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Proof Committee Hansard

SENATE

RURAL AND REGIONAL AFFAIRS AND TRANSPORT
LEGISLATION COMMITTEE

Estimates

(Public)

FRIDAY, 26 OCTOBER 2018

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SENATE

RURAL AND REGIONAL AFFAIRS AND TRANSPORT LEGISLATION COMMITTEE

Friday, 26 October 2018

Members in attendance: Senators Gallacher, McGrath, Patrick, Storer.

CROSS-PORTFOLIO MURRAY-DARLING BASIN PLAN MATTERS

In attendance

Senator Ruston, Assistant Minister for International Development and the Pacific

Commonwealth Environmental Water Office

Ms Jody Swirepik, Commonwealth Environmental Water Holder

Mr Hilton Taylor, Assistant Secretary, Southern Water Use, Aquatic Science and Community Engagement Branch

Department of Agriculture and Water Resources

Agriculture and Water Resources Executive

Mr Daryl Quinlivan, Secretary

Mr Malcolm Thompson, Deputy Secretary

Water Policy Water Division

Mr Paul Morris, First Assistant Secretary

Mr Tim Fisher, Assistant Secretary, Murray-Darling Basin Policy Branch

Ms Lara Musgrave, Assistant Secretary, National Water Policy Branch

Mr John Robertson, Assistant Secretary, Sustainable Water Branch

Ms Mary Colreavy, Assistant Secretary, Water Recovery Branch

Mr Richard McLoughlin, Assistant Secretary, Basin Plan Commitments Taskforce

Murray-Darling Basin Authority (MDBA)

Mr Phillip Glyde, Chief Executive

Mr Russell James, Executive Director, Office of Compliance

Mr Colin Mues, Head of Science and Knowledge

Mr Carl Binning, Executive Director, Partnerships

Mr Andrew Reynolds, Executive Director, River Management

Ms Annette Blyton, Chief Operating Officer, Corporate Strategy and Services

Ms Kate Filor, Director Media and Education, Partnerships

Ms Megan Winter, Director Communications, Partnerships

Mr Brent Williams, General Manager, Compliance, Office of Compliance

Dr Peta-Joanne Derham, General Manager, Water Resource Plans and Basin Policy, Partnerships

Mr Harish Madan, Chief Finance Officer, Corporate Strategy and Services

Dr Matthew Coleman, Director, Riverine Connectivity, Science and Knowledge

Ms Deranie Jackson, Acting General Manager, Science and Evaluation, Science and Knowledge

Ms Jo Kneebone, General Manager, River Management Enhancement, River Management

Mr Pradeep Sharma, General Manager, Water Resources Group

Ms Kelly Casey, Chief Legal Officer, Corporate Strategy and Services

Dr Tony McLeod, General Manager, Sustainable Diversion Limits Accounting and Aboriginal Partnerships

Committee met at 09:01

CHAIR (Senator McGrath): I declare open this public hearing of the Senate Rural and Regional Affairs and Transport Legislation Committee. The Senate has referred to the committee the particulars of proposed expenditure for 2018-19 and related documents for the cross-portfolio Murray-Darling Basin Plan matters. The committee may also examine the annual reports of the departments and agencies appearing before it. The committee has before it a program listing agencies relating to matters for which senators have given notice. The committee has fixed Friday, 7 December 2018 as the date for the return of answers to questions taken on notice. Senators are reminded that any written questions on notice should be provided to the committee secretariat by close of business on Friday, 9 November 2018.

Under standing order 26, the committee must take all evidence in public session. This includes answers to questions on notice. I remind all witnesses that, in giving evidence to the committee, they are protected by

parliamentary privilege. It is unlawful for anyone to threaten or disadvantage a witness on account of evidence given to a committee and such action may be treated by the Senate as a contempt. It is also a contempt to give false or misleading evidence to a committee.

The Senate, by resolution in 1999, endorsed the following test of relevance of questions at estimates hearings. Any questions going to the operations or financial positions of the departments and agencies which are seeking funds in estimates are relevant questions for the purposes of estimates hearings. I remind officers that the Senate has resolved that there are no areas in connection with the expenditure of public funds where any person has a discretion to withhold details or explanations from the parliament or its committees unless the parliament has expressly provided otherwise. The Senate has also resolved that an officer of a department of the Commonwealth shall not be asked to give opinions on matters of policy and shall be given reasonable opportunity to refer questions asked of the officer to superior officers or to a minister. This resolution prohibits only questions asking for opinions on matters of policy and does not preclude questions asking for explanations of policies or factual questions about when and how policies were adopted. I particularly draw the attention of witnesses to an order of the Senate of 13 May 2009, specifying the process by which a claim of public interest immunity should be raised.

The extract read as follows—

Public interest immunity claims

That the Senate—

(a) notes that ministers and officers have continued to refuse to provide information to Senate committees without properly raising claims of public interest immunity as required by past resolutions of the Senate;

(b) reaffirms the principles of past resolutions of the Senate by this order, to provide ministers and officers with guidance as to the proper process for raising public interest immunity claims and to consolidate those past resolutions of the Senate;

(c) orders that the following operate as an order of continuing effect:

(1) If:

(a) a Senate committee, or a senator in the course of proceedings of a committee, requests information or a document from a Commonwealth department or agency; and

(b) an officer of the department or agency to whom the request is directed believes that it may not be in the public interest to disclose the information or document to the committee, the officer shall state to the committee the ground on which the officer believes that it may not be in the public interest to disclose the information or document to the committee, and specify the harm to the public interest that could result from the disclosure of the information or document.

(2) If, after receiving the officer's statement under paragraph (1), the committee or the senator requests the officer to refer the question of the disclosure of the information or document to a responsible minister, the officer shall refer that question to the minister.

(3) If a minister, on a reference by an officer under paragraph (2), concludes that it would not be in the public interest to disclose the information or document to the committee, the minister shall provide to the committee a statement of the ground for that conclusion, specifying the harm to the public interest that could result from the disclosure of the information or document.

(4) A minister, in a statement under paragraph (3), shall indicate whether the harm to the public interest that could result from the disclosure of the information or document to the committee could result only from the publication of the information or document by the committee, or could result, equally or in part, from the disclosure of the information or document to the committee as in camera evidence.

(5) If, after considering a statement by a minister provided under paragraph (3), the committee concludes that the statement does not sufficiently justify the withholding of the information or document from the committee, the committee shall report the matter to the Senate.

(6) A decision by a committee not to report a matter to the Senate under paragraph (5) does not prevent a senator from raising the matter in the Senate in accordance with other procedures of the Senate.

(7) A statement that information or a document is not published, or is confidential, or consists of advice to, or internal deliberations of, government, in the absence of specification of the harm to the public interest that could result from the disclosure of the information or document, is not a statement that meets the requirements of paragraph (1) or (4).

(8) If a minister concludes that a statement under paragraph (3) should more appropriately be made by the head of an agency, by reason of the independence of that agency from ministerial direction or control, the minister shall inform the committee of that conclusion and the reason for that conclusion, and shall refer the matter to the head of the agency, who shall then be required to provide a statement in accordance with paragraph (3).

(d) requires the Procedure Committee to review the operation of this order and report to the Senate by 20 August 2009.

(13 May 2009 J.1941)

(Extract, Senate Standing Orders)

Witnesses are specifically reminded that a statement that information or a document is confidential or consists of advice to government is not a statement that meets the requirements of the 2009 order. Instead witnesses are required to provide some specific indication of the harm to the public interest that could result from the disclosure of the information or the document.

I now welcome Senator the Hon. Anne Ruston, Assistant Minister for International Development and the Pacific, representing the Minister for Agriculture and Water Resources, and Mr Malcolm Thompson, Deputy Secretary of the Department of Agriculture and Water Resources. As I understand it, the departmental secretary is at the drought summit this morning. I also welcome Ms Jody Swirepik, Commonwealth Environmental Water Holder, and Mr Phillip Glyde from the Murray-Darling Basin Authority. We have a 'no waffle' rule in this committee. We would like answers to be short and sharp, please. We've got only a little bit of time, so keep your answers short and sharp. Are there any opening statements?

Senator Ruston: Only to say that the answers will reflect the length of the questions that are asked.

CHAIR: There's a 'no waffle' rule on this side of the table, too.

Senator Ruston: Thank you very much, Chair. We like it to be very balanced. Mr Thompson would like to make a very short opening statement.

Mr Thompson: I want to note that senators may wish to pursue questions that arise from the significant amount of material which has been released by the authority, by the Commonwealth Environmental Water Holder and by the department through orders to produce documents from the Senate and from FOI requests. Since the beginning of 2017-18 there have been in the order of 11 OPDs and many freedom of information requests involving thousands of pages of documents. I want to note that, while we'll endeavour to answer questions relating to those documents, if asked, we may not have immediate access to the detailed material, in which case we'll seek to take those questions on notice.

Senator Ruston: Mr Glyde?

Mr Glyde: Earlier this year, the Senate ordered the production of documents relating to the implementation of the Basin Plan. That was notice of motion 960. We have been trying to respond to that order. I understand that the documents for that order will be tabled this morning and I further understand that a copy of the materials that are to be tabled this morning were made available to Senator Patrick's office last night. I wanted to update the Senate on that. If it would help the committee, we'd be happy to provide a quick summary of the current state of water storages and the current state of play in the Murray-Darling system, given the concerns about the drought, if that would be useful to the committee—either now or at an appropriate time.

CHAIR: Probably not now but at an appropriate time. I'll hand over to Senator Gallacher.

Senator GALLACHER: Chair, I will state up front that information-gathering questions have all been put on notice. So we have a limited brief, but there'll definitely be some contention in that limited brief that I have. I'll go straight to the story of the day, which is basically the drought funding, the \$5 billion. Is that budgeted for or is it taken from another area of the budget, Minister? I did see Senator Cormann on TV, but I didn't quite understand where he was taking the money from.

Senator Ruston: I would have to take that on notice, to be accurate in my response to you.

Senator GALLACHER: Officials, were you consulted?

Mr Thompson: The department was consulted on that issue but not this part of the department.

Senator GALLACHER: Which part of the department, just for clarification?

Mr Thompson: It would have been our farm support division, which appeared on Tuesday.

Senator GALLACHER: They appeared last Tuesday?

Mr Thompson: That's right.

Senator GALLACHER: You are not able to answer questions like what interest rate would be offered under the scheme?

Mr Thompson: I'm not able to.

Senator GALLACHER: The farms division would, on notice?

Mr Thompson: The farm support division, yes.

Senator GALLACHER: The farm support division could take that on notice?

Mr Thompson: Yes.

Senator GALLACHER: The commercial rate of interest: that is also a question for them?

Mr Thompson: Yes, and possibly other portfolios as well.

Senator GALLACHER: I have a more general question: is the current interest rate preventing farmers from investing in water infrastructure? Is that an issue that you've seen?

Mr Thompson: It's not an issue that we've identified. It's also a question which the department of infrastructure and regional development might have a view on, given that they now administer the National Water Infrastructure Development Fund.

Senator GALLACHER: So it is the farm support division?

Mr Thompson: That's right.

Senator GALLACHER: Moving to the special envoy for drought, has the department, MDBA or CEWH provided any staff to the team that supports the special envoy on drought assistance?

Mr Thompson: On the department's part, I'm not aware that we've provided any staff to support the special envoy, but I will confirm that on notice.

Senator GALLACHER: I've got 10 questions here and you've only answered the first one. I can go to the next one, which is: what else have you done?

Mr Glyde: We haven't provided any staff to support the drought envoy, but we have provided briefings.

Ms Swirepik: From the CEWH, we haven't directly supplied any staff, but the Department of the Environment and Energy—

Senator GALLACHER: Thank you. Is there a team that supports the drought assistance envoy? Is there a team across the three entities that supports the envoy?

Mr Thompson: No, there's no joint support team. There may be other officers in my department, but I'm not aware of that.

Senator GALLACHER: How would you characterise the support; is it briefings?

Mr Thompson: Briefings have been provided.

Senator GALLACHER: Offered or sought, or both?

Mr Thompson: Both.

Senator GALLACHER: If a briefing is sought from any of the entities, it's given and, if you think there's one needed, you offer it as well?

Mr Glyde: That's correct.

Mr Thompson: That's right.

Ms Swirepik: That's correct. We've supplied a small amount of briefing material to the drought task force that's being run by Prime Minister and Cabinet, and that's then provided on to the drought coordinator.

Senator GALLACHER: I ask you very specifically: has the Commonwealth Environmental Water Holder briefed the special envoy on drought assistance on water issues? What is the answer to that?

Ms Swirepik: No, we haven't provided any specific advice to the drought envoy. We've only provided advice to the drought task force at Prime Minister and Cabinet, which has been provided to the drought coordinator, to our knowledge.

Senator GALLACHER: You have briefed his office; is that what you're saying?

Mr Thompson: No. We're making a distinction there between the task force in the Department of the Prime Minister and Cabinet that supports the—

Senator GALLACHER: Envoy?

Mr Thompson: The drought coordinator, Major General Stephen Day. Ms Swirepik is saying that some of that material may have been shared with the special envoy. We don't know the arrangements for that.

Senator GALLACHER: That is the correct line of sight, is it—to the major general?

Mr Thompson: It's one line of sight. We have, in the department, briefed directly, in verbal briefings on water, the special envoy.

Senator GALLACHER: Is there anyone who can give us an idea of whether, regarding the special envoy and the Commonwealth Environmental Water Holder, there has been a direct briefing about water for fodder crops? Is there that detail?

Mr Thompson: From the department: that was one of the issues discussed in our briefing with the special envoy.

Senator GALLACHER: The department?

Mr Thompson: That's right.

Senator GALLACHER: What about the water holder?

Ms Swirepik: No, we have not met with the special envoy on that issue. We have provided briefings to the task force and earlier briefings to backbenchers, coordinated by the agriculture minister.

Mr Glyde: For the purposes of clarity, the Murray-Darling Basin Authority has participated in the briefing that Mr Thompson mentioned.

Senator GALLACHER: Can you characterise the outcome of that briefing? Obviously, there's a variety of views. Some water experts have noted that the idea is illegal, for argument's sake, and others have said that it doesn't make sense. What was the outcome of the briefing?

Mr Thompson: It was for the purposes of providing information to the special envoy in the discussions that he was having. On that particular issue, there wasn't a particular outcome, from our perspective.

Senator GALLACHER: So the briefing would be, 'These are the rules of engagement; this is the way the water works.'

Mr Thompson: I don't want to go into the detail of the briefing but, in general terms, yes.

Senator GALLACHER: Has the MDBA briefed the special envoy on drought assistance on water issues?

Mr Glyde: I might ask Mr Reynolds to answer that question. I think he was part of that briefing.

Mr Reynolds: We participated in the same briefing that the department gave the special envoy, when he first took up that role, on the state of the water resources in the basin at the time.

Senator GALLACHER: When was Mr Joyce appointed?

Mr Thompson: I would have to take that on notice. I'm sorry, but I don't know.

Senator GALLACHER: It wasn't that long ago.

Mr Thompson: Yes, late August or early September.

Senator GALLACHER: So without clarifying on the record the exact date, have there been two meetings, five meetings, no meetings or one meeting?

Mr Thompson: Again, speaking from the water part of the portfolio, I participated in one meeting—

Senator GALLACHER: Okay, one meeting from the department. The MDBA?

Mr Glyde: Participated in the same meeting.

Senator GALLACHER: And the water holder?

Ms Swirepik: We haven't participated in any meetings with the envoy.

Senator GALLACHER: Would it be incorrect to characterise that meeting as a briefing on the idea of using Commonwealth environmental water for fodder crops? That was part of the discussions—not the whole subject matter.

