contract was \$4,872 per megalitre of entitlement, noting that this figure includes many different entitlement types of various levels of reliability.”

If recovery is going at about \$5,000 per ML, why is \$5.8 billion only due to deliver 600 GL?

Answer:

The Sustainable Rural Water Use and Infrastructure Program supports a wide range of activities across Australia, not just infrastructure projects to recover water that will bridge the gap to the new Sustainable Diversion Limit in the Murray-Darling Basin (the Basin). Examples of other activities include:

- Projects outside of the Basin, such as the Supporting More Efficient Irrigation Program in Tasmania and construction of the Harvey and Gascoyne pipelines in Western Australia where water savings remain in the region;
- Strengthening Basin Communities program, under which water savings are retained by the local communities;
- Murray Darling Basin Regional Economic Diversification Program, that will assist communities to meet the challenge of living in a water-constrained environment;
- Construction of infrastructure to improve environmental outcomes such as the Coorong and Lower Lakes activities;
- Construction of infrastructure to secure water supplies for farming and rural communities, such as the Integrated Pipelines Project in South Australia;
- Council of Australian Governments water reform activities, such as development of the National Water Market System and a national risk-based compliance and enforcement framework; and
- Other projects that involve analysis, assessment and planning activities, including the Irrigation Modernisation Planning Assistance program.

It should also be noted that the answer to Question 96 from Supplementary Budget Estimates in October 2012 referred to water entitlements, whereas the estimated water recovery of 600 gigalitres to bridge the gap is in Long Term Average Annual Yield terms.

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

Program: Division or Agency: 4.1: WED **Question No:** 055

Topic: SRWUIP – administered funding

Proof Hansard Page and Date Written

or Written Question:

Senator Joyce asked:

In an answer to question 98 from the last estimates you stated that: “It is anticipated that the total direct cost of recovering 600 gegalitres towards bridging the gap is around \$3.6 billion in administered funding.”

1. What happened to the other \$2.2 billion that was put in this fund?
2. Please provide a detailed consolidation of what the \$2.2 billion has been allocated?
3. Please provide estimates for expenditure under the Sustainable Rural Water and Infrastructure Program over the forward estimates?
4. Please identify what component of this spending has been contracted towards specific projects?

Answer:

1. See answer to question 54 Additional Budget Estimates, February 2013, for a description of projects being funded from the \$2.2 billion. Note also that all the Sustainable Rural Water Use and Infrastructure Program (SRWUIP) funding has not yet been allocated to specific projects, including components of the State Priority Project funding.
2. The table at **Attachment A** lists the current projects funded under SRWUIP as at 31 January 2013 that do not directly result in water savings that contribute to ‘bridging the gap’. This table does not include currently unallocated funds.
3. Estimates for SRWUIP administered expenditure in future years are in alignment with the budget appropriation and forward estimates for SRWUIP outlined in the table below. The allocation across SRWUIP elements each year will be determined in line with requirements of the various projects.

2012/13 \$ (m)	2013/14 \$ (m)	2014/15 \$ (m)	2015/16 \$ (m)	2016/17 \$ (m)
596	604	763	1,091	682

Note: Excludes appropriations to the Murray-Darling Basin Authority (\$69 million for the Hume Dam and Basin Plan Activities) and to the Department of Regional Australia, Local Government, Arts and Sport (\$100 million for the Murray Darling Basin Regional Economic Diversification Program) but includes SRWUIP funds appropriated to the Commonwealth Environmental Water Office.

4. As at 31 January 2013, approximately 65 per cent of the estimates for SRWUIP expenditure in future years are in contract, with the remaining proportion of funding being for new projects or those currently in negotiation.

Table 1 – Projects which do not directly contribute to ‘bridging the gap’ water savings.

