

**IN THE MATTER OF
The Hazelwood Mine Fire Inquiry**

OUTLINE OF EVIDENCE OF DAVID MAWER

Date of Document: 7 December 2015	Telephone: +61 3 8684 0444
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INTRODUCTION

1. David Mawer is the Managing Director of The Central Gippsland Region Water Corporation (trading as Gippsland Water) (**Gippsland Water**). He has been in the role for seven years.
2. Prior to Gippsland Water, Mr Mawer was the Managing Director of Westernport Water, and prior to that, the State Manager for BHP Billiton.

THE BOARD'S REQUEST FOR THIS OUTLINE OF EVIDENCE

3. This outline of evidence has been prepared pursuant to the request for a statement made by the Hazelwood Mine Fire Board of Inquiry by letter of 1 December 2015 (**Board's letter**).
4. The information contained in the body of this outline is derived from research carried out by officers of Gippsland Water at Mr Mawer's request in response to the Board's letter and is accurate to the best of his knowledge, information and belief.

THE BOARD'S QUESTIONS

Question 1: Provide an overview of Gippsland Water including the regulatory regime and relationship to DELWP, the EPA and other water corporations and authorities with a particular focus on the Latrobe Valley. Provide supporting documentation.

5. DELWP is the portfolio department responsible for water. DELWP manages Victoria's water resources in partnership with a network of government agencies and water authorities, while also playing a regulatory role in relation to issues such as dam safety.

6. Gippsland Water was constituted under the Water Act 1989 (**Water Act**) and has its statutory functions for water and wastewater detailed under Parts 8 and 9 of the Water Act.
7. Gippsland Water has been granted rights to water, under a number of bulk entitlements (a right to use and supply water), which are legal rights granted by the Minister for Water under part 4 of the Water Act. Gippsland Water manages the supply of potable drinking water and waste water services to numerous towns across central Gippsland, and supplies potable and raw water, and waste water services to a range of industrial customers.
8. Gippsland Southern Rural Water Corporations (trading as Southern Rural Water) is a statutory water corporation established under the Water Act. Southern Rural Water manages rural water across the southern half of Victoria. Its customers are principally the farmers, graziers and growers of southern Victoria, but it also supplies water in bulk to non-metropolitan urban water corporations and to Latrobe Valley power generators.
9. The EPA helps protect Victoria's water environments through environmental laws, policies and regulatory controls, including the State Environment Protection Policy (Waters of Victoria), which sets the framework for government agencies, businesses and the community to work together, to protect and rehabilitate Victoria's surface water environments.

Question 2: Detail the role of Gippsland Water in relation to the allocation of water to each of the Latrobe Valley mines and power stations including by way of licences, entitlements and supply agreements (or any other way in which the mines/power stations are provided with access to water) (“the allocations”). Provide supporting documentation including maps/diagrams.

10. Gippsland Water maintains commercial supply agreements with several power generators for the supply of raw water and potable water. These agreements are specific to each operating complex, in terms of both the type and volume of water supplied.
11. It should be noted that in addition to commercial arrangements with Gippsland Water, in some instances power generators have their own bulk entitlements for the supply of raw water, as well as licenses for the use of groundwater (primarily for mine floor stabilisation). The management of these additional water sources is outside of Gippsland Water's control.

Question 3: In regards to each such allocation, detail:

- a. *The amount of water the mine/power station has access to – including detailing whether this amount is fixed or may fluctuate over time and what may influence any such fluctuation;*
 - b. *What fees or other charges or costs are paid by the mine/power stations for any allocations;*
 - c. *The legal framework for this access;*
 - d. *Any conditions placed upon this access;*
 - e. *The purpose for which the access has been granted/provided and whether this extends to rehabilitation of the mines after closure of the power stations and/or mine;*
 - f. *What period of time the mines/power stations may rely on this allocation (including terms of any licences, agreements, how they may be renewed/revoked/cancelled and how likely it is that any of these things would occur). Provide supporting documentation.*
12. Gippsland Water provides raw or potable water to support the power generators power station operations (typically boiler feed water and cooling water). The legal framework for the supply of water is based on Gippsland Water’s water service agreements. Individual water supply agreements can place a range of conditions on access to water, including such issues as the offtake point from which water can be accessed, average and maximum daily demands, and maximum annual demand. Generally individual supply agreements have their own cessation dates, and can be renewed with Gippsland Water’s consent.
 13. Existing water supply agreements currently do not extend to the mine rehabilitation process. They end when the power generator entity ceases operating. Water supply agreements generally contain a mix of both fixed and variable charges. These charges remain commercial in confidence.
 14. Gippsland Water has contractual arrangements for the supply to water to the power generators noted below. All volumes listed are maximum annual supply volumes. Actual usage can vary significantly from year to year, depending on plant performance, weather conditions and the availability of water from other sources, but will not exceed these maximums without approval from Gippsland Water:
 - IPR GDF Suez (Hazelwood) – Raw water - 14 Gigalitres (GL) per annum (pa).
 - Energy Brix Australia – Raw water - 5 GL pa.
 - AGL Loy Yang – Raw water - 3 GL pa.