Mr Thompson: That's right—it was across the broad range of drought issues. There were other representatives from our department there. Water use in the current context of the drought was one of the issues.

Senator GALLACHER: Just to reframe all that: an August/September appointment, one joint meeting with two entities and the Commonwealth Environmental Water Holder hasn't had a direct meeting?

Mr Thompson: That's right.

Senator GALLACHER: I'll move on to another topic. Who's the expert on dams; is that the department?

Mr Thompson: It depends on which aspect, but probably the Murray-Darling Basin Authority.

Senator GALLACHER: It's probably better if I ask: when was the last one completed?

Mr Thompson: Are you talking about the Murray-Darling Basin, or Australia-wide?

Senator GALLACHER: When was the last dam completed in Australia?

Mr Thompson: Some storages have been built in Tasmania for irrigation purposes; that would have been in the last 12 months.

CHAIR: What about mainland Australia? Tasmania has a lot of water.

Mr Thompson: There have been upgrades to existing dams. Are you talking about new dam construction?

CHAIR: New dams.

Mr Thompson: We'll get our colleague Richard McLoughlin to answer that.

Mr McLoughlin: We'll have to take this on notice in terms of the exact year, but it's been mostly upgrades to dams in Australia in the last 20 years or so.

Senator GALLACHER: So we haven't completed a new dam for a respectably long period.

Mr Thompson: On the mainland.

Mr McLoughlin: On the mainland, yes.

Senator GALLACHER: What's the departmental history of dam construction since 2013; have we been upgrading—or nothing?

Mr McLoughlin: There has been funding of the construction of dams in Tasmania for the Tasmanian irrigation schemes. Through the National Water Infrastructure Development Fund there was money available for dams, but largely it was spent on upgrading existing infrastructure.

Senator GALLACHER: What would you report to the Senate committee in respect of progress with regard to the construction of new dams? Have we got one started? Where are we at in this space? It's been a long time since we've done a large-scale development outside Tasmania.

Mr McLoughlin: The Commonwealth has made significant funds available for new dams, but we are constrained in the Commonwealth by needing the states under the available funding arrangements. The dams would have to be built under state law and the dams would be owned by the states; we are reliant in many respects on the states to bring forward proposals. We have funded feasibility studies for new dams in Australia, and it would be a matter for the states if they wish to bring forward those proposals.

Senator GALLACHER: On notice, can we have those feasibility studies?

Mr McLoughlin: Yes.

Senator GALLACHER: Do you know geographically where they are?

Mr McLoughlin: We know where all the feasibility studies were funded. All that is now handled in the Department of Infrastructure and Regional Development. We can work with our department of infrastructure colleagues to provide that information.

Senator GALLACHER: But are they predominantly in Northern Queensland?

Mr McLoughlin: The Melinga dam and Hells Gates have had feasibility studies, so that information is available.

Mr Thompson: There have also been recent commitments to Rookwood Weir in Queensland and to the project in Western Australia, the Wellington-Myalup.

Mr McLoughlin: That's correct. The Wellington-Myalup dam is a major upgrade. All this is publicly available information on the department of infrastructure websites, and we can provide a summary of that for you.

Senator GALLACHER: That's a good response, but we're after some politically available information. Minister, despite new dams being a cornerstone of the coalition's regional water policy, can you advise why you haven't got one off the ground yet?

Senator Ruston: As the officials have highlighted, the government can facilitate this by making the resources available to the states to avail themselves of that opportunity to build water infrastructure in their states. It's not just dams; it's water infrastructure. In our home state of South Australia, we made about \$50 million available to the northern Adelaide water infrastructure project to facilitate access to 20 gigalitres of water from the Bolivar treatment works that was otherwise flowing out to sea. Under a treatment regime, we'll now be able to use that for intensive horticulture. So a number of pro-water projects are well under way, and that's one of them. But it is incumbent on a relationship between the state and federal government for these projects to be able to occur. So, whilst we in good faith have made access to the money available, some states have not been as speedy in accessing the money for their water infrastructure projects as perhaps our own state of South Australia.

Senator GALLACHER: If the common saying is, 'Don't stand between a state and a bucket of money,' it doesn't seem to be working in this space, does it?

Senator Ruston: That's a matter for the states, but it hasn't been the case in our home state. We also need to understand the role of this department, the Department of Agriculture and Water Resources, in this space. As has been previously stated, it does sit within the infrastructure department and it is very much driven by the

preparedness of the states to avail themselves of the opportunities that are being enabled by the federal government.

Senator GALLACHER: But if the infrastructure department had success in this plan, the water portfolio would pick it up, wouldn't it? But there's nothing to pick up.

Senator Ruston: No; there is something to pick up. You were referring initially, when you asked the question, specifically to dams. The water infrastructure fund that was formed was about providing water infrastructure. Projects have delivered on that water infrastructure. A significant one in South Australia is already underway; the pipes are in the ground. We need to be careful that we don't suggest that the whole program is not being implemented—some clear examples of water infrastructure have been implemented under this program.

Senator GALLACHER: Dams are a cornerstone of the coalition's regional water policy; is that correct?

Senator Ruston: That is correct.

Senator GALLACHER: How many dams have been completed in the Abbott-Turnbull-Morrison government's tenure?

Senator Ruston: You've had the answer.

Senator GALLACHER: It's zero.

Senator Ruston: It's not zero, because we've had dams completed in Tasmania. Dams have progressed, but it is under the purview and remit of the state governments as to the speed with which these things can occur; some states have been speedy in accessing the water infrastructure fund and other states haven't.

Senator GALLACHER: I go to Commonwealth water for drought crops. Does the CEWH agree with the predecessor CEO that using CEWH's accounts for low-value crops would be signing the death certificate for some of Australia's truly iconic landscapes?

Ms Swirepik: There are a few dimensions to that question. The water is still needed in the basin; even though there is a drought, there are still environmental requirements in the basin. The basin is a very big place and, if you want to keep water flowing through a lot of the rivers and down to South Australia, the Commonwealth water will be very important this year.

Senator GALLACHER: Your predecessor was very straightforward: 'Using the Commonwealth Environmental Water Holder's accounts for low-value crops would be signing the death certificate for some of Australia's truly iconic landscapes.' Did you answer that question? Do you agree with that?

Ms Swirepik: It would cause a lot of harm and impact on the basin this year and next.

Senator GALLACHER: So there's a balance; thank you. Have you briefed or are you seeking to brief the special envoy on drought in respect of the Commonwealth Environmental Water Holder's position on environmental water being used for fodder crops?

Ms Swirepik: We are not seeking to brief him directly. Our understanding is that he is aware of the legislative environment here and knows that that idea is not possible under the current legislation.

Senator GALLACHER: Do you have allocations of water at the moment, anyway?

Ms Swirepik: We do. We get allocations to the same level that other people get allocations. So whatever the determined and announced level of allocation in each valley in the basin for other water users is the same amount that we will be allocated against our licences.

Senator GALLACHER: I might have mischaracterised that. Does the CEWH have more water allocations currently available to it than other water holders—for example, cotton farmers?

Ms Swirepik: No; we have the same water allocations available to us. Each water user carries over and uses their water for their own outcomes. For a cotton irrigator, that's to grow cotton. For us, it's to sustain the environment. So we'll have a different pattern of use, but we've been provided the same allocations as others.

Senator GALLACHER: So you hold an equal amount to, say, cotton farmers?

Ms Swirepik: We're not holding an equal amount in the basin. It's relative to how many licences we hold of the total pool of licences. Overall we hold about 10 per cent or less of the water in the basin. A figure that I can provide to you is that we still have over 800 gigalitres available to us this year and we understand that there are about 1,150 gigalitres of water in the storages in the basin.

Senator GALLACHER: That was my next question. What water is in the dams and what is available?

Ms Swirepik: They were the figures I just quoted. Our understanding is that we have about seven per cent of the water in the basin.

Senator GALLACHER: Just refresh my memory on that answer.

Ms Swirepik: Over 800 gigalitres is still available for us in the basin. We understand that the total storage in the basin is about 11,500 gigalitres.

Senator GALLACHER: If CEWH were to sell water, the price would be high?

Ms Swirepik: The price is high across the basin, as it always is when water availability is low. We have done a recent sale in the Goulburn Valley and the price we received there was \$290 a megalitre, which was in line with the market prices being paid in the valley.

Senator GALLACHER: This is a critical point. If you were to sell water, it would likely go to people who can grow high-value crops for high returns.

Ms Swirepik: That's correct.

Senator GALLACHER: So, in general, the returns from selling fodder crops would not be comparable to those of a cotton farm or an almond farm; is that fair?

Ms Swirepik: Traditionally, that is the case, but I'm not an expert on crops. I understand the value of fodder is high at the moment. It would be up to each farmer to determine the economics of that decision.

Senator GALLACHER: Is the department available to give some advice on that? Is cotton returning the same as fodder?

Mr Thompson: No; I'd have to take that on notice.

Senator GALLACHER: Despite the scarcity of fodder, the economics seem to lead to cotton or high-value crops. In a high-water market, a high-price market, you wouldn't buy the water at \$290 to grow hay, would you?

Mr Thompson: No, I don't think that's necessarily true. Certainly cotton has been experiencing very high world commodity prices. But the decisions farmers make are driven not only by that but by a range of things. The Australian Bureau of Agriculture and Resource Economics and Sciences, in the last couple of days, has indicated that one of the drivers behind the reduction in their forecasts of grain output in the coming months is that farmers have made decisions to harvest crops that were not great quality for fodder purposes.

Senator GALLACHER: That's the market working, even though it's in a drought?

Mr Thompson: Absolutely. That's a commodity market working, that's right.

Senator GALLACHER: I have two more questions on this. Can the minister or the department advise as to the contingencies that the act already contains to provide for situations comparable to that in New South Wales at the moment? I understand that we've got a special envoy for drought and I understand that there have been some discussions, but what's already in place in the act to take care of people in a drought?

Mr Thompson: That might be a question for the authority to start on.

Mr Glyde: I might ask Mr Reynolds to comment. Basically the operation of a fully functioning water market is one of the methods by which farmers can manage drought. So people who have low-value crops can sell their allocation in a particular year to someone who is prepared to pay for it. That's one of the mechanisms for doing that.

Senator GALLACHER: That's the example that the department has given—a failing grain crop turns into a profitable crop because it can go to fodder?

Mr Glyde: Yes. It's also one of the reasons why it is very hard to make generic sweeping statements about what might happen and that each individual farmer or each individual irrigator has had opportunity to think about how they can get the most use out of the water that's allocated. So that's one of the principal ways that we do it. Mr Reynolds might actually explain what the systems are that we have in place to be able to do our best to make sure that we can provide water through the Murray-Darling system during these sorts of times and how we plan for when it gets particularly dry. We learned a lot of lessons in the millennium drought and those lessons have been transferred into the Basin Plan itself.

One of the critical things about the Basin Plan is that, for the first time, it sets aside water for critical human needs—because we were in danger of not being able to meet those during the millennium drought—and, secondly, it makes it very clear that there is a bucket of water to protect the environment and a bucket of water for consumptive use. So that's one of the general—

Senator GALLACHER: Before we go to Mr Reynolds, perhaps I can tie another part of the question together with this. I have one question of all of the departments, before I let Mr Reynolds give us that summation and then I'll pass back to the chair for a moment. The first part of the question was: advise of the contingencies that the act already contains to provide for situations comparable to that in New South Wales at the moment? And: what other

options does the minister have to help farmers—direct financial support of farming communities and buying water on the water market? They are those two questions.

But before I go to that, do the departments sitting at the table today agree with the statement that using water for fodder crops is illegal—directing that it go that way? Is that contravening the market?

Mr Thompson: Do you mean there be a direction to the Commonwealth Environmental Water Holder to release water for fodder crops?

Senator GALLACHER: For fodder crops.

Mr Morris: I thought you were asking whether it's illegal for water to go to fodder crops. Clearly anyone in the marketplace can purchase water in the marketplace for whatever cropping purpose or other purpose they wish to put that water to. At the moment the water market is the mechanism to manage a drought. It was effective during the millennium drought and it's a mechanism that's available now for water to flow to its most high-value end use. If that happens to be fodder crops and people in that industry are willing to pay for the water in the marketplace, they can get that.

Senator GALLACHER: I understand the marketplace. If you want to buy water at \$290 and lose \$140, that's up to you.

Mr Morris: Yes, absolutely. There's nothing illegal about that.

Senator GALLACHER: No, there clearly is nothing illegal about using your own money. But is there any ability for anyone to direct environmental water to fodder crops? There's no entity or mechanism for that, is there?

Mr Morris: That's a question for the CEWH really rather than for the department.

Ms Swirepik: Under the Water Act it's very clear that environmental water put aside by the Basin Plan has to be used for environmental outcomes. For us to trade water, the only way that we can do that is to be making an argument that that's the best outcome for the environment. At the moment we require environmental water in the basin, and the environment suffers from the drought, as do others. So it would be very difficult for me to conclude, for large sums of water, that that is the best outcome for the environment. The current provisions in the Water Act do make sure that, where demand outstrips supply, environmental water is still set aside.

Senator GALLACHER: Mr Reynolds, if you could just summarise the existing options under the act at the moment?

Mr Reynolds: The arrangements under the Water Act for sharing waters come under three tiers. Tier 1 is normal water sharing arrangements, which rule how water is shared between the states and prioritised within that. Under all the arrangements, states are required to set aside water for critical human water needs as the highest priority use. So once water is available to run the river and actually get water through the system and then make sure that critical human water needs can be met, further water is available for allocation into consumptive entitlements and to the environmental portfolio.

Under those tiers, in extreme dry circumstances—and that's much drier than what we're seeing now—and critical human water needs cannot be readily met from each of the states' allocations, we move into tier 2 and there are provisions then for one state to advance water to another state, to make sure that can be met. Tier 3 is for unprecedented conditions much drier than we've ever seen before, and that deals with how we would then prioritise. That gives a framework for managing in those really dry times.

Senator GALLACHER: So there is a framework in place that should move towards alleviating these situations which come on a fairly regular basis?

Mr Reynolds: The tiers really are around extreme dry—the millennium drought and worse-type conditions. With the conditions that we're seeing at the moment, we remain in tier 1. The outlook is such that we will be still in tier 1 in the coming year as well. There's sufficient water in the system for that purpose. Those arrangements do relate to the Murray system. The Darling, as a river, is more episodic in its flows and so there will be periods when the Darling and other rivers through the Murray-Darling Basin may go dry.

CHAIR: Senator Patrick.

Senator PATRICK: Firstly, I'll say thank you for the documents. I will admit that, after my hearing last night concluded at 11.00, I didn't go back and read them. I'm a bit remiss in that regard but thank you for tabling them. Just going to the topic of the royal commission, to start with, obviously there is a controversy in respect of the royal commission being sufficient in magnitude to bring about a High Court action. My understanding is that the Commonwealth would have been happy to attend and, indeed, it might have been beneficial to make sure that the Commonwealth's side of the story had been put. But I also understand that perhaps the way in which it was done meant that the Commonwealth had to preserve other rights in respect of the state versus Commonwealth rights.

Can someone just perhaps give a brief description of what happened and about how we got to the point where we weren't able to have people attend the commission?

Mr Morris: Perhaps I'll start with that one. The background was that there was an announcement back in December last year about the royal commission being established, but the terms of reference weren't released until a bit after that. Initially we had understood that the royal commission would be focused on issues around compliance and regulation. So there was a desire by the Commonwealth to obviously assist where there were issues to do with compliance and regulation. When the terms of reference for the commission were eventually released, they were much broader than that and quite a number of the terms of reference went to fundamental aspects of whether the Basin Plan were legal or not. That had an important bearing on the Commonwealth's view on the royal commission and its intent.