SUSTAINABLE RURAL WATER USE AND INFRASTRUCTURE PROGRAM	
As at 31 January 2013	
PROGRAM/PROJECTS	Maximum Govt Funding Commitment (\$m)*
SA Integrated Pipelines Project	120.0
SA River Murray Improvement Program Feasibility and Business Case preparation	1.2
SA Regulators - Integrated Floodplain Infrastructure (from remaining SA State Priority Project funding)	55.0
SA Lower Lakes and Coorong Recovery Project	200.0
Qld Coal Seam Gas Project	5.0
NSW Healthy Floodplains Project	50.0
ACT Salt Reduction Strategy / Catchment Management	85.0
Orange Emergency Pipeline Project	20.0
Lithgow-Clarence Colliery Water Transfer Project	4.0
Supporting More Efficient Irrigation Program in Tasmania	140.0
Wimmera-Mallee Pipeline Project	99.0
Harvey Water Pipeline Project	35.0
Gascoyne Pipeline Project	6.6
Sustainable Yields Study of South West WA	5.2
Water For Rivers	6.3
Irrigation Hotspots Assessment Program	24.3
Strengthening Basin Communities Program	100.0
Small Block Irrigators Exit Grants	102.5
CEWO Water Holdings Management	182.6
National Hydrological Modelling Platform	5.7

MDB Basin Plan Activities (appropriated to MDBA over 3 yrs)	59.0
MDB Regional Economic Diversification Program (appropriate to the Department of Regional Australia, Local Government, Arts and Sport)	100.0
Snowy River Repayment of Mowamba Borrow	13.7
Strategic Subsystem Reconfiguration – infrastructure decommissioning	40.0
Environmental Works and Measures Feasibility	10.0
Irrigator Led Group Proposals - infrastructure decommissioning	0.8
Irrigation Modernisation Planning Assistance	6.9
Metering Test Facilities	6.9
National Water Market System	56.0
Compliance and Enforcement	60.0
Great Artesian Basin Shared Water Resource Assessment	3.1
'Water for the Future' communications	8.5
Other Supporting Costs - Due Diligence	35.0

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

Program: Division or Agency: 4.1: WED **Question No:** 056

Topic: Water buybacks - Moonie

Proof Hansard Page and Date Written

or Written Question:

Senator Joyce asked:

Are there any water buybacks planned for the Moonie in the future? If so, please provide details?

Answer:

In the northern Murray-Darling Basin, a Northern Basin Scientific Work Program has been established to investigate, inter alia, the shared downstream component of the Sustainable Diversion Limit and its apportionment. That work program is expected to be completed by the end of 2015.

The draft Environmental Water Recovery Strategy indicates that the Government's intention is to focus largely on the local component of water recovery in the northern basin until this work program is finalised.

Because the Basin Plan does not include a reduction in diversions to meet local environmental needs in the Moonie catchment, further water purchase activity is not envisaged there in the lead up to 2015.

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

Program: Division or Agency: 4.1: WED **Question No:** 057

Topic: Adelaide Desalination Plant

Proof Hansard Page and Date Written

or Written Question:

Senator Joyce asked:

1. Has the government paid the SA government all of the funds that it allocated towards the Adelaide Desalination Project?
2. If not, how much is left to be paid and over what time frame is it expected to be paid?
3. Has the Final Project Report for this project been completed?
4. Will the Final Project Report “evaluate the Project, including assessing the extent to which the objective has been achieved and explaining why any aspect were not achieved” as required by the implementation agreement?

Milestone number 2 of the agreement states that: “Agreement of the Murray Darling Basin Authority of a framework that ensures that the 6 gigalitre high reliability entitlement and the Environmental Provision will be available to offset the South Australian sustainable diversion limit established by the Basin Plan (Schedule 1 refers).”

5. Has this condition been met?
6. Has the Department finished guidelines for the Strategic Sub-System Reconfiguration program?

Answer:

1. Yes.
2. Not applicable.
3. Yes.
4. Yes.
5. Yes. The Murray-Darling Basin Authority agreed to the water accounting framework on 20 November 2012.
6. Yes. The program was announced on 13 February 2013. Guidelines may be obtained from: <http://www.environment.gov.au/water/policy-programs/entitlement-purchasing/sub-system-reconfiguration.html>.

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

Program: Division or Agency: 4.1: WED **Question No:** 058
Topic: SRWUIP – breakdown of program funding
Proof Hansard Page and Date or Written Question: Written

Senator Joyce asked:

Can you please provide a breakdown of every project or program funded under the Sustainable Rural Water Use and Infrastructure program? Please provide amounts that have been funded by financial year since the inception of the program and forecast amounts over the forward estimates for each program or project?