- IPM Operation and Maintenance (Loy Yang B) – Raw water – 1.5 GL pa.
- Energy Australia (Yallourn) – Potable water – 2.2 GL pa based on average daily demand.

Question 4: Has Gippsland Water considered how much water would be required to fill (partially or fully) the Latrobe Valley mines? Has this issue been discussed with Gippsland Water/Southern Rural Water by, for example, DELWP, the State Government or any of the mines including in any stakeholder working groups? If yes, provide details and any minute notes or documents detailing the discussions.

15. Gippsland Water has not considered how much water would be required to fill the Latrobe Valley mines. Gippsland Water has not discussed the matter with other agencies.

Question 5: What are the current and future costs of water allocation in Victoria? What are the factors which may influence costs in the future? Provide supporting documentation.

16. Gippsland Water's water supply agreements generally require charges to escalate on an annual basis. Additional capital contributions can be sought from major clients under these agreements, where significant infrastructure renewals are required for the ongoing operation of the water supply system.
17. Cost drivers outside of the Latrobe Valley (wider Victoria) generally have no impact on the prices paid by Gippsland Water's customers, including the power generators.

Question 6: Has Gippsland Water been involved in any discussions with, for example, DELWP, the State Government or any of the mines regarding:

- Rehabilitation of the mines generally;***
- Sourcing water to rehabilitate the mines (fill the pits), including by way of river diversion and/or use of water from the Blue Rock Reservoir or Lake Narracan;***
- How to maintain water quality in any pit lakes created in the mines.***

If yes, provide details and any minute notes or documents detailing the discussions.

18. Gippsland Water has not been involved in any discussions in relation to the rehabilitation of the mines, either generally, or on any specific issue such as sourcing water or water quality.

Question 7: Who owns and maintains the infrastructure for water in the Latrobe Valley? Provide supporting documentation.

19. The ownership and maintenance of water infrastructure in the Latrobe Valley is complex, and rests with all parties involved in the supply and use of water.

20. Southern Rural Water manages the region's largest water storages, including Blue Rock Reservoir.
21. Gippsland Water owns and maintains the Moondarra Reservoir, and all of the major water network infrastructure required to treat and deliver this water into Latrobe Valley towns, and to deliver potable and raw water to some of the power generators operating complexes in the Latrobe Valley.
22. Power generators generally own and are responsible for the maintenance of water infrastructure within their respective operating complexes. Some power generators also own infrastructure required to extract surface water from the Latrobe River.

Question 8: Is it realistic to consider diverting the Latrobe Valley and/or Morwell Rivers to assist in filling the mines with water? Provide supporting documentation.

23. This is not an issue on which Gippsland Water has the background information required to provide any expert assessment or comment.
24. Gippsland Water does note however that the Gippsland Region Sustainable Water Strategy set aside 10GL of water per annum, from Blue Rock Reservoir, for the environment in 2009, to maintain the health of the Latrobe River and downstream environs including RAMSAR listed wetlands and the Gippsland Lakes. This volume would be insignificant, when compared to the volume of water that would likely be required to fill an open cut mine.

Question 9: Is the Gippsland Region Sustainable Water Strategy 2011 still current government policy? Are there any specific action items in the strategy relating to mining that Gippsland Water/Southern Rural Water is working on, for example Action 6.8? Provide supporting documentation.

25. Gippsland Water understands that the Gippsland Region Sustainable Water Strategy (**Strategy**) remains Victorian Government policy. Gippsland Water can confirm that it is not working on any actions within the Strategy pertaining to mining.

Question 10: Has Gippsland Water reviewed any of the mines' work plans or proposed work plan variations? If so, provide information regarding whether those plans make any assumptions regarding water and outline any advice provided by Gippsland Water on those plans and their feasibility. Provide supporting documentation.

26. Gippsland Water has no role in the development of mine work plans, and has not reviewed any current or proposed mine work plans.