Despite that, though, there was an intention to go forward and at least put a written submission in to the royal commission. But subsequently, prior to us making that submission, a number of summonses were issued to the department and the MDBA around providing information to the royal commission. Those summonses and the process used there raised some broader concerns for the Commonwealth which went beyond the issues to be addressed by the royal commission. They went to powers of state royal commissions and other bodies to actually subpoena the Commonwealth and to issue summonses to the Commonwealth.

At that point, it sort of became more of a broader issue for the Attorney-General's Department and other central agencies as to the powers of a body like a state-established royal commission. So at that point there was a move to have action in the High Court to test the powers with respect to state commissions. Naturally, during that period we effectively disengaged, I suppose, with doing further work for submissions to the royal commission until we understood the outcome from that High Court case.

As you may be aware, while the case was on foot and a number of processes had been done, including the Commonwealth putting material into the High Court case as required by the various time lines, it got to the point where the royal commissioner made his own decision that it appeared like he had insufficient time available for him to see through the High Court and then, if he was successful, to have those summonses be brought into effect. He made his own decision then to write to the South Australian Attorney-General and raise that concern with them. Subsequently, following an exchange of correspondence between them, which is quite public, I believe—

Senator GALLACHER: I've read it.

Mr Morris: the royal commissioner made the decision to withdraw the summonses to the MDBA and the Commonwealth. At that point in time the High Court action could no longer proceed, because the basis on which that action was taken was around those summonses and subpoenas. So the Commonwealth made the decision to seek agreement from South Australia not to continue the High Court case and it was discontinued.

At that point in time we then resumed on the pathway we were on prior to those actions and, as announced by the minister, he agreed that we would put submissions in. The department put a submission in on 10 October. That submission would normally be put onto the royal commission website at some point in time. As of last night, when I checked, it hadn't been put there yet but I assume that will be made public at some point in time by the royal commissioner.

The MDBA also made a submission, which is available on the royal commission website, and I believe that the Commonwealth Environmental Water Holder has likewise made a submission—

Ms Swirepik: That's correct.

Mr Morris: which I believe is also on the website. So effectively, we've followed through on that commitment that, once the High Court proceedings had ended, we then re-engage and put those submissions in.

Senator PATRICK: I imagine that no privilege complications exist with tabling that submission to the committee, noting that it's not on the website.

Mr Morris: I'd be happy to do that. To be frank, it's really a matter of courtesy for our part. Normally, when we put a submission into an inquiry, we prefer to leave the opportunity for that inquiry to make the submission public. But for our part, we'd be happy to table the submission.

Senator PATRICK: You can blame me.

Mr Morris: No, it's fine. Ultimately, it was always intended to be a public document. It was just a matter of how we did that.

Senator PATRICK: I appreciate the respectful manner in which you've approached that. Interestingly, you said that you kind of liked the terms of reference at the start and then they changed to something you didn't like. Really, if the bank said to the banking royal commission, 'We don't like the terms of reference,' and, 'We're not

going to play,' and if the South Australian government commissions a royal commission with particular terms, surely people just must respect that that's what the royal commissioner has been asked to do. It's like cherry picking and saying, 'I like that royal commission because I like the terms of reference, but I don't like that one.'

Senator Ruston: I think it actually is more fundamental than that. Quite clearly, the royal commission was established on the back of quite a lot of media commentary about noncompliance and potential illegal activity regulation in New South Wales. There was a proposal put forward that a royal commission be established in South Australia and it was quite clear at the time that the issues that were in the public domain and had been very heatedly debated was the reason that the commission was being established.

At that same time, both the minister and I, as the minister in that portfolio area, came out and said that, whilst we didn't recognise that a royal commission in a state had the power to subpoena, summons or demand, we were quite willing to voluntarily participate in an action that would see greater transparency in relation to compliance regulation and certainly to make sure that illegal activity, if it was occurring, was called out for what it was and wasn't able to happen again. We were all out there at the same time saying, 'Yes, we're happy to work towards this goal.'

When the terms of reference eventually came out, they were almost silent on the fundamental issue which the entire Australian public would have believed that the commission was seeking to prosecute. I don't think it's a matter of liking or not liking the terms of reference; I think it's a matter of relevance. The terms of reference did not reflect in any way what any of us had thought the reason or purpose of the royal commission's establishment was about. I take your point: no, you can't just pick and choose terms of reference. But, in this instance, the terms of reference did not reflect anybody's understanding of why the royal commission was being established in the first place.

Senator PATRICK: I understand that initially you indicated a willingness to cooperate on the basis of particular terms of reference, noting that there is clearly a view with the Commonwealth that the state doesn't necessarily have the power to compel, but you were volunteering assistance. Even after the terms of reference changed and we now expect there are new terms of reference—maybe that negates the original commitment—I presume that, in the argument of the Attorney, and I understand the importance of perhaps holding that principle up, it still would have been possible for officials to attend by consent. So simply not having the need for subpoenaing doesn't test any powers. It just says that the Commonwealth will cooperate willingly without giving away any particular precedents. I just wonder how we got to the point where subpoenas were issued in the first place.

Senator Ruston: I think, quite clearly, there was a level of political motivation behind this royal commission, given the timing of it, so I think we need to run that political lens over what was happening at the time. There was certainly a desire at the time, I would suggest, from South Australia to use this as a political tool. The unfortunate part of this whole exercise was, I think, the Commonwealth, as indicated by its subsequent actions, after the subpoenas and summonses had been dropped, was always prepared and actually quite keen to tell its side of the story when it came to these issues, but as soon as the political overlay came into play the change of the terms of reference quite clearly was political and also was going to the very substance of why the plan was there in the first place. To start re-prosecuting whether the plan was legal, valid or, I suppose, correctly established in the first place certainly was a particularly dangerous thing to be doing six years into the implementation of a 12-year plan. So I think there were a whole heap of things that were playing into what happened in that critical few weeks in January-February.

The fact is that the subpoenas and summonses came before, really, the Commonwealth had any chance to even negotiate with South Australia about what we were prepared and not prepared to do. The summonses arrived, it turned into a political football and it wasn't until after the politics went out of and the summonses went away that we were actually able to get back to probably where we should have been in February in the first place. I take your point: this was a really unfortunate set of circumstances that has led to a whole heap of angst and anguish that could have been avoided had we not had quite an aggressive approach, I might say, from South Australia when the terms of reference were first put out into the marketplace.

Senator PATRICK: Thank you for that candid answer. Chair, I've just got one more question to conclude this line of questioning. I'll just signal to you: noting what you've said, you wanted to have your say—and I'm sure that people inside the departments have been watching what's been taking place inside that royal commission. What I intend to do, on notice, is to lodge, to the extent that they are relevant—and noting that I'm not engaged in any way with the royal commissioner—some of the questions that they've asked the states. I'm going to put those on notice to give you an opportunity to have that say. I know they can't be used necessarily in the context of the proceedings of a royal commission because of privilege, but at least we'll get your side of the story out into the

public domain. I'll just foreshadow that I'm going to put some questions on notice that I'm going to take from the transcripts of the royal commission.

Senator GALLACHER: Could I just go to the topic of the day, which is the Connections Program and the media reports? Firstly, are you aware of this issue?

Mr Thompson: Yes, through media reports.

Senator GALLACHER: When did you become aware: today?

Mr Thompson: We became aware today.

Senator GALLACHER: So you wouldn't have investigated it, because you've only just found out about it. The broader questions really are: has this happened elsewhere and for different people with different projects; and is there any history of projects not being acquitted in the right way? If you can't recall it off the top of your head, you'll have to take it on notice.

Mr Morris: That's quite a broad question.

Senator GALLACHER: Perhaps I can give you the questions because it is going to be Senator Storer's call. The broader question is: has this happened elsewhere with different people in different projects? Are you 100 per cent confident that funding provided to farmers for water projects is exactly doing that; do you have an audit system that assures us of that? Also, if you find something untoward, what are the legal avenues that the Commonwealth has; and is there a broader concern that it may be undermining the modelling of the Basin Plan or the plan as a whole? So it's an integrity issue. We've flagged that this is in the paper today and I accept that you don't know a whole lot about that, but are there any broader systemic issues underneath? We'd like that on notice as succinctly and as clearly as you can give it to us.

Mr Morris: I think we can answer that to some degree today and then, if you'd like further detail—

Senator GALLACHER: Yes, if you can put a view today, subject to—

Mr Morris: Do you want that now?

Senator GALLACHER: If you can do so in a couple of minutes.

Mr Morris: I might ask one of my colleagues to come to the table. Just while she comes to the table, there are a number of ways that we try to manage our projects to provide assurance that the works that are being done are actually being done and to assure us that we're getting value for money and definitely that we're getting the water that is being provided as part of the contracts. I might ask Ms Colreavy to give a brief overview of that because I know that you'd like to move to other questions. Perhaps she can just talk about the sorts of arrangements that we put in place generally for our programs.

Ms Colreavy: When we enter into a contract with a partner to deliver, say, a water efficiency program such as an on-farm efficiency project, we require that person to meet a range of conditions—the normal enforceable legal conditions—and to meet regulations et cetera, but we also require that they provide us with a budget that sets out exactly what is going to be done. That budget needs to be approved before works are commenced. The budget needs to show that quotes have been obtained, and the costings of the activities are tested against what is known with past practice and taking into account the region that it's occurring in et cetera and current prices. Usually, pretty well all projects are required to have some sort of certification that the activity is actually sensible and compliant and will deliver the water savings outcomes that are being anticipated. Then the works are given the go-ahead to proceed. Depending on the project, sometimes the water that is to be delivered in exchange for our funding is required upfront but, in other cases, it might be delivered in stages through the life of the project.

We have a panel of providers of auditors that we use, which we keep on tap in the department—these are external expert agencies—and we tend to audit tranches of projects. We look at somewhere between 20 and 25 per cent, or more sometimes, of the projects that are being undertaken and we ask these independent auditors to go out and check that the works that have been undertaken to be done are, in fact, done. We usually send a staff member to accompany them, so we see for ourselves as well. But we have this independent person available to sign off. They look at the prospectus of what was set out and then what's been completed and they usually give us some sort of engineering or other certification that the works have been completed.

In addition to that, we also ask that all funded projects provide a full acquittal at the end of the project for (a) the works that have been done and (b) how the funds have been expended. They are usually required also to provide a signed-off audited statement that the funds have been expended in accordance with the contract. All those reports are checked by staff in my office.

Senator GALLACHER: Thanks very much for that. Perhaps, on notice, we could just have an integrity check of that very clear brief that's been outlined there—any problems that have come up in your audits and noncompliance.

Mr Morris: I have just one comment. We've done some early checking this morning. We weren't aware of this before this morning, or at least the people in the room weren't, and we've done a check with a couple of our staff; they were not aware of it as well. On a quick check with Victorian officials, it's possible and it seems likely that this particular issue related to stage 1 of the GMW Connections project, which was 100 per cent funded by the Victorian government, as opposed to stage 2, which we were funding. We're checking that. I don't want to be definitive on that because sometimes it is possible that there are linkages.

Senator GALLACHER: So you're saying it's possible that it could fall outside of your jurisdiction?

Mr Morris: It's possible, and that may be why we weren't aware of it. But, as I said, we've heard about it only this morning and we need to do some further checking. I don't want to be too definitive on that just yet.

Senator GALLACHER: Excellent.

CHAIR: Senator Storer.

Senator STORER: Can you confirm that the Murray-Darling Basin Authority will undertake a reconciliation by June 2024 to determine whether the supply measures have achieved the 605 gigalitre water savings with equivalent environment outcomes?

Mr Glyde: Yes. We've also announced that, given that there's a long period between now and 2024, we'll be issuing annually statements of reconciliation, in essence, to describe progress with all of those projects.

Senator STORER: Many of them will take time to implement. Will all of them be finished by 2024?

Mr Glyde: That's a very good question because we've got some very ambitious projects that still require a large degree of scoping and a large degree of community consultation. There are other projects, however, that are relatively straightforward and well advanced. But that really is the pressure that the states and the Commonwealth are under: to deliver those projects—because if those projects aren't delivered or they're not delivered in the quantities that were expected, we obviously have to make a call about whether to change the sustainable diversion limit number.

Senator STORER: How will you do a reconciliation of the projects that have only just been completed or possibly not even finished at that time?

Mr Glyde: I might ask my colleague to describe that process. From what we can observe, and through close engagement with various states who are the proponents, operators and constructors of the projects, and with the Department of Agriculture and Water Resources, who are the funders of these projects, we can get a pretty good handle on how things are progressing, whether milestones are being hit and whether the checkpoints are being negotiated. Over the course of the next six years we will certainly have the information to provide progress reports on how it's going. We'd certainly continue, as we've done right from the start, to urge all governments to get on with this, because it's quite vital for the security both of the basin's environment and of the industries that depend on the water in the basin that this area of uncertainty be removed as quickly as possible.

Mr Binning: The reconciliation requirement in 2024 is that, if the authority forms the view that the outcome from the projects would be materially different, we would rerun the process that we ran. We would use the same methodology, which assesses the capability of the projects as delivered to achieve the environmental outcomes. If that yields a different answer then the intention is that the sustainable diversion limits would be changed in accordance with that.

Senator STORER: Have any of the projects been completed or are near to completion?

Mr Binning: There are a number of projects, particularly those that were constructed under the Living Murray program that are part of the adjustment; some of those are operational now. Some of those projects will receive further enhancements through this round, and they are yet to be constructed. There is a tranche of quite significant projects that are already completed. There are a number of other projects that are relatively straightforward. Although they still need to go through final design and construction, our level of confidence would be very high; there are other projects that are significantly more challenging.

Senator STORER: Are the projects that are completed somehow independently audited? Are they reviewed outside your internal process of assessment of them, or is there a secondary—

Mr Glyde: Senator, in terms of the specifics of the question, the role of the Murray-Darling Basin Authority is to assess whether or not the environmental outcomes of the projects achieve the offsets—their equivalent. There will be, obviously, a whole raft of other auditing, checking and monitoring, which is really in the space that the

department of agriculture and the state proponents will have as they administer these projects and bring them forward to completion.

Mr Thompson: I agree with Mr Glyde's comment. As I think we've said in previous hearings, there are layers of assurance around completion of these projects for the department, as the funding entity quite often for the states, who are the proponents for these projects—in almost all cases the states. We have expectations around ensuring that there's due diligence to see that the project will actually achieve what it's meant to achieve. There are acquittal processes, auditing processes, along the lines that Ms Colreavy talked about; then, as Mr Glyde said, annually there will be a reconciliation to see how we're tracking. There are two points. Firstly, there are layers of assurance, and they're manifold; secondly, as Mr Glyde said, some of these projects will be challenging. We're alive to that challenge and the risks associated with it, and we will seek to manage that risk in the period between now and 2024. It is not as if we will wake up in 2024 and find it hasn't been achieved. There will be good visibility, and we will have to be making decisions accordingly.

Mr Binning: The final comment is that, as part of the Basin Plan commitments package, the Murray-Darling Basin Authority has been asked to conduct an annual workshop with all interested stakeholders to look at progress associated with the implementation of the package. The first of those workshops was held in June this year and there was a very constructive dialogue. We certainly look forward to that on an ongoing basis. So whilst the majority of the projects are the responsibility of state governments to implement, we see a critical role in facilitating an open and transparent process around their implementation.

Senator STORER: I've also pursued the issue of return flows in the past, and received information back from the MDBA on the independent expert review into return flows. I believe you had a technical workshop on 17 September 2018. Could you apprise me of the details of the outcome of that workshop and what's going on further from that?