Answer:

Refer to the table below at **Attachment A** for a breakdown of the Sustainable Rural Water Use and Infrastructure Program (SRWUIP) programs and projects and expenditure to date.

Estimates for SRWUIP administered expenditure in future years are in alignment with the budget appropriation and forward estimates for SRWUIP outlined in the table below. The allocation (within SRWUIP) each year will be determined in line with the actual requirements of the various projects.

2012-13 \$ (m)	2013-14 \$ (m)	2014-15 \$ (m)	2015-16 \$ (m)	2016-17 \$ (m)
596	604	763	1,091	682

Note: Excludes appropriations to the Murray Darling Basin Authority (\$69 million for the Hume Dam and Basin Plan Activities) and forecasted appropriations to the Department of Regional Australia, Local Government, Arts and Sport (\$100 million for the Murray Darling Basin Regional Economic Diversification Program) but includes SRWUIP funds appropriated to the Commonwealth Environmental Water Office.

SUSTAINABLE RURAL WATER USE AND INFRASTRUCTURE PROGRAM – Program expenditure to date

As at 31 January 2013

PROGRAM/ PROJECTS	2007-08 (\$m)	2008-09 (\$m)	2009-10 (\$m)	2010-11 (\$m)	2011-12 (\$m)	2012-Jan 2013 (\$m)
State Priority Projects						
South Australian Projects	-	29.1	104.9	22.6	33.2	9.8
Victorian Projects	-	-	2.5	0.0	167.9	24.5
Queensland Projects	-	1.6	0.0	12.2	7.6	2.5
NSW Projects	-	0.2	16.8	7.8	31.4	20.0
ACT Project	-	-	0.2	0.2	0.0	0.0
Commonwealth-led SPPs	-	-	0.3	43.3	146.2	10.6
Project Commitments						
On-Farm Irrigation Efficiency Program including pilots	-	0.0	3.0	62.7	68.3	35.5
Strengthening Basin Communities Program	-	-	0.9	10.3	26.1	4.2
Supporting More Efficient Irrigation Program in Tasmania	-	2.2	20.1	3.1	26.7	1.2
Menindee Lakes Project	-	2.1	13.4	5.6	1.9	0.1
Orange Emergency Pipeline Project	-	-	-	2.0	0.0	0.0
Lithgow-Clarence Colliery Water Transfer Project	-	0.0	0.3	0.0	0.2	0.0
Wimmera-Mallee Pipeline Project	78.0	20.0	-	-	-	-
Harvey Water Pipeline Project	35.0	-	-	-	-	-
Gascoyne Pipeline Project	-	-	1.7	1.0	4.0	-
Small Block Irrigators Exit Grants	-	-	48.2	0.8	-	-
National Water Market System	-	-	3.4	6.2	6.9	5.5
Compliance and Enforcement	-	-	-	2.4	10.3	10.0
CEWO Management of Water Holdings and NSW Shepherding	-	-	-	24.8	21.4	0.8

PROGRAM/ PROJECTS (cont.)	2007-08 (\$m)	2008-09 (\$m)	2009-10 (\$m)	2010-11 (\$m)	2011-12 (\$m)	1 Jul 12- 31Jan 13 (\$m)
Sustainable Yields Study of South West WA	-	3.1	2.1	-	-	-
Water for Rivers	6.3	-	-	-	-	-
Irrigation Hotspots Assessment Program	0.7	0.6	0.6	0.1	-	-
National Hydrological Modelling Platform	-	-	-	0.0	2.3	0.8
Snowy River Repayment of Mowamba Borrow	-	-	-	13.7	-	-
Environmental Works and Measures Feasibility Studies	-	-	-	-	4.6	1.8
Irrigation Modernisation Planning Assistance	1.4	2.4	1.1	0.5	0.2	0.0
Metering Test Facilities	0.6	1.9	0.7	0.1	0.0	0.0
Great Artesian Basin Shared Water Resource Assessment	-	-	-	-	1.9	0.0
Water for the Future communication	-	-	-	4.1	0.0	0.0
Other Supporting Costs - Due Diligence	-	-	0.8	2.3	2.0	1.6

Allow for minor rounding

Excludes funds appropriation to other agencies but includes SRWUIP funds appropriated to the Commonwealth Environmental Water Office.

