

Senate Finance and Public Administration Legislation Committee

ANSWERS TO QUESTIONS ON NOTICE

National Water Commission

Additional Estimates Hearings 2005-06

Smart Water Fund

(Question No. PM61)

Senator Evans asked:

1. Have any projects been funded under the \$1.6B Smart Water Fund? Please provide a table covering projects being funded and also those being considered. Please include timelines and targets for river and water health.
2. Where is decision making up to on applications for funding from the Smart Water Fund?
3. Was funding for the Mackay waste water recycling project from the Smart Water Fund?
4. If so, what was the funding and when was it provided?
5. Noting that a number of other projects which were announced by Prime Minister during the 2004 election (listed below), when will the other projects receive their funding?
 - Waterproofing Adelaide,
 - Water efficiency in Sydney housing developments;
 - Irrigation channels in the Wimmera-Mallee (Vic), Channel Distribution Efficiency Program (Qld) & Harvey Water (WA);
 - Channel control technology in Macalister River (Vic);
 - Bundaberg groundwater project.
6. What stage is analysis of and consultation regarding the projects up to?
7. Are the relevant groups and State Governments being consulted?
8. Are projects being funded under the \$1.6B Smart Water Fund are being assessed on a competitive basis?
9. How are the Auditor General's concerns about the NHT being factored into the handling of the \$2B of water spending?
10. Are there measurable environmental quality targets?
11. Is there a regional delivery model or any delivery model?
12. Given the National Water Standards program has a total value of \$200 million over 5 years, how many projects does PM&C expect be funded?
13. What measures is PM&C putting in place to ensure project quality control and accountability for expenditure under the National Water Standards program?

Answer:

1. Funding from the Australian Government Water Fund has been announced for the following projects across Australia worth over \$1 billion:

| State | WSA Projects Approved | Announcement date | Total Project Cost | AGWF Contribution |
|-------|--|-------------------|--------------------|-------------------|
| QLD | Mackay Wastewater Recycling Project | 19 May 2005 | \$86,400,000 | \$28,800,000 |
| QLD | Gold Coast-Capturing Water Loss Through Pressure Reduction | 19 May 2005 | \$9,450,000 | \$3,150,000 |
| QLD | Bundaberg Groundwater Feasibility Study | 19 May 2005 | \$500,000 | \$250,000 |
| NSW | Achieving Sustainable Groundwater Entitlements | 9 June 2005 | \$160,000,000 | \$55,000,000 |
| VIC | Wimmera – Mallee Pipeline | 24 June 2005 | \$501,000,000 | \$167,000,000 |
| VIC | Macallister Irrigation District channel Automation Project | 24 June 2005 | \$41,000,000 | \$20,000,000 |
| VIC | Eastern Water Recycling Proposal – Feasibility Study | 24 June 2005 | \$4,500,000 | \$1,000,000 |
| SA | Sustainable Management of Water Resources in the Mt Lofty Ranges | 7 Oct 2005 | \$51,300,000 | \$13,900,000 |
| SA | Metropolitan Adelaide Major Irrigators Stormwater Re-use Project | 7 Oct 2005 | \$6,500,000 | \$2,350,000 |
| SA | Virginia Pipeline Scheme Extension | 7 Oct 2005 | \$4,070,000 | \$2,035,000 |
| QLD | NQ Water – Supply Upgrade | 28 Oct 2005 | \$48,000,000 | \$40,000,000 |