Mr Mues: When the return flows issue arose, we decided to commission the independent expert review to investigate the issue and get to the point where we could have revised estimates of the nature of that risk. As part of that project we convened our advisory committee on social, economic and environmental sciences. A member of that committee facilitated a workshop halfway through the project to review the methods and data that the independent expert reviewers were using in their project. That was held in September, and the outcome from the workshop was an endorsement of both the data and the methods that the independent expert reviewers were using.

Senator STORER: There will be a report issued from this; will that be released?

Mr Mues: Yes; the independent expert review report was released a week ago last Monday.

Mr Thompson: 15 October.

Senator STORER: That's publicly available on the website?

Mr Mues: Yes.

Senator STORER: I want to return to the reconciliation of projects issue. I want to understand whether the method for reconciliation has been decided, or is that still in process? You may have answered it already.

Mr Glyde: I'll try and explain in general terms, and Mr Binning may correct me. Essentially, there was a method that was determined and set into the Basin Plan to calculate what the environmental benefits would be of these particular projects. That method is being designed now. Our role, as MDBA, was to operate the method so that, as the states provided projects and firmed up their projects, we would be, if you like, the umpire, and we would say, 'Collectively, those projects are worth X-hundred gigalitres.' The logic of the reconciliation is to take that same method and use that method in 2024 to see whether or not those projects delivered those environmental outcomes. That's the fundamental basis, and that's how the plan has been established, to make sure that we do achieve the environmental outcomes from these projects. They're really about making sure that we use water to benefit the environment in as efficient a way as we can. Mr Binning might wish to augment that answer.

Mr Binning: The methodology for the sustainable diversion adjustment mechanism for the supply projects was developed in collaboration with all the states, led by CSIRO. It uses a methodology called ecological equivalence. Essentially, it looks at the capability of each of these projects to change the pattern of water use to deliver more effectively for the environment by getting water to the floodplain so that floodplain ecology, wetlands, and red gum and black box forests can get the water they need. That methodology is supported by a modelling framework which is quite deterministic and quantitative. In 2024, if the authority forms the view, as I said, that it is likely that the outcome from that assessment would be materially different, the requirement under the Basin Plan is to use that same methodology to reconcile the projects as constructed.

Senator STORER: Are these methodologies published already, or formulated?

Mr Binning: Yes, and available on our website.

Senator STORER: You've consulted on them with independent reviewers?

Mr Binning: The methodology took some time to develop—a number of years—and, as I said, it was developed in partnership with the state governments and with a group of experts led by the CSIRO. That methodology was then peer-reviewed and represents best practice in ecological assessment.

Senator STORER: Can I turn to issues around Ramsar and the EPBC Act. I'm interested in whether there's an assessment of what impact the supply measures and the New South Wales floodplain harvesting policy will have on the ecological characteristics of the Ramsar sites in the Murray-Darling Basin.

Mr Binning: I'll answer in two parts. In relation to the sustainable diversion limit adjustment mechanism, there was a requirement that there be an assessment of the impact of the projects on the Ramsar wetlands. That was included within our assessment, and it is included in the public report associated with those projects. In relation to New South Wales floodplain harvesting, I would need to take that on notice. I would think that there is not an explicit requirement. In the process of the authority accrediting water resource plans, we look at the integrity of all the water sharing arrangements that are put in place and proposed by state governments. Floodplain harvesting would fall within the remit of that assessment.

Senator STORER: I have a question for the Commonwealth Environmental Water Holder. Has the MDBA given an assurance to you that the supply measures and the New South Wales floodplain harvesting policy will not impact the ecological characteristics of the Ramsar sites? Is there an assurance?

Ms Swirepik: I'd probably need to take this on notice because I'm not aware of all the background as to how these sites have been treated in a Ramsar sense in the first place. I don't think there's been any formal proposal or information provided to us, as the Ramsar administrative authority, that these directly related to the floodplain harvesting policy.

Senator STORER: I'm also interested in any referrals made by a state government under the EPBC Act in relation to the supply measure projects or the New South Wales floodplain harvesting policy, under Ramsar.

Ms Swirepik: As the Living Murray projects—this is going back in history, which is again why I don't have the detail—I understand there was a referral to Ramsar to determine if they were controlled or not. There may have been a strategic assessment of the group of projects, but I would have to take that on notice.

Senator STORER: If you could, and also the previous question that we discussed.

Ms Swirepik: Indeed; thank you.

Mr Thompson: Senator, on that last question, in a general sense, for all of the sustainable diversion limit adjustment mechanism projects, as the funding body, we would expect that all the relevant environmental approvals are in place and have been worked through by the proponents, which are the states.

Senator STORER: Is it correct that there's a heightened level of freedom of information requests and requests for documents from the Senate for orders of production of documents since the *Four Corners* programs last year?

Mr Thompson: It certainly feels that way to us. I made a brief statement at the outset about giving some sense of those numbers. The authority may have specific numbers on how many they've received; the department has received very, very many FOI and orders to produce document requests, which is a significant strain on our resources.

Mr Glyde: From the MDBA's perspective, over 2017-18 we've received eight Senate orders for the production of documents. Over the course of the calendar year 2018, 20 new FOI requests were received; 19 have been finalised and one's on hand. I'd say, comparing year on year, that's certainly a step up from previous years. I could take on notice what the history has been of FOI and OPD requests, if that would help.

Senator STORER: If you could, thank you.

Senator GALLACHER: Is the department and/or the MDBA aware of concerns of Associate Professor Paton about projects in the Southern Coorong?

Mr Glyde: Yes.

Senator GALLACHER: What is the aim of the projects that release water into the Southern Coorong?

Mr Glyde: Mr Reynolds will give the details of that.

Mr Reynolds: The key project, the South East Flows Restoration Project, releases fresh water from that region into the southern lagoon of the Coorong. It is notified as a SDLAM—Sustainable Diversion Limit Adjustment Mechanism—project. That water coming into the Coorong can be used to help manage salinity levels in the Coorong and to freshen that region.

Senator GALLACHER: Are any further projects planned?

Mr Robertson: South Australia has been looking at a further augmentation of the existing south east flows program, but there has been no agreement for that to proceed.

Senator GALLACHER: Are there five further projects, one further project?

Mr Robertson: They're looking at one further project—in relation to the south east flows. Under the overarching Coorong, Lower Lakes and Murray Mouth Recovery Project that we do, a lot of activities have been happening over time and, within the available funding and scope of the agreement, different activities are brought on from time to time.

Senator GALLACHER: How are the risks of changing the ecological character of the Coorong being managed? Are you looking at the latest science in respect of these projects?

Mr Reynolds: Yes. That project is being delivered by the South Australian government. Extensive work is being done around the science and the effects of the south east drainage flows and the impacts on the Coorong. Recently the South Australian minister convened a technical forum and an expert science forum to look at the science around that, and seek consensus amongst people with expertise in that area. Those forums were held in September, from memory—I could check the dates. Reports on the outcomes are being prepared and will be available soon.

Senator GALLACHER: So there's engagement on this; you're looking at additional projects, the science, the concerns?

Mr Reynolds: Absolutely.

Senator GALLACHER: Are the MDBA and the department looking into the South East Flows Restoration Project?

Mr Robertson: The department has a funding agreement with South Australia. It is effectively a part of the broader Coorong, Lower Lakes and Murray Mouth Restoration Project, funded under the state priority project arrangements with South Australia. As Mr Reynolds said, it's being delivered by South Australia. The department manages the Commonwealth funding end of that, and the funding agreement.

Senator GALLACHER: Thanks. My last issue is more complex. Is the Sustainable Rural Water Use and Infrastructure Program, the SRWUIP, funded by the Department of Agriculture and Water Resources; however, administered by the New South Wales government under the Sustaining the Basin: Irrigated Farm Modernisation Program and the Queensland government under the Health HeadWaters Water Use Efficiency Project. Is the department funding that?

Mr Robertson: The department administers the Sustainable Rural Water Use and Infrastructure Program. Under that program many activities are being funded, not just across the basin. Over the life of that program, activities have been funded elsewhere in Australia, but predominantly within the basin.

Senator GALLACHER: But you fund it; that is the question.

Mr Robertson: The Commonwealth funds it through the department.

Senator GALLACHER: Without going into the specifics of any matter in the courts, are you, or is anyone in the room—you probably have a few people here—familiar with the case of John Douglas Norman, CEO of Norman Farming in Goondiwindi?

Mr Robertson: Yes, we are familiar with that case.

Senator GALLACHER: I have exploratory questions. How much in Commonwealth funds has been paid to Norman Farming or associated companies under SRWUIP?

Mr Morris: This is a matter before the court.

Senator GALLACHER: The amount of funds he has—

Mr Morris: I realise that. We can answer some of the questions, but we need to be careful that we don't undermine the proceedings before the court at the moment.

Senator GALLACHER: Vehement agreement on all of that.

Mr Morris: I will ask Ms Colreavy to comment on the funding level and the amount of water involved.

Ms Colreavy: Are you specifically asking just about the Norman Farming projects or are you asking about the project overall, the Queensland project?

Senator GALLACHER: I have a detailed brief here. The first question is: how much in Commonwealth funds has been paid to Norman Farming or associated companies under the SRWUIP? So a global figure. Did the Commonwealth pay directly to Norman Farming?

Ms Colreavy: No. The Commonwealth has a funding agreement with the state.

Senator GALLACHER: Yes. So this goes to the Healthy HeadWaters administered by the New South Wales and Queensland governments?

Ms Colreavy: Yes, that's correct.

Mr Thompson: The Queensland government, in the case of that program. In this case we have the head funding allocation under SRWUIP, and the Queensland government is our delivery partner in relation to the Healthy HeadWaters program, and they would provide the funding.

Ms Colreavy: Approximately \$19 million was paid to Mr Norman by Queensland under this program.

Senator GALLACHER: And on notice the precise figure, if you have it.

Ms Colreavy: Certainly.

Senator GALLACHER: In broad global terms, would that be approximately one-sixth of the total funding made available to the Queensland Healthy HeadWaters program?

Ms Colreavy: You will have to bear with me for a minute while I find the documents.

Senator GALLACHER: Would it be a \$120-million fund, in total?

Ms Colreavy: So \$108 million has been approved for the Queensland Health HeadWaters Program.

Senator GALLACHER: It's slightly more than one-sixth, but we can do those sums. How much water has been acquired as a direct purchase and as an efficiency project? How much water from Norman Farming or associated companies has been acquired from SRWUIP?

Ms Colreavy: Could we get this information and come back to you later in this session? We have it, but we don't seem to have brought it with us.

Senator GALLACHER: That's fine. If we can get it before the close of the session, that's good.

Ms Colreavy: Yes; I apologise for that.

Senator GALLACHER: That's no worry. I'll throw a figure out there. There are media reports that they've received about \$20 million, and you've confirmed that it's \$19 million, subject to clarification. We can't avoid the media. I draw your attention to an article that appeared on 29 August, 2018 in *The Land*. Major and Organised Crime squad Detective Inspector Mick Dowie is quoted as saying:

We'll allege claims were made or invoices were modified that were actually for farming as opposed to doing the work, and that they were modified to suit the needs of the claim. We'll also allege there were basically purely fabricated claims for the use of machinery owned by the company to fulfil the needs of the project claims when that didn't occur at all.

I wouldn't imagine any of that is new to an entity like you in administering Commonwealth funds and projects. What do you have in place to check that the integrity of the claims is proper?

Ms Colreavy: The standard procedure I outlined earlier. In a contract such as this, the usual procedure would be—because it's administered through the state—that the state would verify that the project proposal met all the program requirements and was eligible. When they had satisfied themselves that it met all the requirements, they would submit it to the Commonwealth for agreement to proceed with funding. The state would enter into a contract with the applicant to carry out the works, and under their agreement with us, they are required to contain certain checks—

Senator GALLACHER: Do they replicate your checks and balances?

Ms Colreavy: Yes, we require them to have those sorts of checks in place. A rigorous process is laid out. They visit; they usually do on-site inspections of the projects while they're proceeding, at some stage; either at the beginning or the end, or sometimes during the works being done. In the case of this project they would have followed their normal standard procedure. What sort of deception has happened here, we're still waiting to find out.

Senator GALLACHER: Fair enough. So your processes, as earlier put on the record, are replicated by the relevant state entity that's acquitting the funding?

Ms Colreavy: That's correct. Queensland make the payments. They satisfy themselves that progress is being made satisfactorily and they make the payments. They then provide us with invoices and statements to validate

that they've followed up and checked that the milestones have been met. We reimburse the state as a consequence of that evidence.

Senator GALLACHER: Thank you.

Mr Thompson: It's probably worth noting that in addition to all the things Ms Colreavy has just been talking about, we did commission some independent assurance work on a number of states' priority projects, including the Health HeadWaters Program, earlier this year.

Senator GALLACHER: Is the result of that work available yet?

Mr Thompson: It's with us, I think as a final—

Ms Colreavy: We intend to publish it before the end of the year.

Senator GALLACHER: I want to touch on another issue. In October 2017—I know it's a while ago—*Lateline* reported an email from Minister Joyce's office saying:

I have copies of some satellite maps which show extensive diversion of floodwaters from a natural cause. Could you please get in touch with the Queensland Department of Natural Resources, Mines and Energy and ask what investigations are underway? Do we have an audit process in place to ensure that this funding goes to its intended purpose?

Have you addressed that? Do you have processes in place to ensure that the funding goes to its intended purpose? Is that what I've heard from your evidence?

Ms Colreavy: Yes, we have processes in place. We physically check a sample of projects—usually it's around 20 to 25 per cent. If something is brought to our attention, and we have specific doubts or issues, we follow up and ask that investigations are made.

Senator GALLACHER: Is anybody familiar with this report?

Mr Thompson: If it's in relation to Norman Farming—yes.

Senator GALLACHER: Did the Department of Agriculture and Water Resources undertake an audit at that time?

Ms Colreavy: We asked the state government, which was administering the project, to look into this and give us advice. That was provided. We did receive assurances from the state.

Senator GALLACHER: Yes. But there was comment on 9 April 2018—thank goodness we're under parliamentary privilege because I can say it; I'm just saying what someone else said:

The following year the Queensland government continued its deception reassuring the Department of Agriculture about the integrity of the scheme's administration. [a minister] falsely claimed the scheme had been externally audited, writing to [another person] to assure him 'the department was serious about ensuring correct application of grant funds' and that a 'recent external audit of the Healthy HeadWaters Program payment claim procedures had found no material concerns'. But the audit was not external. 'Barr Group Consulting does not and never has undertaken [an] external public audit', says Rex Klein, who runs a small Brisbane company hired by [the minister's] department in 2017 to undertake a limited review of procedures and decisions.

Are you aware of media comment—I don't ascribe any veracity to it—that the audit wasn't up to scratch?

Mr Thompson: We are aware of that commentary. I think in previous estimates testimony we've addressed a number of those claims, including, as Ms Colreavy said, we pursued on a number of occasions those inquiries and questions with the Queensland government in relation to that project. What was happening—and I think I made this point previously, that we were not able to disclose at the time to those who were making some of the claims that you've just made there and some of the complaints that you made—was that the Queensland police were pursuing their own investigations and we were not in a position to talk about those publicly.

Senator GALLACHER: If there is anything else that you can add on notice about the audit in there, that would be helpful. Has any of this—these allegations—caused you to review your internal processes to identify how a fraud could have occurred or whether any other payments could have been paid in an improper manner? Has this case alerted you to the broader potential for systemic issues?

Mr Morris: We're always alert to new opportunities to learn how we can improve our processes. As Mr Thompson said, we've initiated a number of reviews of the programs that we've got running at the moment. The first of those, we've got a report on—and it will be released shortly—and that goes to the heart of the processes that are put in place and how they're reviewed. And we'll make those publicly available as they come to us.