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

Program: Division or Agency: 4.1: WED **Question No:** 059

Topic: Progress of water buyback programs
in Queensland

Proof Hansard Page and Date Written

or Written Question:

Senator Joyce asked:

1. What progress has been made on water buyback and water use efficiency (healthy headwaters) projects in Queensland?
2. What money has been spent in Queensland to date?

Answer:

1. As at 31 January 2013, the Australian Government has secured the recovery of water entitlements in Queensland which will deliver, on average, 48.3 gigalitres each year for the environment. This includes:
 - 34.7 gigalitres of secured water purchases;
 - 3.0 gigalitres received or scheduled for transfer under infrastructure works contracts; and
 - 10.6 gigalitres gifted by the Queensland Government to the Australian Government.
2. As at 31 January 2013, expenditure on water purchases in Queensland is \$64.3 million. Expenditure on infrastructure works contracts under the Queensland Healthy HeadWaters Water Use Efficiency Project was \$20.9 million and \$4 million on the Coal Seam Gas Water Feasibility Study.

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

Program: Division or Agency: 4.1: WED **Question No:** 060

Topic: Budget status

Proof Hansard Page and Date Written

or Written Question:

Senator Joyce asked:

1. Can the Department please provide a list of expenditure under each of the following programs for all financial years beginning 2007-08, and include the most up to date spending for the current financial year. Can the Department also provide forecast or projected for these programs over the forward estimates?
 - a. Restoring the Balance.
 - b. Sustainable Rural Water Use and Infrastructure.
 - c. National Water Security Plan for Cities and Towns.
 - d. National Urban Water and Desalination Plan.
 - e. Green Precincts Fund.
 - f. Water Smart Australia.
 - g. Water Resources Assessment and Research Grant.
 - h. Commonwealth contribution under the Murray-Darling Basin Agreement.
 - i. Coal Seam Gas and Coal Mining Impacts on Water.

Answer:

1. Consolidated responses to the question are given in the two tables below for administered expenditures.

**Table 1: Expenditure by financial year from 2007/08 to current
(year to date 28 February 2013)**

All figures are GST exclusive.

Expenditure Administered Program Funding Summary	2007/08 \$'000	2008/09 \$'000	2009/10 \$'000	2010/11 \$'000	2011/12 \$'000	2012/13 YTD (to 28/02/13) \$'000
a. Restoring the Balance in the Basin	33,059	371,706	780,188	357,657	540,896	70,975
b. Sustainable Rural Water Use and Infrastructure	122,001	63,485	213,725	225,646	563,020	171,924
c. National Water Security Plan for Cities and Towns	10,000	13,041	13,659	17,240	83,976	26,111
d. National Urban Water and Desalination Plan	-	24,000	92,812	51,001	320,165	71,583
e. Green Precincts	-	500	5,097	5,188	2,434	-
f. Water Smart Australia	376,000	144,068	183,034	156,409	29,764	442
g. Water Resources Assessment and Research Grant	175	145	159	-	175	-
h. Commonwealth contribution under the Murray Darling Basin Agreement	-	-	-	-	-	14,490
i. Coal Seam Gas and Coal Mining Impacts on Water – National Partnership payments to Signatory States	-	-	-	-	19,700	-

Table 2: Forecast expenditure over the forward estimates

All figures are GST exclusive.

Budget	2012/13	2013/14	2014/15	2015/16	2016/17
Administered Program Funding Summary	\$'000	\$'000	\$'000	\$'000	\$'000
a. Restoring the Balance in the Basin *	120,671	130,013	329,190	430,400	550,271
b. Sustainable Rural Water Use and Infrastructure	595,686	604,372	762,753	1,091,011	681,841
c. National Water Security Plan for Cities and Towns	60,676	24,819	8,910	2,945	-
d. National Urban Water and Desalination Plan	124,829	35,110	28,109	13,860	-
e. Green Precincts	-	-	-	-	-
f. Water Smart Australia	9,000	-	-	-	-
g. Water Resources Assessment and Research Grant	175	175	175	175	175
h. Commonwealth contribution under the Murray Darling Basin Agreement	19,486	20,266	21,077	22,300	-
i. Coal Seam Gas and Coal Mining Impacts on Water – National Partnership payments to Signatory States	10,000	20,000	-	-	-

* Note that the forecast Restoring the Balance in the Basin expenditure in 2015/16 and 2016/17 has provision for expenditure on “supply measures” (that is, environmental works and measures) approved through the operation of the Sustainable Diversion Limit Adjustment Mechanism under the Murray-Darling Basin Plan.