| State | WSA Projects Approved | Announcement date | Total Project Cost | AGWF Contribution |
|----------|--|-------------------|--------------------|---------------------------|
| Tas | Better Information for Better Outcomes - Enhancing Water Planning in Tasmania | 4 Nov 2005 | \$3,190,000 | \$2,500,000 |
| NSW | Hunter and Gosford-Wyong Regional Water Sharing Project | 22 March 2006 | \$37,760,000 | \$6,610,000 |
| NSW | Chatswood CBD & Civic Place Integrated Water Management | 22 March 2006 | \$5,640,000 | \$1,880,000 |
| NSW | Albury - Multi-source, Multi-purpose Water Conservation and Harvesting Project | 22 March 2006 | \$4,960,000 | \$1,500,000 |
| NSW | Water Loss Management Programme for NSW Regional Water Utilities | 22 March 2006 | \$22,160,000 | \$7,390,000 |
| QLD | Water Futures Toowoomba – recycling project | 24 March 2006 | \$67,800,000 | \$22,916,000 |
| National | Implementation of the Smart Approved Water Mark | 30 March 2006 | \$1,880,000 | \$1,180,000 |
| National | Delfin Lend Lease – Grey water reuse and demonstration sites | 30 March 2006 | \$4,400,000 | \$2,000,000 (contingency) |
| National | SKM- Groundwater – Surface Water Interaction | 30 March 2006 | \$1,990,000 | \$1,350,000 |
| WA | Restoration of the Groundwater Aquifer on the Cottesloe Peninsula | 5 April 2006 | \$2,350,000 | \$782,000 |
| NT | Roper River Region, Gulf of Carpentaria water study | 7 April 2006 | \$1,650,000 | \$787,000 |
| NT | Yulara Soil Aquifer Treatment and Indirect Potable Reuse Scheme | 7 April 2006 | \$1,300,000 | \$367,000 |
| NT | Katherine/Daly & Darwin regions water resource planning | 7 April 2006 | \$2,050,000 | \$877,000 |

| State | WSA Projects Approved | Announcement date | Total Project Cost | AGWF Contribution |
|-------|--|-------------------|--------------------|-------------------|
| QLD | Redevelopment of the Dalby water supply – use of coal seam methane water | 21 April 2006 | \$10,000,000 | \$3,300,000 |
| QLD | Hervey Bay - Smart Metering and Sustainable Water Pricing Initiative | 21 April 2006 | \$5,400,000 | \$2,600,000 |
| SA | Berri - Environmental Water Trading System | 28 April 2006 | \$795,000 | \$705,000 |
| SA | Advancing knowledge of fractured rock groundwater systems – Mount Lofty Ranges, Northern Adelaide Plains and Kangaroo Island | 28 April 2006 | \$3,040,000 | \$1,520,000 |
| SA | Groundwater management in the South East | 28 April 2006 | \$12,630,000 | \$6,249,000 |
| SA | Riverland irrigation districts - Remote reading of irrigation water meters | 28 April 2006 | \$9,900,000 | \$2,020,000 |

Further information about the announced projects is available from the National Water Commission's website at www.nwc.gov.au.

2. The Commission has concluded its assessment of almost all applications from the first call for applications, and applicants have been advised of the outcome.
3. Yes
4. Refer to answer 1 for details
5.
 - Waterproofing Adelaide – the election commitment ‘*South Australia – A More Sustainable Future*’ referred specifically to three Waterproofing Adelaide projects:
 - i reuse of water from the Glenelg waste water treatment plant;
 - ii extending reuse from the Bolivar wastewater treatment plant to the Northern Adelaide plains; and
 - iii extending reuse from Christies Beach waste water treatment plant through the Wilunga Basin area.

(i) The Commission has been working with SA Water on an application for the ‘Glenelg to Adelaide Parklands’ proposal that meets the election commitment to reuse water from the Glenelg waste water treatment plant.

A revised application is being assessed by the Commission, however, the South Australian government has not yet confirmed its funding for the project

(ii) The approved project ‘Virginia Pipeline Scheme Extension’ addresses the election commitment to extend reuse from the Bolivar wastewater treatment plant to the Northern Adelaide plains.

(iii) The City of Onkaparinga is developing a proposal for the next round of Water Smart Australia which the Commission anticipates will address the election commitment to extend reuse from the Christies Beach waste water treatment plan.