Senator GALLACHER: In light of the fact that you've got this review emerging, or about to be released in the next month or so, have you changed any process to date? Has there been any early action arising out of what

you found or have you changed any of your processes to ensure payments can't be defrauded? Has that action been taken or has it not?

Ms Colreavy: The various learnings—as Mr Morris said, we continue to try to improve and make more robust our checks and accountabilities. When something like this happens, we look very closely at our ongoing administration and, in particular, we've looked at that in terms of the new Water Infrastructure Program that's been recently rolled out. So we've built some, what we believe are, very robust checks into that system to give us greater satisfaction.

Senator GALLACHER: I accept that you're doing an overall review. But the two questions in the area are: have you changed any of your processes now, in the department, to eliminate the potential for fraud, and also with the New South Wales and Queensland governments? Has anything jumped out that you've acted on straight away before the review?

Mr Thompson: Ms Colreavy was saying yes, in relation to future programs.

Senator GALLACHER: Can we have on notice what those are?

Ms Colreavy: Certainly.

Mr Morris: It's probably worth noting too the government recently appointed a northern basin commissioner, and one of the things that he's looking at is some of these programs and how they're operated. We certainly welcome advice from Mr Keelty, who will be looking at issues such as this in the Northern Basin.

Senator GALLACHER: I've got a couple more topics, if I can move on. Can you confirm the Commonwealth has committed to bridging the gap by investing in projects that provide the efficiency of irrigation and creating water savings? The Commonwealth pays for 90 per cent of the water efficiency project and the savings are shared equally between the Commonwealth and the irrigator. The efficiency programs are intended to reduce water losses from evaporation and seepage and enable more precise and accurate application of water. They include lining irrigation channels through deep seepage or deepening or narrowing channels to reduce their surface area and therefore evaporation. Is that an accurate description of that project?

Mr Morris: There are a number of projects we still have in operation, some of which are for gap bridging, which is to enable us to hit the 27,050 gigalitres target. Many of the examples you gave are examples of the sorts of projects that we run both on-farm and off-farm. We have projects running, for example, with Murray Irrigation Ltd, which are extensive improvements to the operations of their canal systems and so forth.

Senator GALLACHER: If I run through these questions, we might succinctly put the evidence in the right spot. How much water has been achieved by the efficiency program? And how much is the book value?

Mr Morris: I think what you're referring to is specifically the water that we're recovering for the target, for the 450 gigalitres in efficiency measures, as opposed to our gap bridge work, which is where I was going to go. The main programs that have been operating to date—we ran a pilot program in South Australia for quite a number of months which was called the Commonwealth On-farm Further Irrigation Efficiency Program. That was an on-farm program. My colleague is just about to dig out the recovery from that program to date. And then in July this year we launched the Water Infrastructure Program, which was the program approved by ministers on 7 or 8 June, which was to start to recover towards a further 450 gigalitres that we require under the Basin Plan. That's covering similar things to what you've mentioned earlier. But we're focused initially on urban, industrial, off-farm and metering projects.

Senator GALLACHER: Mr Morris, I know where I'm going with my questions. Thank you for your overabundance of helpful information but if we could find out how much has been saved and what's the book value?

Ms Colreavy: Under the COFFIE program in South Australia, to 30 September funding of \$11,530,153 has been approved for 60 on-farm projects. It's expected that these projects will return 2,051.75 megalitres of water, which is equivalent to 1,846.58 megalitres LTA—that's the long-term average annual yield that we report our water against. So far we have received of that water, because those projects are still under way—I have to look at another sheet—I think it's around about 1.8 gigalitres.

Senator GALLACHER: If on notice you can give us that because my question really goes to: does the Commonwealth verify the water savings claimed under efficiency programs administered by New South Wales and Queensland or is it correct that New South Wales and Queensland engage a contractor to cost the estimate of their original savings and verify the proposed works? I'm going to the integrity of the program.

Ms Colreavy: Yes. We usually require an independent verification of the water savings to be obtained. So in the case of COFFIE, the example we were just talking about, that's administered by the South Australian NRM

board which employs expert agricultural staff who are required to inspect, look at the plans, the on-farm plans, and validate that the works will in fact deliver at least the savings that are being reported. In most cases they say that it's a conservative estimate and that more savings than are handed over are achieved so that the participant normally retains some small savings in addition.

Senator GALLACHER: How do you satisfy yourself that that independent evaluation is correct? Is there a panel of accepted people who do this work for you?

Ms Colreavy: Yes. There are people who have been approved. They're a mixture of agricultural scientists or hydrologists et cetera. So they're people who have got expertise in this field and are accredited to do this work.

Senator GALLACHER: *The Guardian* has reported that Norman Farming constructed over 50 kilometres of illegal earthworks but they were retrospectively approved by the Goondiwindi council. Has the department or MDBA undertaken any investigation of that claim?

Mr Morris: I think that's part of the investigation of the Queensland police at the moment.

Senator PATRICK: Can I seek a supplementary on that. My understanding—and I was listening to Senator Gallacher before—is that the police are investigating or the claims before the court relate to fraud relating to invoices. You'd be familiar with Mr Lamey. That name is well and truly in the public domain. His main problem was these illegal structures. That wasn't being litigated at all, was my understanding. There are no charges that Mr Norman has put up illegal structures. He might have fraudulently used money but that's not being decided in the court.

Senator GALLACHER: That's exactly what I'm saying too. The fraudulent use of Commonwealth money is before the court. I am not asking about that, not asking about that at all. It's the legality of the earthworks. If there's an allegation of illegal earthworks in your area, your purvey, do you investigate that?

Ms Colreavy: We sought advice from Queensland about those structures—the alleged illegal structures—and have received assurance in writing from the state that the structures that were the subject of that claim were in place well before 2012, before the Basin Plan and before our Healthy Headwaters Project was conceived. We've followed up on that to check again and have been told firmly that those structures pre-dated our program and were not related to the funding of our program.

Senator GALLACHER: Thank you for that.

Ms Colreavy: We haven't gone on site—to follow up an earlier point—to check for ourselves. It's something we would normally do but we've refrained at this point in time because of the ongoing investigation. That was the advice given to us, that we should not interfere in any way with this particular case until the matter is settled.

Senator GALLACHER: That is absolutely clear. Thank you for that answer.

Mr James: If I might just add to that as well, we have received allegations in relation to works in this property and surrounding areas and we've referred those to the Queensland department, who is the regulator of these arrangements. They've advised us that they have investigated. They've not found sufficient evidence to support the allegations that have been made but they are currently completing an internal review process and we'll be seeking a briefing from them when that work is done.

Senator PATRICK: That means that's not before the courts?

Mr James: That's correct.

Senator GALLACHER: The effect of the structures is Norman is able to capture more water from the floodplain. That would be self-evident. Is that a fact?

Mr Thompson: I think that's the claim that's made but we have indicated already that we have pursued that line of inquiry with Queensland, and so far they have assured us that there is nothing illegal about the structure. You're asking an empirical question. That's the claim that's made.

Senator GALLACHER: You would get more water.

Mr Thompson: It depends on the hydrology, it depends on the landscape, but it may be true.

Mr Glyde: The intention of the structures is to capture overland water.

Mr James: Sometimes that can be too much water on a property downstream; so there can be an issue with people capturing water but also flooding other people's property.

Senator GALLACHER: I have two more questions on this. The difficulty with this—you're all being extremely helpful—is they don't suit my line of questioning.

Mr Glyde: We're glad to hear that.

Senator GALLACHER: So basically I'm saying it would appear that the intention is to capture more water. Can you confirm that increasing water captured off the floodplain would result in less water for everyone else and a diminished financial value of water licences? Is that an incorrect statement or is that a question that's up in the air?

Mr Glyde: I'd say yes, it depends on the circumstances. The whole idea of the overland flow capture is to make the most out of that water resource, whereas the Basin Plan is intended to capture all forms of water use.

Senator GALLACHER: The next question is the real critical one, and I accept all of your evidence: will the MDBA or the department increase the baseline diversion limit and sustainable diversion limit from these new earthworks because they're changing water availability?

Mr Glyde: There's a real complexity to that.

Senator GALLACHER: Yes, I am sure there is. Perhaps you had better take that on notice then.

Mr Glyde: Probably it's best to take that on notice. It's a really complex circumstance, floodplain harvesting.

Mr James: Really, the heart of your question goes to whether the water that is being captured by these diversionary structures is part of the entitlement system and is regulated and accounted for in that way.

Senator GALLACHER: Yes.

Mr James: I think the point is that in some areas of Queensland and New South Wales it is a work in progress. Much of that work is regulated and accounted for within the entitlement system.

Senator GALLACHER: I can put a layman's interpretation on it: did someone get ahead of the curve before it was in place to do something that reduced the availability of water? You need to give us the proper legal and technical answer to that. Probably on notice is the best way to do it.

Mr Glyde: In essence, the Basin Plan is intended to bring all forms of water use to account. As Mr James has said, that's what we're working on. There's still a way to go in making sure that's the case and being able to accurately measure and monitor the use of water.

Senator GALLACHER: I have a couple of other quick items. Strategic purchases from Eastern Australia Agriculture: under an order for production of documents, 579 at pages 401 and 402, there's a letter from Matthew Bickford-Smith of Eastern Australia Agriculture Pty Ltd to Mary Colreavy of DAWR—attachment A; that's for me. That letter was signed by Mr Bickford-Smith. It's cc'd to three other persons. One name has been redacted but two names have not. Is the redacted a name of a government employee or private person?

Ms Colreavy: It's a junior official.

Senator GALLACHER: It's a government employee?

Ms Colreavy: Yes.

Senator GALLACHER: Why is it redacted if it's a public servant?

Ms Colreavy: The practice has been that non-SES officers' details have been redacted from all of the documents. That's been—

Senator GALLACHER: I'll give it to you straight: is the person related to a person in public life?

Ms Colreavy: No. There's nothing to be hidden.

Senator GALLACHER: No worries; thank you. DAWR made several strategic purchases of water to bridge the gap in 2017. That's correct? Who initiated these purchases? Did DAWR approach potential buyers or did purchasers approach DAWR? Were they unsolicited? Who did what? Did you go out and approach potential buyers?

Ms Colreavy: These were unsolicited offers to us. We receive offers from people under lots of different circumstances, indicating that they have water and would be interested to talk to us about it.

Senator GALLACHER: Fair enough. The next questions I have are to you, Ms Colreavy. Can you confirm that you were cold calling water holders in late 2016 and early 2017 asking if they would sell their water entitlements to the Commonwealth?

Ms Colreavy: No. I'm not sure what that refers to.

Mr Thompson: We wouldn't confirm that, Senator. There's no recollection of that at the table.

Senator GALLACHER: Is the answer no?

Ms Colreavy: No.

Mr Thompson: No.

Senator PATRICK: Is there anything unlawful in doing that? There's nothing improper in doing it?

Ms Colreavy: No. Under the Commonwealth procurement rules we are allowed to buy water if it's seen to be a favourable transaction, but I haven't undertaken cold calling.

Senator GALLACHER: You're putting it on the record here that there were no cold calls made at that time to buy water?

Ms Colreavy: No.

Mr Thompson: At the table I think we're saying there's no recollection, but let's—

Ms Colreavy: There were a couple of occasions when we did talk to large corporate holders of water who had previously tried to sell water to us, unsuccessfully. We went back to them to say, 'You've approached us a number of times in the past and would there be any point in us talking to you again?' That did happen. I wouldn't call that 'cold calling'. But that has happened.

Senator PATRICK: It's a pre-qualified tender, is it?

Ms Colreavy: No.

Senator GALLACHER: What I have in front of me are three water holders who say they received a cold call from you.

Mr Thompson: From Ms Colreavy or from the government?

Senator GALLACHER: From Ms Colreavy.

Mr Thompson: We might take that on notice and maybe get some more details on that. As you'd appreciate, if it's early 2016 we may not recall that.

Senator GALLACHER: We're looking for advice as to whether those calls were made. I accept there are always two sides to any story.

Mr Thompson: Sure.

Senator GALLACHER: If it was part of a previous contact that's been followed up, these are the next questions.

Mr Morris: It may be helpful to us, if we are going to look into this—and you may not be able to do this—if you can tell us, not necessarily on the record but perhaps afterwards, the names of the people so that we can actually check. There may have been very specific reasons why they were contacted.

Ms Colreavy: Or the dates, around the time.

Senator GALLACHER: That's fine. This is a line of questioning.

Mr Thompson: As you can tell, Senator, we're not seeking to mislead anyone here. I think it might be around the language of 'cold call' that we're tripping up.

Senator GALLACHER: There are now three questions which will obviously go on notice: did a Commonwealth MP's office provide you with a list of water holders to contact; did a New South Wales politician's office provide you with a list of water holders to contact; and did a Queensland politician's office provide you with a list of water holders to contact? Obviously, the whole matter can go on notice. You can go and check your records. It's a fair while ago. But what it's saying here is that you cold called. At least three water holders are saying they received a cold call. We want to know the whole circumstances around that activity. We're happy for you to take it on notice.

Ms Colreavy: Senator—

CHAIR: Just to assist, in terms of the time, unless it's an answer take it on notice.

Ms Colreavy: I'd just like to make the statement that, to the best of my knowledge, I have never cold called. I've had calls from members of parliament and other people to ask me to speak to people where they've had inquiries from somebody saying that they need help, they would like to sell water, and could I please talk them through the process. I've had numerous requests of that sort. I've certainly done that, but that's been at someone's explicit request.

Senator GALLACHER: Can we have that on notice?

Ms Colreavy: Certainly.

Senator GALLACHER: I have no personal knowledge of this circumstance.

Ms Colreavy: For the record, we keep records of all of those interactions.

Senator GALLACHER: Excellent. I'm sure. That does me for the day.

Senator PATRICK: I have a quick supplementary on that. I know that if I call someone from a government department and identify myself as Senator Patrick, they immediately say, 'Can you go through the minister's office?' Is that the process?

Ms Colreavy: We would always advise the minister's office or ask them to make their request through the minister's office. But sometimes if people are saying, 'Can you help this member of the public,' I see nothing wrong with doing that.

Senator PATRICK: I understand that.

Senator GALLACHER: Ms Colreavy, there are no allegations. This is a series of questions. I have no knowledge of it, other than I've asked the questions—that's all.

Mr Glyde: Just to interrupt: Senator Storer asked for some information about FOI numbers. I can give that now, if that would help avoid further work? FOI numbers: in 2014-15, five; in 2015-16, one; in 2016-17, 10; in 2017-18, 16; and in 2018-19, in the year to date, we've received 11 but we still have eight months to go in the financial year. OPD numbers: two in 2017 and five in 2018.

CHAIR: Thank you. Senator Patrick.

Senator PATRICK: Thank you. I've got five questions. In relation to the Goondiwindi property, I'm just connecting a few dots from Senator Gallacher. That initial email that he talked about—I think it was one of the minister's advisers talking about the need to do some auditing—was in relation to a complaint, I recall, from Mr Lamey in relation to these illegal structures. I think you've advised that you then went off and someone has done an audit and come back with a finding. There's still a controversy in play. Is that audit available to be tabled?

Mr Thompson: There are two separate things. As I recall—I don't have the document in front of me—regarding the documents you're talking about, the request from the minister's office at that time was for the department to follow up that line of inquiry. As we've already indicated, we did that with the Queensland government at the time and confirmed it again on several occasions. We were then referring separately to an independent assurance piece of work that we commissioned early this year in March into the Healthy HeadWaters program as a whole. We did it with some other programs in other states as well. That report has been finalised and we've indicated we'll release that publicly later in the year.

Senator PATRICK: Sure, but that's more of a general thing.