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

Program: Division or Agency: 4.1: WRD **Question No:** 061

Topic: Murray-Darling Basin Plan – date of agreement for the shared reduction in water availability

Proof Hansard Page and Date or Written Question: 35-36
(12/2/13)

Senator Ruston asked:

Senator RUSTON: I am talking longer term, but I am sure my colleagues will pursue that one. I want to ask you a couple of specific questions. What was the date when the Basin states agreed to their contribution of the shared reduction targets? You may need to take that on notice. The southern connected Basin.

Mr Slatyer: I will have to take that precise date on notice.

Page 36

Mr Parker: Senator, I just want to ask a question for clarification: when you were talking about shared reduction targets, there might be two things that you were talking about. One is the shared reduction in the water availability under the Murray-Darling Basin Plan; the other is the reduction in the budget. So there would be two different answers to that question.

Senator RUSTON: Water.

Mr Parker: It is the water one. Right, thank you.

Senator RUSTON: If you could get me that date.

Answer:

The apportionment of the shared reductions in surface water to meet the Sustainable Diversion Limits in the Murray-Darling Basin Plan was agreed by the Commonwealth, New South Wales, Victorian, South Australian, Queensland and the Australian Capital Territory governments on 30 October 2012.

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

Program: Division or Agency:	4.1: WRD	Question No:	062
Topic:	Negotiation of the Intergovernmental Agreement		
Proof Hansard Page and Date or Written Question:	37 (12/2/13)		

Senator Birmingham asked:

Senator BIRMINGHAM: ...The communique from the Murray-Darling Basin Ministerial Council meeting of 30 November states that 'substantial outstanding issues remain' in relation to the negotiation of the intergovernmental agreement. Can you identify any of the substantial outstanding issues that have been resolved since that 30 November meeting?

Dr Grimes: If it would assist at all, probably the best we could do is take something on notice and see if we can provide you with further information.

Answer:

While substantial progress has been made to resolve outstanding issues associated with the proposed Intergovernmental Agreement on Implementing Water Reform in the Murray-Darling Basin, there are a number of issues that remain the subject of discussion.

Until negotiations are complete it would be inappropriate to discuss details.

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

Program: Division or Agency:	4.1: WRD	Question No:	063
Topic:	Scoping study on managing Lake Albert and the Narrung Narrows		
Proof Hansard Page and Date or Written Question:	46		
	(12/2/13)		

Senator Birmingham asked:

Senator BIRMINGHAM: ...On 1 November last year, funding of over \$668,000 towards a scoping study of future directions in managing Lake Albert water quality and the Narrung Narrows. When will that scoping study be undertaken and have milestones to date in provision of that funding been met?

Mr Slatyer: The scoping study I understand is underway. We would have to take on notice the precise milestone deliverables under that project. I do not have those with me.

Answer:

Work on the scoping study has commenced, however the South Australian Government has yet to sign the funding agreement for the project, which will include the relevant milestones.

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

Program: Division or Agency: 4.1: WRD **Question No:** 064

Topic: Scoping study on Lake Albert water quality and the Narrung Narrows

Proof Hansard Page and Date or Written Question: Written

Senator Birmingham asked:

1. When will the 'scoping study of future directions in managing Lake Albert Water Quality and the Narrung Narrows' be completed?
2. Is there a timeframe for works the study may identify?

Answer:

1. The findings of the scoping study are expected to be delivered in the first half of 2014.
2. There is no timeframe for the works the study may identify.

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

Program: Division or Agency: 4.1: WRD **Question No:** 065

Topic: Status of the Intergovernmental Agreement on Murray-Darling Basin Reform

Proof Hansard Page and Date or Written Question: Written

Senator McKenzie asked:

The IGA setting out how the Murray-Darling Basin plan will operate and what costs will be borne by individual governments was initially expected to be released alongside the final basin plan last year. This did not occur.