- Water efficiency in Sydney housing developments – The “Securing Australia’s Water Future” election policy document cited improving water-use efficiency in new urban developments as an example of the type of initiative that the Australian Government Water Fund could support. The Australian Government Water Fund is supporting projects to help reduce urban water consumption on a national scale:
 - i. The funding announced for the Delfin Lend Lease project ‘Grey water reuse and demonstration sites’ will demonstrate water use efficiencies that could be applied to new housing developments across the country;
 - ii. The potential for stormwater harvesting and reuse in high density urban centres will be demonstrated by the Chatswood CBD & Civic Place development in Sydney; and
 - iii. The Implementation of the Smart Approved Water Mark Scheme will increase the rate of adoption by householders of water efficient products for outdoor water use, to compliment the Water Efficiency Labelling and Standards Scheme (WELS) for indoor household water-using products.
- Irrigation channels in the Wimmera-Mallee (Vic) – this commitment was addressed by the ‘Wimmera-Mallee Pipeline’ project announced on 24 June 2005.
- Channel Distribution Efficiency Program (Qld) – the National Water Commission is working with the State government to identify further projects for funding.
- Harvey Water (WA) – The National Water Commission understands that the WA state government intends to seek funding from the Water Smart Australia programme for Harvey Water. Harvey Water, as a private irrigation corporation, could also apply in its own right.
- Channel control technology in Macalister River (Vic) – this commitment was addressed by the ‘Macallister Irrigation District channel Automation Project’ announced on 24 June 2005.

- Bundaberg groundwater project – this commitment was addressed by the ‘Bundaberg Groundwater Feasibility Study’ project announced on 19 May 2005.
6. The projects listed at 5 (above) are at various stages depending on when, or if, proposals have been submitted, approved and announced. Most announced projects are under-way, however, the process of finalising funding agreements with the Victorian and South Australian governments has been slow.
 7. Yes, the Commission has regular contact with state and territory governments across a range of issues. State and territory governments are consulted about Water Smart Australia proposals in their state or territory that the Commission is recommending for funding. Other relevant groups are consulted about projects as appropriate. The Commission also runs broader stakeholder engagements processes, such as a Stakeholder Forum held on 10 March and a workshop for the irrigation sector held on 29-30 March.
 8. Yes, competitive bidding is the primary mechanism for allocating funding for Water Smart Australia.
 9. The Auditor General’s concerns in relation to the NHT about the need for effective programme monitoring and evaluation are being factored into the National Water Commission’s monitoring and evaluation processes. As a condition of funding, each proponent is required to provide a final report evaluating the extent to which the project achieved the agreed objectives. The funding agreements will also make provision for evaluation of projects by a third party nominated by the Commission.
 10. The Water Smart Australia programme aims to accelerate the development and uptake of smart technologies and practices in water use across Australia. Projects will deliver measurable environmental benefits and other benefits such as water savings. The Natural Resource Management Ministerial Council has developed a comprehensive set of performance indicators for the National Water Initiative, in consultation with the National Water Commission.
 11. The National Water Commission administers the Water Smart Australia programme through a nationally competitive bidding process. Approved projects for Water Smart Australia are delivered by the relevant proponents.

12. Raising National Water Standards is managed by the National Water Commission, not the Department of Prime Minister and Cabinet. The programme is a high-level strategic programme. The objective of the programme is to better manage water resources through improving capacity to monitor, evaluate and report on water resources at the national, regional and catchment level, improving knowledge, information and skills needed to better manage our water resources and enhancing innovation for rural and urban water use efficiency.

Investment will be targeted at identified gaps and opportunities required to accelerate the pace of national water reform. This will include activities that will achieve better outcomes when undertaken on a national basis and where cross-jurisdictional compatibility is required and will cover issues such as: water accounting and assessment of water resources, water pricing and trading, groundwater, irrigation water, urban water planning and management and water –dependent ecosystems.

13. The National Water Commission, in administering the Raising National Water Standards programme will use standard financial agreements and contracts similar to those used by the Commission for the Water Smart Australia programme. These agreements and contracts subject all parties to a funding agreement that describes the terms and conditions of funding, the responsibilities of the parties, and details of the project. Together with the agreed terms and conditions, the contract will also contain attached schedules that will set out details of project specific matters, payment timetables, requirement for due recognition of all Australian Government funding contributions, reporting requirements and any other relevant matters as necessary. For audit and accountability purposes, applicants may be required to keep a separate account for money paid from the Australian Government Water Fund.

The applicant will be required to provide regular reports on the progress of their project once it has been approved, the timing of which will depend upon the size and duration of project. Additional reporting against agreed milestones that occur outside the regular reporting schedule might also be required. As part of the reporting requirement, applicants will be required to provide an annual audited financial statement that accounts for the year's expenditure of Australian Government Water Fund funding. In addition to regular progress reports, the Commission may also request ad hoc progress reports.

Third party audits of project proponent's records and processes, and of project quality and intended outcomes may also be undertaken.