Mr Thompson: It's in the system.

Senator PATRICK: This is in relation to the initial email that Senator Gallacher talked about. You said that an audit was done. I am asking: can you table the response?

Mr Thompson: No, there was no audit. I was trying to make that distinction. There was no specific audit. What we did was follow up that line of inquiry with the relevant department in Queensland. We got information back from Queensland.

Senator PATRICK: Can you provide the response back?

Ms Colreavy: That was all provided as part of the OPD 450.

Senator PATRICK: Clearly, that controversy didn't go away. Perhaps I'm at an advantage here. I have been to the property and I have looked across the fence at the earthworks and there were continuous earthworks in terms of changing the structure of that property. I think there is an issue before the courts as to how that got paid for, but that's a separate issue as to whether the structures are or are not illegal. I know that the matter had been referred to the Goondiwindi council to either approve or disapprove of these structures post facto. What was the outcome of the Goondiwindi council's deliberations? Were they found to be illegal?

Mr Morris: I don't think we're aware of the outcome. It was a local government matter in terms of whether those structures were approved or not.

Senator PATRICK: Yes or no?

Mr Morris: No.

Senator PATRICK: Those structures interfered with the flow of the river. Those structures were, in essence, designed to capture water by making an overland flow which then could be pumped. So it actually is fundamental to the MDBA and to the department that you have an interest in that. It's not a council issue at all.

Mr Thompson: It may be, depending on the time of when those structures were put in place. Mr Glyde might—

Mr Glyde: Senator, like you, I've also met with Chris Lamey. He's taken me on a tour of his property to outline, at least to me, some of his concerns and claims. The thing that struck me about that visit was the

complexity of the regulatory regime. As you've touched on, there are local government approvals in relation to structures. There's also Queensland government involvement as well and, as you've said, through the funding of the Commonwealth there's that as well. My conclusion, from that visit and subsequently, is that it is a complex area. Collectively, I think we need to get a better handle on measuring and monitoring. I think we'd have to take on notice the specific response to your question about what was the local government response to the claims of Mr Lamey.

Senator PATRICK: It just seems to me that that would be something you would be alive to in the context that it was a rather large controversy. It is the council's domain but, nonetheless, there's an overarching fundamental concern there that the river was being diverted and there were all sorts of downstream people suffering from that. There were also upstream irrigators doing absolutely the right thing, only to find the water then being diverted for what is purportedly an illegal purpose.

Mr Glyde: That's the nature of the allegations. I don't think we're in a position to say yes or no or agree to that particular position. I'd prefer to take on notice the response to your question.

Proceedings suspended from 11:00 to 11:16

CHAIR: Back to you, Mr Thompson.

Mr Thompson: In response to a couple of questions that came up during the morning's hearings: we can confirm that the appointment of the special envoy on drought was announced on 26 August, and that the amount paid to Norman Farming was \$19.2 million. The contract was a bit bigger than that; \$0.6 million—\$600,000—was not paid. This was for seven projects that were completed. Approximately 3.1 gigalitres of water in long-term average annual yield equivalent were recovered.

Senator PATRICK: To go back to the Norman Farming-Lamey matter, in the break I was talking to Mr Morris. It's worth putting on record your perspective in terms of why you are not, in these circumstances, pursuing the illegal structures matter.

Mr Morris: The main concern was that an ongoing police investigation was underway. We were not fully informed of all the details of that, for reasons that it was a Queensland Police investigation. We were advised to steer clear of the farm. Whereas normally we might have undertaken more detailed inspections and verification of what was going on, because of that ongoing police investigation we steered clear of it so we wouldn't interfere with any investigation.

Senator PATRICK: I accept what you're saying, Mr Morris. A couple of things flow from that, however: I presume you reserve all your rights at the conclusion of the matter in the Queensland Court to perhaps have a look at this more closely?

Mr Morris: Yes.

Senator PATRICK: The second question is important. Mr Lamey is still suffering because his property is still flooding as a result of these structures. What do we say to Mr Lamey in those circumstances? He's not in any way responsible for the alleged frauds but he's suffering from the purportedly illegal structures. How do we assist Mr Lamey with his property? When I went up there, I could see bridges across rivers that, prima facie, looked like they should not have been there.

Mr Morris: As Ms Colreavy said, the assurance we had from the Queensland government was that the structure which is allegedly of most concern was a pre-existing structure before our program started. You mentioned there may or may not have been works on that. But we were advised that it was a pre-existing structure. If that's the case, it becomes a matter more of whether that structure was approved, or would subsequently be approved, by local council, and for the Queensland government. The appropriate vehicle, at least in the first instance, as we understand it, is for the local council and the Queensland government to sort out that issue. However, once this court case is settled, we'd be happy to undertake some further investigations, just to make sure that there isn't a role for the Commonwealth—

Senator PATRICK: That structure, that you say is older than 2012, affects the river and affects a whole range of people downstream and some of the farms immediately upstream. Can the Commonwealth look at that structure and at some sort of grant or contractual arrangement to restore the river to its natural manner?

Mr Thompson: I don't think we have a funding mechanism to deal with that in the way you've characterised it, Senator. There are other funding programs to deal with constraints. There are funding programs to deal with recovering water for the environment under our Basin Plan programs. But as Mr Morris said, we're happy to look again at that issue. As Mr James indicated in his answer earlier, in relation to inquiries the MDBA has had with

the Queensland government, this matter is currently being reviewed by the Queensland government. We'll watch that closely.

Senator PATRICK: Minister, could you take a special interest in this or ask the minister you're representing to take an interest in it? We have some people suffering, and it sounds like we're in limbo because of the Queensland court case.

Senator Ruston: Yes, I'm more than happy to take the issue on notice. It is an issue that's been around a long time; a lot of representations have been made to various governments and authorities about this matter. It is a complex matter covering a lot of jurisdictions. I acknowledge your comments, but it is complex and we have to be extremely careful in relation to other matters that are before the legal jurisdictions.

Senator PATRICK: If I'm no good in the advocacy, I will get Senator McGrath to take it up with the Queensland constituent.

Senator STORER: Is it correct that there is a direction to the MDBA, DAWR and CEWO staff to avoid putting issues in writing and in correspondence due to the heightened FOI/OPR?

Mr Glyde: No.

Senator STORER: Will the MDBA be receiving legal advice on the accreditation of the water resource plans?

Mr Glyde: Yes.

Senator STORER: Is that legal advice to be made publicly available?

Mr Glyde: Usually our practice, and the longstanding Commonwealth practice, is not to make available legal advice that the Commonwealth has acquired.

Senator PATRICK: There was a Brazil direction of Cabinet from 1985 that is certainly the case with FOI. The principle there is that the public pay for the advice and the advice is sought for public purpose. If there is no harm in releasing the advice, the principle is that the privilege should be waived. I ask, to assist Senator Storer, that that approach be taken to this advice. There should not be a blanket claim of legal privilege over Commonwealth legal advice. The test is: does releasing it cause a harm?

Senator STORER: Is there a directive to MDBA staff that the deliberations relating to the water resource plan accreditations are not discoverable via FOI or OPD process?

Mr Glyde: Essentially, we assume that all the deliberations on the water resource plans are made available—are discoverable. We certainly have issued no direction to that event. Stepping back from that question, the general principle, you are saying, is these water resource plans are a seismic shift in the way we administer water in Australia; they're controversial and they're complex. In the long-term interests of the successful implementation of the Basin Plan, all stakeholders need to be aware of what's going on here. So we're committed to transparency and openness, to the extent we can be. Certainly we issued no advice. The whole process, which Mr Binning can outline, of the finalisation and the accreditation of water resource plans requires the states to enter into their own public consultation processes, their own opening up of all these issues. We are keen to see that, because we want the plan to succeed. If people are confident in those water resource plans, there's more likelihood that the plan's objectives will be achieved. Mr Binning will describe some of the public involvement processes.

Mr Binning: The primary responsibility for the development of water resource plans rests with the states. The states are responsible for undertaking public consultation in association with the development of those plans. The MDBA's accreditation of those plans is an integral part of that process. We have given no direction of the kind mentioned to staff and our intention is that, once our assessment is complete, that assessment will be published.

Senator STORER: I turn to the issue of independent reviews. Did Brett Tucker, of Black Watch Consulting, prepare the Menindee Lakes Water Savings Project business case for New South Wales?

Mr Binning: I can answer that question. Mr Tucker's consultancy, Black Watch, was involved in the preparation of that business case.

Senator STORER: He was also on the panel that reviewed the SDL Limits of Change Review—yes or no?

Mr Binning: He provided us advice—yes.

Senator STORER: He was also on the panel that conducted the independent review of the SDL Adjustment Mechanism process?

Mr Binning: To my recollection, the last two you've mentioned are the same process. The answer's yes.

Senator STORER: Did the New South Wales government indicate to you that Brett Tucker is a preferred consultant on either the SDL Limits of Change Review or the SDL Adjustment Mechanism process—or both?

Mr Binning: No.

Senator STORER: Did the New South Wales government indicate to you that Brett Tucker is a preferred member of the Independent River Operations Review Group?

Mr Binning: Not as far as I'm aware. I'd have to take it on notice to verify.

Senator STORER: If you could, thank you.

Mr Glyde: Senator, I will consult with my colleague. IRORG is a longstanding group; I'm not sure exactly what its nature is or how they are selected. Brett Tucker is one of those members. We might have to take that one on notice.

Senator STORER: Can you confirm that the independent review of the SDL Adjustment Mechanism assessed all the processes in the SDL Adjustment Mechanism, which included both the business cases and the SDL Limits of Change Review?

Mr Binning: Yes.

Senator STORER: It's been put to me that Brett Tucker was, therefore, engaged to review his own work; is that correct?

Mr Binning: The process was an assurance process that each of the steps associated with undertaking the SDL adjustment and doing the assessment of the SDL adjustment was done effectively. It was a process of review of our internal processes that did not involve any form of technical review of the individual business cases. Mr Tucker, if my recollection is correct, declared that interest and it was deemed that it didn't represent a fatal flaw or conflict in the process.

Mr Glyde: As a general point in relation to peer review, we've found that there's a limited number of people with expertise in this area. We will use—and the jurisdictions will use—those people with that expertise. We do our best to make sure that we get alternative views, hence the idea of having independent reviews. It is a relatively limited field of speciality.

Senator STORER: The department commissioned Jacobs to undertake a due diligence of the Menindee water savings project business case. That report was highly critical of most aspects of the business case. Did the independent review of the SDL Adjustment Mechanism identify any of the issues raised in the due diligence report?

Mr Robertson: The department did engage Jacobs to do the study—you asked that question at the start—but the MDBA did the rest.

Senator STORER: So they did the study. The study report was highly critical of most aspects of the business case. Did the independent review of the SDL Adjustment Mechanism identify any of those issues raised in that report?

Mr Binning: I can take that question. As I said, the independent review was not into the veracity or the detail of the individual business cases. What the review was there to do was ensure the processes that had been set out as part of the assessment of the sustainable diversion limit adjustment mechanism had been followed. The relevance of the business case would have been that if issues were identified those issues were then registered as matters to be taken forward in the further development of the project. That would have been checked, that that process had occurred. I might comment more generally that the business cases—the name is possibly not an accurate reflection of precisely what they are—are, in essence, proposals for the work to be done to fully develop these projects and implement them. The business cases were there to demonstrate that the projects had the potential to deliver the offset. But the nature of the offset is the detailed design work, and the approvals work remains to be done.

Senator STORER: Do you believe that the independent review of the SDL adjustment mechanism should have identified some of the deficiencies raised by Jacobs in their due diligence report?

Mr Binning: No, I don't, because that process had already occurred and the Jacobs report had informed part of that process. What the review ought have done, and I am sure did do, was ensure that the commentary that came from the various organisations—the departments, state agencies et cetera on those issues—reflected on the issues and risks register for the project and that those issues and risks would be taken forward in the further development of the project.

Senator STORER: Does the MDBA have a publicly available conflict of interest policy—publicly available?

Mr Binning: I think so.

Mr Glyde: I believe so. Let me just double-check.

CHAIR: That's okay. We'll come back to you during the next few minutes.

Senator STORER: Was a conflict of interest assessment undertaken for Brett Tucker in relation to the appointments for the limit of change review and/or the independent review of the SDL adjustment process?

Mr Binning: I'd have to take the detail of that question on notice but I can certainly recollect that there was a discussion about people with the appropriate expertise to undertake that review. Mr Tucker was identified. Mr Tucker certainly indicated to us that he had worked on aspects of the sustainable diversion limit adjustment mechanism, as indeed had most of the very few experts in this space. Part of that was acknowledging, as I said earlier, that he had worked on the Menindee business case. Because the review was related to the processes that underpinned it, we didn't believe it represented a conflict.

Mr Glyde: If I could add to that, if there are appointments to a long-standing committee—IRORG, which was the other one you were querying in relation to Mr Tucker's participation—the appointment process requires nominees to provide that conflict of interest or the interest statements declaring their interest. Then there is a process which we go through to determine whether or not those conflicts are real or can be managed. And if they can't be managed then the person can't be appointed. But we do go through that process for, if you like, our standing committees. And I think Mr Binning is outlining the process we'd go through for specific contract work for a particular purpose, but it would be short term by its nature.

Senator STORER: You're going to take on notice whether there was an assessment made—correct?

Mr Glyde: Yes.

Mr Binning: I've outlined my recollection of the process we went through but I'll take it on notice and provide it.

Senator STORER: If you could provide that assessment—if there was one.

Mr Binning: Yes.

Senator STORER: What mitigation actions were in place in relation to the actual and perceived conflict of interests related to Mr Tucker and his involvement in both the SDL limits of change review and the review of the SDL adjustment mechanism process? What mitigation actions?

Mr Binning: I can only talk to the general nature but each of those exercises or reviews involved a panel. The general practice would be that an individual on that panel wouldn't associate themselves with or undertake the work that was associated with something that they had been directly involved with.

Senator STORER: Could I ask how much Mr Tucker has been paid in total by the MDBA?

Mr Binning: I'm happy to provide that but I have to take it on notice.

Senator STORER: And how much Mr Tucker's been paid by the department?

Mr Robertson: To my knowledge, the department has not actually engaged Mr Tucker to do anything. Obviously, various work that he's done for New South Wales and others we've had to consider as part of our role.

Senator STORER: And no work for the Commonwealth Environmental Water Holder?

Ms Swirepik: No.

Senator PATRICK: To the issue of climate change, for the record Centre Alliance, my party, are believers, but even if you're not I think the precautionary principle applies in this instance. It is clearly the government's policy, having recognised the Paris targets and so forth, is that there's a recognition of climate change occurring. But if my understanding's correct, the Basin Plan has not been constructed with consideration of climate change. Would that be correct?

Mr Glyde: That's incorrect.

Senator PATRICK: It's incorrect?

Mr Glyde: It's incorrect.

Senator PATRICK: Can you just elaborate then what input that has had to the plan, to the modelling and to the management of the river system?

Mr Glyde: I might ask the head of our Science and Knowledge division to take you through that.

Mr Mues: Just as a matter of introduction, the impacts of climate change on surface water availability in the basin are still somewhat uncertain. Projections are for a range in the Northern Basin. The range suggests, from all the different climate models, it might be a wetter future or it might be a drier future, although in the southern part of the basin there is probably more consensus in terms of heading towards a drier future. But when we develop the Basin Plan it's been constructed to be an adaptive framework that can incorporate some actions, immediate

actions, to address and prepare for climate change but also provide a framework where we can adjust things through time. In terms of the specifics, I think we have released some work, several years ago, which categorised the various mechanisms within the plan as falling under about four categories. Actions that refine existing arrangements are things like, as you say, our hydrological modelling, which incorporated 114 years' worth of climate records and included a wide range of climatic permeability, and the climate projections are around that level of climate outcomes. We use that to make sure that there's sufficient variability. So we have got: how does the plan perform in very dry years and extended dry periods as well as very wet years?