1. Can you give a status report on the current negotiations?
2. When do you expect the IGA to be signed off by the states?
3. Can you give an order of magnitude expected cost to the Commonwealth (at the present stage of negotiations) of this IGA?

Answer:

1. Negotiations between senior officials from the Commonwealth, New South Wales, Victoria, South Australia, Queensland and the Australian Capital Territory around the proposed Intergovernmental Agreement on Implementing Water Reform in the Murray-Darling Basin continue.
2. The department is not able to anticipate when the proposed Intergovernmental Agreement on Implementing Water Reform in the Murray-Darling Basin will be agreed for signature by first ministers.
3. All costs the Commonwealth anticipated under the proposed Intergovernmental Agreement on Implementing Water Reform in the Murray-Darling Basin fall within the funding already allocated under the Commonwealth Government's *Water for the Future* program. It would not be appropriate to disclose further financial details that are currently subject to negotiation in good faith.

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

Program: Division or Agency: 4.1: WED **Question No:** 066

Topic: The Water Amendment (Water for the Environment Special Account) Bill 2012

Proof Hansard Page and Date Written

or Written Question:

Senator McKenzie asked:

1. During the Senate Environment and Communication inquiry into the Water Amendment (Water for the Environment Special Account) Bill 2012 it was indicated that the on farm “water efficiency grants” funded under this Bill would be different from those funded by the Sustainable Rural Water Use and Infrastructure component of Water for the Future. Could you please explain in detail the differences in between these two programs with respect to? :-
 - a. The sharing of water savings achieved.
 - b. The value of the investment in terms of expected \$ per megalitre generated.
 - c. Any differences in the administration of the investment.
2. When do you expect the first round of the “water efficiency grants” to be announced?
3. What will be the size (\$) of the first tranche of funding for the “water efficiency grants”?
4. Schedule 1 (86AG) of Bill list amounts to be credited to the Water for the Environment Special Account are listed over a period of 10 years. Could you please in general terms specify the percentage of funding that will be attributed to the components of the Bill (i.e. administration, constraints removal etc) for each of those years?
5. Is it envisaged that the Bill will provide funding for the purchasing of flood easements from private land owners?
6. What studies have been completed by the MDBA to examine the potential flooding impacts of increased river flows to date in the upper Goulburn?
7. Will the potential flooding impacts be a major component of the constraints removal study? Will this information be made public?
8. Could you describe the contribution and or the involvement each of the following interested parties will be expected to make as a part of the constraints removal study? :-
 - a. Floodplain landholders.
 - b. Basin State Governments.
 - c. MBDA.

- d. Consultants.
 - e. Catchment Management Authorities.
 - f. River Operators and Water Authorities.
 - g. Other Commonwealth Departments.
9. How much money will the constraints removal study cost?
10. Will water buybacks be a part of the methods used to secure 450 GL of water for this Bill? If yes, in what circumstances would this occur? If no, is there anything in the legislation to prevent this happening?
11. What additional resources will be required by the MDBA to administer the \$1.77 billion, 450 GL Water for the Environment Special Account?

Answer:

Note that the Water Amendment (Water for the Environment Special Account) Bill 2012 has received Royal Assent, and as such is referred to below as the Water Amendment (Water for the Environment Special Account) Act 2013.

The Guidelines for the programs to be funded by the Water for the Environment Special Account have yet to be developed, however in response to your questions, potential features are explained below:

- 1a. Under existing Sustainable Rural Water Use and Infrastructure Program (SRWUIP) on-farm programs, a proportion of water savings are generally retained by the irrigator, whereas under the Special Account-funded activities, 100 per cent of water savings would be returned to the Commonwealth Government. See also answer to Question 10. The 100 per cent return is envisaged as being a combination of half return for infrastructure project investment, and the other half as a linked water sale from the participating irrigator to the Commonwealth Government at market value.
 - b. It is expected that investment in on-farm infrastructure under the *Water Amendment (Water for the Environment Special Account) Act 2013* (the Act) would at least match the value for money currently being achieved through the existing SRWUIP On-Farm Irrigation Efficiency Program.
 - c. At this time, there are not expected to be any significant changes from the range of existing on-farm activities funded under SRWUIP.
2. Announcements are expected in 2015/16.
3. The size of the first tranche of water recovery activities will depend on industry response and uptake of the new initiative and the level of value for money proposals.
4. Of the Special Account, \$200 million has been set aside for the removal of constraints. Actual expenditure in individual years for constraints removal will be informed by the recommendations of the Constraints Management Strategy (the Strategy).