There are other actions which buffer the system for climate change risks. The most obvious example would be the recovery of water for the environment to restore its health and resilience and prepare for climate change. We also enhance existing arrangements. The example I'll give is: we give guidance on annual environmental watering priorities across the basin. We take into account the particular seasonal conditions that lie ahead and give guidance on watering priorities in accordance with that climate outlook. Lastly, we also have an opportunity to adapt to future changes. And that's where we have opportunities for monitoring, evaluation and regular review of the plan. So as we get additional information we can incorporate that into the next versions of the Basin Plan.

Senator PATRICK: Is one of the inputs into things like hydrological models? Where would I see, in simple terms, how things like SDLs might vary as a function of time on account of climate change?

Mr Mues: The SDLs are designed—the limit on take in any given year—to reflect the seasonal conditions in that year and water availability in that year. So if we go into a sequence of drier times, the limit on take in that given year will be lower, adjusted down accordingly. When we talk about the SDLs as being a long-term average number, that's the long-term average number which is derived from the long, 114-year climate sequence which we use to underpin our modelling.

Senator PATRICK: But that's one number. The time frame of consideration—you're saying it's 100 years?

Mr Mues: Yes, 114 years.

Senator PATRICK: What's the resolution of the adjustments?

Mr Mues: Again, as you enter a dry year, the limits on take are calculated according to the water availability for that year and the water rules that apply through the water resource plans.

Senator PATRICK: How do you then compensate for droughts?

Mr Mues: In simple terms, in drier years the limits on take will be less than the average SDL.

Senator PATRICK: Sorry, I'm trying to differentiate between a drought where you might change something and climate change, which I presume is on a gentler slope.

Mr Mues: There are two aspects to the question. Firstly, what happens from year to year as we're entering into a more drier climate? I suppose I'd refer back to my answer then to say that limits on take in any given year reflect the water availability in that year. It's almost like a live adaptation process. Then as we go forward to future reviews of the Basin Plan we're trying to invest time and resources to better understand future climate change impacts, and they'll be considered in future reviews.

Mr Glyde: Indeed, we're obliged to consider climate change for the first time as the No. 1 thing when we do any formal review. Really the question you're asking is: when data becomes available, when it's clearer, really the question is: is 2,750 the right level in the long run? And that's what we're looking to invest our resources in, and try and hope that the academic community and the research community can come up with more information that enables us to make those decisions over time. But clearly, the whole premise of the plan—the fact that information will improve over time—is that we've got these steps for review to make sure that we can update to the latest information. I think it's particularly critical if we're going to have a sustainable future for the basin and its industries that we have those mechanisms for change available, that having set that number in 2012 we make sure it's the right number going forward.

Senator PATRICK: I know you guys do a lot of informational brochures and so forth. Is there something that describes the climate change approach used by the authority?

Mr Mues: There is. We've—

Senator PATRICK: I can go and get an SDL brochure that's quite informative?

Mr Mues: Yes. We can provide an article which summarises the way the Basin Plan accommodates climate change. We can provide that on notice.

Senator PATRICK: If you could provide that to the committee, that would be helpful.

Mr Glyde: We've just missed an opportunity for an advertorial but we're trying to explain some of the basics about the Basin Plan. What we find is: it has a lot of complexity. One of the facts sheet we have to try and explain climate change, what we're doing, is in that. We're more than happy to provide you with a complete set of information sheets that are designed for general consumption of the general community.

Senator PATRICK: Perfect. That's very helpful. Just going back to OPD No. 1026, which was the incoming brief for the Commonwealth Environmental Water Holder, I note that in the brief there was a document that was called the 'CEWH assurance review'. It's listed in the annex that was provided to us; yet the assurance review is not included in the OPD as returned to the Senate. If I were a suspicious person—and I'm not—the first thing I'd do is go: 'Hang on! What aren't they showing me?' Can someone provide an explanation as to (a) whether I'm wrong, that it was actually provided; and (b), if I'm correct, why it wasn't returned?

Ms Swirepik: I can provide an answer to that. With the OPDs, obviously, there's a lot of information. I don't know whether we communicated the whole briefing. The incoming briefing was three large folders. There were a lot of attached reference documents, of which this was one. So the main part of the brief was a couple of pages long with two short attachments also. The third section of the brief said, 'And here are all these 41 references for you to read at some point in time.'

One of those was the assurance review. During the time that we had to respond to the OPD we looked through it to see what harm we thought could be caused by releasing some of the documents. You would understand that when you take an assurance review that is critical for the improvement of your practice. We have actually made a couple of those reviews publicly available. There was a review done by Neil Byron. This review actually looked at the relationships with the states and the processes for things like placing water orders and reconciliations. So it was very much a nuts-and-bolts operational review of how we interact with the states; but it also highlights vulnerabilities and things like that that we work with and we need to address.

It was our assessment that it wasn't helpful at that point in time to be releasing that document into the public domain because we were responding to that and improving practices of how we operate with the states. We did not go to the point of claiming in our response to the OPD that we'd met a public interest test, but we had chosen not to provide, in our first reaction to that OPD, a series of documents, and that was one of those documents.

Senator PATRICK: There is a criterion and it is not that it's not helpful, but it has to be harmful to release it publicly. I'm not sure what you're really saying there, so I'll just be upfront: will you provide that to the committee?

Ms Swirepik: In the time to respond to the OPD we didn't have the time to make the assessment completely.

Senator PATRICK: No. I understand that.

Ms Swirepik: If we were to mount a public interest test for that document I would be prepared to reassess that now. I think I would need to go back and look at the reasons for the advice of withholding that and see if it does meet the public interest test. I would certainly be happy to look at that again.

Senator PATRICK: You say there is already some advice about whether or not that should be withheld?

Ms Swirepik: We had an initial discussion within the department and talked to our legal people. I'm not sure that I can say that there's written advice that we have within our department, but I can clarify that for you.

Senator PATRICK: Just to be clear: I'm requesting that you table that document. You can take on notice whether there needs to be any immunity claimed.

Ms Swirepik: Thank you.

Senator PATRICK: Going to the report that Senator Storer addressed, the Jacobs report, it's out in the public domain by way of FOI. It mentions a whole bunch of deficiencies. I'm not unhappy with the document in the context: it's proper process. You go through and say what's wrong with this. I don't think there's any massive story in what's in there. The important thing is what you then do to fix all of the issues that are raised in that report. Can someone give me an update on what's being done to address the concerns that were raised in that due diligence report? Is there a program in place? How are you approaching that?

Mr Morris: Thank you for the background to your question. That's right; I agree with that. It's part of our process. As part of our process we had the report done. We've passed that on to both MDBA and the New South Wales government. We've asked them, as part of the implementation process, to the extent that they haven't already taken those into account in further stages, to build that in. At the moment the New South Wales government are undergoing quite extensive stakeholder consultations around further development of the Menindee project, and we'd expect that they would take this into account as part of that process. I might ask Mr Binning as to whether there's anything he wants to add from an MDBA perspective on that.

Mr Binning: I would just reiterate that each of the business cases went through an extensive process of commentary from all jurisdictions. The Jacobs' review, I assume, informed the department's submission. All issues and risks associated with the project are then registered on an issues and risks register to be taken forward and resolved as part of the further development of the projects. This is pretty important because the adjustment was associated with projects that are intended and assessed as capable of delivering these outcomes. But at this early stage, as we would expect, there are a large number of issues and risks that need to be managed, particularly in the larger and more complex projects, of which, of course, Menindee is one.

Senator PATRICK: It's the biggest project, isn't it, in terms of water savings?

Mr Binning: It's a large and significant project, but there are other projects such as the constraints projects or the project entitled Enhanced Environmental Water Delivery that carry a similar risk profile.

Senator PATRICK: Just in terms of: a business case is presented and you do a due diligence on it. Is there any payment attached to the business case and is there any money withheld, or do you simply say: 'That's part of the normal process. We proceed. We pay you for the work that you've done, but we now will put this information on a risk register'?

Mr Morris: I think that's probably our bailiwick because it goes to the funding of the SDL adjustment projects going forward. We have got a two-phase process that we're operating. I'll ask Mr Robertson to go into a little bit more detail on that.

Mr Robertson: Broadly, under the SDL adjustment mechanism, with the development of the business cases for the supply and constraints measures, the Commonwealth has provided funding to the states for the preparation of those business cases. The Menindee project has an earlier origin. It started out as a 2007 election commitment when some Commonwealth funding was put aside. We have funded money for New South Wales to develop their original business case. There is still one small milestone payment outstanding on that and we're waiting on some information to come from New South Wales. But, as Mr Morris said, in the next stages of the projects, all of the physical supply measure projects, we have this phase 1 process where a lot of the issues that have been touched on in Jacobs, for example, will be addressed. A lot of the issues across the board that Mr Binning referred to as well will be addressed for each of the individual projects. Then we have a Commonwealth gateway process where we'll assess the projects to see whether we're in a position to recommend them to the minister for full funding for implementation. The Jacobs report wasn't unusual in the sense that we often do that with our projects, through a lot of the state priority projects, some of which have been touched on earlier today; with those we do that. Within the department we have a lot of expertise, but we don't necessarily have all the detailed engineering expertise or some of the other factors that firms like Jacobs and the various other consultants have that we select through the procurement processes to do that work for us.

Senator PATRICK: When you get a report like this that requires, clearly, substantially more work, does the Commonwealth then assist in funding, in resolving some of the issues that are identified?

Mr Robertson: It's certainly a key part of the process that those issues are all resolved before the projects are finally implemented. There might be some matters that have been raised in Jacobs, for example, which you would address as you're actually implementing the project. There was a reference before to EPBC and things. Issues like that are touched on in reports and they need to be addressed and satisfactorily resolved. Normally, with this next phase 1 work, we'll be funding those activities by the different states and we'd be expecting a lot of those issues would be resolved as part of that.

Mr Thompson: As a general comment, we track these things very closely. We are closely involved with the proponents. We meet regularly with our basin counterpart officials. It's not, by any means, a set-and-forget. It goes to the risk, for us and the Commonwealth, of recovering water and achieving the Basin Plan outcomes. We take it very seriously as a result.

Senator PATRICK: Is it possible—and maybe on notice—to provide a summary on how each of the issues are being addressed, particularly because (a) we have this in the public domain and (b) it's a project that's close to my heart, and because of its significance? Is that possible—just so we can peer into that process and see how this works?

Mr Robertson: For a number of them it might be a little premature because New South Wales have recently stood up their interagency committee on Menindee, of which we in the MDBA are observers, and they've been doing further work on the issues. The public consultation—I think it was Mr Morris who referred to it—with the local community to identify what are the actual infrastructure options and other elements of the project that will proceed is continuing. My understanding is that early next week there are meetings with New South Wales officials and various community and Aboriginal groups and others up and down the Lower Darling and Menindee

and Broken Hill. I think they're also going to Wilcannia as well. In terms of what you're asking for, in a lot of cases it's a work in progress.

Senator PATRICK: I'm happy if the whole thing is in a work in progress.

Mr Thompson: We can take it on notice.

Senator PATRICK: If there are only three things that have been solved, that's cool. If there are seven, that's fine too.

Mr Thompson: Just to flag—picking up on Mr Robertson's comments—the response is likely to be specific in some cases, then process in others and system in others.

Senator PATRICK: I don't mind if you say, 'This work is ongoing,' so that people don't get alarmed that only three issues have been resolved. The report itself begs the question that, I presume, is part of your normal process: you're doing this for every single supply measure?

Mr Morris: We're not necessarily doing a detailed report like that on every project measure. It depends on the scale of it and the significance of it. Obviously, the Menindee project is a very significant project and so justified that particular approach. As Mr Robertson said, sometimes we have the in-house expertise, or the project is fairly straightforward and we don't need to do that sort of work, but in other cases if we feel we don't have sufficient in-house expertise or it's of a scale that justifies it, we'll take that approach.

Mr Robertson: It's worth noting that with the Commonwealth assessments that were referred to us, each of the jurisdictions did their assessments of the various projects. For most of the other physical supply measure projects we engaged the MDBA to undertake the actual technical assessments for us. Those reports, or the work that the MDBA did on that, have been published and released as part of one of the OPDs.

Senator PATRICK: My thought is that if there are other due diligence reports that have been commissioned—I accept you're saying not all projects require that—in that spirit of transparency that Senator Ruston pronounced in the Senate when the SDLs went through, and recognising it's part of the normal process, rather than having this come out and having a particular group write an adverse report, could you make it appear it's part of the business process? My preference would be this sort of stuff ought to be on the internet, because I know you are now providing a lot more information about each of the projects rather than necessarily in response to this committee. If you're willing to take the approach where you say, 'These sorts of things that are a normal part of business go on to the website,' that would be good. But, if not, can you please table them to the committee?

Mr Morris: The answer to that question is yes. Just to give you a little bit more, though, I did anticipate you might ask that. We did a quick check across the SDLAM projects and we didn't identify any others like that. But we'll do a more detailed check to make sure that that's the case. More generally, we're taking a more transparent approach. Unless it's absolutely necessary to hold something back, our tendency now is to put it all out there.

Senator PATRICK: And capture, in terms of normal process. But it does give the transparency and lets people see where the concerns are. It lets us track how they're being dealt with, which is most helpful. There was an Australia Institute report about the Tandou purchase. It was a report that went to the topic of compensation and whether, indeed, that was appropriate. I just want to explore some things around that particular sale. Can you confirm that the hydrological modelling for the Menindee project assumed no high-security demand in the Lower Darling?

Mr Morris: There are two aspects to that question. One is: why are we buying the water in Tandou and considering other possible purchases? Certainly, the information we've got to date is that in order for the Menindee project to work effectively, we need to buy out some of the high-security licences—possibly all of them—in the lower Darling.

Senator PATRICK: Can you confirm you have received a proposal from the Lower Darling Horticulture Group?

Mr Morris: There has certainly been interaction over quite a period of time with that group, as they are another group of people who hold the high-security entitlements in the lower Darling.

Senator PATRICK: With the permission of the chair, I would like to table a letter. It's a letter that was clearly obtained under FOI from former MP the Hon. Bob Baldwin in relation to that. It confirms there is a proposal in place. It says: 'It's critical that the Commonwealth government proceed and conclude with negotiations with the LDHG, along with other measures discussed here, at the earliest possible opportunity.' What's the state of the negotiations?

Mr Morris: There are a few different elements to the proposals. I think it's on the public record that a couple of pieces of research have been done by New South Wales which are fundamental to the Commonwealth's

assessment of the need and the value-for-money proposition in terms of buying out the holders of high-security entitlement in the lower Darling. They've done one piece of research which relates to whether you do need to buy out all of the high-security licences or not. That piece of research, I believe, will be made publicly available by the New South Wales government soon. Also, I think it's well known on the public record that an additional piece of research was being done, which is due out shortly—it has been completed—which looks at what options there are in order to supply high-security entitlement holders in the lower Darling, or whether it would be more cost effective to purchase that water in the lower Darling. That piece of research, as I said, has been completed. It's an important piece of information for our own decision-making, as to how we go forward. The options include infrastructure-type options—things like pipelines—to supply those high-security entitlement holders, and the option of purchasing the entitlement holders.

From a Commonwealth perspective, we want to be assured that we do in fact need to buy out these people, or be assured that there is an alternative, cost-effective option of supplying them. Now that that information is available to us, it provides us with a stronger basis for going forward in terms of any discussions we have with this group of entitlement holders; there are also other entitlement holders in the lower Darling that we will have to engage with.