Administration is expected to be a minor component, primarily relating to preparation of Annual Reports as required by the legislation. The Act does not allow the cost of administrative salaries to be deducted from the Special Account.

5. The Murray-Darling Basin Authority (the Authority) is required under the Murray-Darling Basin Plan (the Basin Plan) to develop a Constraints Management Strategy by November 2013. This Strategy will make recommendations to governments on how to address constraints in the Murray-Darling Basin (the Basin) in order to improve environmental outcomes and make the best use of the environmental water that is available. The scope for negotiating further flood easements is one option that will be canvassed in the Strategy.
6. There have been initial consultations with the Victorian Government on flow delivery constraints in the Goulburn catchment generally. The Authority is also conducting flood inundation analysis to inform development of the Strategy.
7. Flood inundation modelling and mapping will be undertaken as a component of the Strategy. This work will help identify areas of land that may be inundated at a range of flow heights and will inform consultation with landholders whose properties are adjacent to key constraints.

8.

a. Floodplain landholders.

The Authority will provide opportunities for landholders to contribute to the identification of constraints, measures for addressing them, and any concerns about possible negative impacts associated with such measures.

b. Basin State Governments

The Authority will work with Basin State governments to identify constraints and options for addressing them, and consult them in all stages of development of the Strategy.

The decision to act on any recommendations in the strategy will be for the Basin State and Commonwealth governments to make.

c. MBDA

The Authority is developing the Strategy in consultation with governments and the community. It will provide ongoing technical advice and report to the Ministerial Council on implementation of the Strategy, and (depending on which measures are agreed) may have a role in implementation of specific measures.

d. Consultants

The Authority may use consultants if required to assist in the development of the Strategy. Governments may decide to use consultants to assist with detailed design of measures once they are agreed.

e. Catchment Management Authorities

The Authority will consult with all relevant Catchment Management Authorities in developing the Strategy.

f. River Operators and Water Authorities

The Authority will consult with all relevant River Operators and Water Authorities in developing the Strategy.

g. Other Commonwealth Departments

The Authority will consult with the Department of Sustainability, Environment, Water, Population and Communities (the department) and the Commonwealth Environmental Water Holder in developing the Strategy. The department will have a key role in implementing the Strategy, including management of funds available under the Special Account.

9. Development of the Strategy will be funded from the Authority's 2013/14 departmental appropriation.
10. Section 86AD 2 (Note 1) of the Act and Chapter 7 of the Basin Plan specify that water access rights may be purchased only in conjunction with improving irrigation water use efficiency on farms (that is, not by means of general tenders), or through an alternate arrangement proposed by a Basin State which ensures no social or economic downside for communities.
11. Nil. The Special Account will be administered by the department.

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

Program: Division or Agency: 4.1: WRD **Question No:** 067

Topic: Status of the Intergovernmental Agreement

Proof Hansard Page and Date Written

or Written Question:

Senator Joyce asked:

1. Which States continue to have disputes over aspects of the Intergovernmental Agreement?
2. What are the major issues outstanding?
3. Is there a draft version of an Intergovernmental agreement?
4. If so, how many versions of the draft have been circulated among States?

Answer:

- 1-2. Negotiation of the terms of an Intergovernmental Agreement on Implementing Water Reform in the Murray-Darling Basin is not yet complete. Until negotiations are complete, it would be inappropriate to discuss details of negotiations.
3. Without-prejudice drafts of the proposed Intergovernmental Agreement on Implementing Water Reform in the Murray-Darling Basin have been circulated to and discussed with Murray-Darling Basin states (Basin states).
4. Approximately twenty successive versions of the proposed Intergovernmental Agreement on Implementing Water Reform in the Murray-Darling Basin have been circulated to and discussed with Basin states.