Senator PATRICK: Will you be taking the same approach with this particular group as was taken with Tandou, where there was compensation paid? You may want to contest that. On the face of it, it appeared as though you actually paid for water but you also paid compensation—indeed, an allowance for the next year's water entitlement. Are you going to take a similar approach to this group as you did to Tandou?

Mr Morris: In the Tandou case, because we were not just purchasing the water entitlements but we were also effectively getting all the works licences and preventing them from irrigating in the future, it meant that the value of their land assets would deteriorate quite significantly, and that was the basis for the compensation you mentioned that was paid to Tandou. If we end up purchasing the water rights from other landholders in the lower Darling, we would need to consider what impact it was likely to have on their land values, particularly if the end result meant that they could no longer irrigate. It's quite different from other purchases we've made elsewhere, where people can buy water in and continue to do whatever they were doing in the past. In this case, we're doing it for a very specific purpose: if there's a reconfiguration of Menindee Lakes, it's possible that some entitlement holders will no longer be able to receive the water that they are entitled to under those entitlements. If we want to make Menindee work, we need to not just buy water off them but also prevent them from irrigating and making demands on the Menindee system in the future. So it's quite a specific circumstance there. There's a lot of research going into understanding the parameters, and that will underpin our decision-making on that.

Senator PATRICK: Does that include modelling as well—hydrological modelling?

Mr Morris: The hydrological modelling was done as part of the assessment of the Menindee Lakes proposal. That's an important component of that. In terms of the report I mentioned earlier, on whether we need to buy out the high-security entitlement holders or not, I understand there was some modelling done on that. I might ask Mr Robertson to confirm that.

Mr Robertson: Mr Morris is correct; it was part of the broader modelling in the Menindee project. Some subsequent work that was done by New South Wales—and this is one of the reports that Mr Morris again referred to—has certainly looked at the impact in relation to those high-security holders. What's important in this context, too—and it comes down to some of the questions you were asking—as Mr Morris said, with Tandou, the proposal on the table there was the high security and also the general security—stopping them irrigating, decommissioning their infrastructure and things. There was a proposal that we received from the New South Wales government in relation to the lower Darling people, and that reflected discussions they'd had with the Lower Darling Horticulture Group. But the Lower Darling Horticulture Group, as part of that, were really only offering their high-security entitlements, and they intended to continue, at that point in time, with holding their general security and opportunistic horticulture water as it came. As there were other entitlement holders elsewhere in the lower Darling with high security, there was always a risk in those circumstances. For example, you might sell me your entitlements and then buy Senator Storer's six months later, and we're back to having the same problem that we had before. So there have been discussions around how to handle some of those issues. That is partly why we have been speaking to New South Wales for quite some time about how some of these concerns could be addressed. That was part of the work they've been doing at the moment as well.

Senator PATRICK: I take it from what you've just said, Mr Robertson, if I read you correctly, that you're saying a similar approach may be adopted for the Lower Darling Horticulture Group as was done for the Tandou sale, just in terms of looking at the effect that the transaction would have on the value of their land?

Mr Morris: All options are under consideration at the moment. It could be, but we're also looking at infrastructure options, as part of the research that's been done recently, in terms of whether these people would still be supplied through a pipeline or through some other means. But if we end up going down the purchase route, we'll certainly need to consider the broader impact on these water holders.

Senator PATRICK: In terms of this due diligence report, what was the timing of this due diligence report in relation to the Tandou negotiations? To cut to the chase, I'm trying to understand this. Certainly, it's come out in October 2017. Was this report on foot whilst Tandou was being transacted?

Mr Morris: With all of these processes, there's a lot going on in parallel here. There were certain time lines that were required to get the SDL adjustment process working, made and improved by ministers, and ultimately made in the parliament. We recognised early on, as did the New South Wales government, that if the Menindee project was going to work, you could not have a Tandou operating in the lower Darling. The fundamental basis of Menindee Lakes is to reduce the amount of water that's being held in the lakes to supply those lower Darling water entitlement holders. So Tandou was the biggest of those; it was about 20 gigs. The rest of the entitlement holders are a couple of gigs between them. So it was a huge amount of water. We had an opportunity—there was a willing seller there—to purchase that big lump of water in one fell swoop, and therefore enable the Menindee project by doing that. The fact that these processes were running in parallel was a little bit coincidental. Fundamentally, that Tandou process was related to making Menindee work. If we hadn't bought Tandou then we would have lost 100 gegalitres or so in SDL adjustment.

Senator PATRICK: Really, it comes down to the weight or value that this report may have had in terms of the effect on your thinking in respect of Tandou. Have you examined that? I just wonder whether there was urgency associated with Tandou as well. Couldn't you have said, 'Let's just wait until this is concluded'?

Mr Morris: As I said there was an opportunity to make the deal then. Water prices are much higher now. It would have been quite interesting doing the deal now versus when we did it, as to what we would have paid. At the time there was a willing seller. The seller was looking at making some significant developments to the property, which might very well have resulted in the property being in long-term production, which would have made it quite difficult for us—or it may have made it difficult for us—to pick it up in the future. There was an opportunity, so we went for it, and it was good value for money at the time.

Mr Robertson: The other thing in this is that the Lower Darling Horticulture Group and the other quite small-volume entitlement holders in the lower Darling get their water by effectively pumping straight out of the Darling River. In the case of Tandou, the water they actually use on that property comes through the lake system. It goes through the Menindee Lakes. It is effectively taken out of Cawndilla, which was the bottom one of the lakes. If Tandou had still been there—this is where the Penellco channel comes into play—if they did have some very limited capacity to take a relatively smaller volume of water directly out of the Darling River, they probably have done that twice in the last 20 or 30 years. With all of the water that they use in their entitlements, and water allocations they've moved in from the Murrumbidgee, they effectively came through Cawndilla. By taking Tandou out, you can make changes to the lakes to save water there, so you're not getting yet another big basin of water evaporating when it doesn't need to. That was always going to be a very fundamental point of it. Yes, Blackwatch raised a whole lot of issues to do with the broader project, but that was a very logical thing that needed to be done to secure that option of being able to effectively operate Cawndilla on a much more natural cycle. It used to be wet when the floods came down; the water evaporated. There are ecological benefits of returning that to a more natural wetting environment as well. There was always value in the Tandou transaction, even if we ended up with a slightly different Menindee project than what's on the table.

Senator PATRICK: I understand your position. That's very helpful. On notice, could someone provide me with a time line of the commissioning of the report, and when any drafts and finals were provided? Also, perhaps in parallel with transactions, the significant milestones from initial proposal through to the execution of the sale of Tandou. I take into consideration everything that you've said there.

Mr Robertson: In relation to Tandou, effectively all the material we've got, including time lines and things, have been provided in response to earlier OPDs. Are you just talking about time lines now on Jacobs?

Senator PATRICK: Thank you; that would be helpful. Having a look at this report, I'm sure that will be pretty easy—dragging out a contract, a tender or something. The decommissioning of the irrigation infrastructure at Tandou: my understanding is that \$8 million has been set aside for surrender work in the decommissioning of infrastructure. Is the infrastructure still in place?

Mr Robertson: They were required to decommission the infrastructure that enabled them to bring water onto the property. That, associated with the removal of the works licences, means that there is no legal basis for them

to go back and put in any infrastructure to pump water onto the property, for example. That infrastructure has all been decommissioned. Under the contract, that had to be completed by, I think, a date in May this year. At the time we asked Water New South Wales to confirm—because they had more oversight of some of the things around works approvals and things—and they confirmed to us and sent us some photographs. Subsequent to that, I also had two of my staff go out there and inspect the property and the works that had been done and they also came back with photographs. So, yes, what had to be decommissioned to remove the ability to bring water onto the property, other than by natural means—

Senator PATRICK: It's interesting that you say you sent a couple of people out. I go back to Mr Binning. I seem to recall reading that the New South Wales government had charged a number of people in relation to water offences over the last two or three months; is that correct?

Mr Glyde: That is. We might ask the head of our office of compliance to update us on the specifics.

Mr James: The New South Wales Natural Resources Access Regulator is following up a number of actions, so a number of prosecutions are in train. The first was announced recently—I think this week—in the north of the basin.

Senator PATRICK: They put something out. I don't have it in front of me, but there are about six or seven different prosecutions—

Mr James: I don't have the number in front of me, but it is something like that, yes.

Senator PATRICK: Is this new one simply the prosecutions starting, or are there some more announced prosecutions?

Mr James: No. This is the first prosecution to go all the way through and someone has been fined and so on.

Senator PATRICK: It sounds as though New South Wales is getting its act into gear. That would be an output of the Matthews review?

Mr James: That's correct, yes.

Senator PATRICK: What about Commonwealth compliance checking; what's happening in that space? What have you got in terms of teams stood up? What sorts of activities are you conducting? Have you commenced any prosecutions? Have you identified some suspicious activity? How's it all going?

Mr James: It's important to perhaps characterise our role vis-a-vis that of the state regulators in this space. Our role is to make sure that processes and arrangements that state regulators have in place are working effectively—we're putting in place arrangements to do that—but also to be able to go in and act on matters if we believe that states aren't stepping up and doing that job effectively. That's a broad characterisation of the way we're going about this compliance role. In terms of the authority, as you would be aware, we did our own review last year in conjunction with an independent panel. Since that time, we've established an office of compliance within the authority and a statutory independent assurance committee to, in a sense, give us advice on the way we're going about our role and to provide an independent check on that work. They form their own views about how we're prosecuting our program and they provide their advice to the authority and that advice is published. We led the negotiation of a compliance compact with the basin state governments. That compact, or agreement, committed those governments and the MDBA to taking a number of actions to improve compliance arrangements; this is around improving transparency, public reporting of things, the frameworks that people have in place to make sure matters are being dealt with appropriately and in a timely way and the whole issue of metering and better measurement of water. That compact was a watershed moment for compliance in the basin.

The first report in terms of how that work is going and how the commitments are being met is due to go to the ministerial council later this year and will be published. Even there, it is a good arrangement because there's a self-reporting element: each jurisdiction will say how they think they are going with their work, the MDBA will provide its assessment of how we think the states are performing and the independent assurance committee I mentioned will provide an assessment of our work. So everyone's watching everyone, if I can put it that way. Also, we've commenced our auditing program. We're conducting four audits this year and learning as we go because it's a new endeavour for us. The first of those audit reports is going to be released today. That was work we did cooperatively with NRAR in New South Wales to look at how compliance arrangements worked during the northern connectivity event earlier this year. So that was water that the CEWH and the New South Wales environmental holder released out of dams at the top of the system. It made its way down. New South Wales had an embargo in place. We were working cooperatively with NRAR, the New South Wales compliance people, and also doing remote sensing work to check that that water was going down the system as expected. In the work we did an anomaly was identified during that exercise. The remote sensing revealed an area where we thought, 'That area should not be wet at the moment.'

Senator PATRICK: Are you talking about the review that was done between Goondiwindi and North Queensland or northern New South Wales?

Mr James: I'm talking about a flow event that occurred this year.

Senator PATRICK: This is another instance of that sort of approach.

Mr James: That's right. There was a significant environmental watering release during a dry period. New South Wales declared an embargo, so people weren't supposed to be pumping out other than for stock and domestic purposes. The remote sensing I mentioned did discover one of those occasions. It was investigated on the ground and found that it was a legitimate use; it was a stock and domestic situation. But it proved that technology—

Senator PATRICK: But it is at least the second instance I'm aware of where remote sensing has been able to identify some sort of anomaly—

Mr James: Yes. You're referring to a report—

Senator PATRICK: Are you going to release that report? I like those reports.

Mr James: Yes. Which report are you talking about now?

Senator PATRICK: I'm talking about the remote sensing report.

Mr James: The most recent one? Yes, we are.

Senator PATRICK: I'd like to compare how you've improved the technology and the approach.

Mr James: Yes; fantastic.

Senator PATRICK: It's a nerdy thing that I do on weekends.

Mr James: I understand nerds. I've talked about the audit program. We're doing work with states to improve measurement arrangements.

Senator PATRICK: I'm mindful of time. Maybe you could put the audits on notice. Are you doing any prosecutions yourself, or are you satisfied the states have got their act together?

Mr James: No, we're not doing prosecutions ourselves. Where allegations are made to us, we refer them to states. We have an escalation process and a protocol in place with all the states now to check that those matters are being dealt with appropriately and, to date, we do have that satisfaction, yes.

Senator PATRICK: My understanding is that the Executive Director Partnerships of the MDBA—I won't name the person at this point—lives in Perth and has flown to Canberra every week; basically, they commute. Is that correct?

Mr Glyde: That's correct.

Senator PATRICK: Who bears the cost of the commuting?

Mr Glyde: It's an arrangement between Mr Binning, the executive director you are talking about, and the MDBA. We defray some of the cost for Mr Binning to attend.

Senator PATRICK: Some or all?

Mr Glyde: I'd have to take the exact detail on notice. I don't remember what the arrangement was, but we're more than happy to provide that.

Senator PATRICK: Just from an oversight perspective, for transparency, maybe that detail could be put onto the public record. You would appreciate that that would seem a bit odd in the context of the way in which most public servants and/or public employees work.

Mr Glyde: We're being encouraged by the government and by the modern labour market to be able to work flexibly. We have offices in several different parts around the basin. We have officers sometimes who will work from outside those offices. We believe that we've got the technology and the ability to have people work remotely. From my perspective, I want to make sure that we have the best people available to help us implement the basin plan and run the river.

Senator PATRICK: I might put some other questions on notice around that. Minister, I note that a lot of this compliance activity and a lot of changes have occurred since the ABC did their *Four Corners* report. I think 7.30 or *Lateline* did the Goondiwindi report. I'm asking the minister to increase funding for the ABC.

Senator Ruston: I'll take that on notice, Senator.

Senator STORER: I formally ask on notice for the reasons that the MDBA will not be providing the legal advice.

Mr Glyde: It's a longstanding practice the Commonwealth has of not providing legal advice on a variety—

Senator PATRICK: You'll take it on notice.

Senator Ruston: We'll take it on notice, bearing in mind that Senator Patrick has already raised an issue which needs to be—

Senator PATRICK: The Senate doesn't accept legal professional privilege as an immunity. Just to strengthen what Senator Storer is asking for, I ask that you table that and invite you to make a public interest immunity claim in respect of anything in that document that might cause harm, and I ask that you do so with transparency.

CHAIR: There's a question before the committee in relation to a document being tabled. There are no objections to this document being tabled; it's now tabled.

Mr Glyde: Senator Storer asked a question in relation to managing conflicts of interest and whether our policy was on our website. We have a summary of the policy on the website. It's entitled 'Managing conflicts of interest' and it describes the policy. The actual policy is on the website. I also correct the record in relation to an answer I gave earlier about FOIs. I said previously that we had 20 new FOI requests. I've been advised that we have 22 new FOI requests: 19 have been finalised and there are three currently on hand. Earlier, I said there was one currently on hand.

CHAIR: Excellent.

Senator Ruston: Chair, on indulgence, could I make a statement?

CHAIR: Yes.

Senator Ruston: I draw the attention of the committee to the fact that today is the last estimates for Mr Tim Fisher. Tim has been involved in the development of the Murray-Darling Basin Plan and has been an extraordinary resource to both sides, both parties that have been in government. We wish him all the best in his new endeavours. The Murray-Darling Basin Plan implementation will be the loser for his no longer being part of the team. We wish you all the best, Tim.

CHAIR: You have our good wishes. Thank you everybody for coming along today—minister and officials, the secretariat, Hansard and the people who turn on the lights. Thank you, and good travels; safe travels.

Committee adjourned at 12:29