

STATEMENT OF KAREN NOREEN WALDMAN

I, **KAREN NOREEN WALDMAN**, Chief Executive Officer of the Queensland Water Commission, 53 Albert Street, Brisbane in the State of Queensland affirm:

I refer to the Requirement to Provide Statement to Commission of Inquiry directed to me dated 26 April 2011 and subsequent clarification provided by the Commission of Inquiry as to the Requirement. By this statement I provide all information in my possession and make commentary and provide such opinions as I am qualified to give as to the appropriateness of certain actions or decisions and state the basis for that commentary or opinion in respect of the topics identified in the Requirement as set out below. The matters stated herein are based upon documents and records which I have in my possession and record matters, including relevant discussions, to the best of my recollection.

Attached is a paginated bundle of exhibits referred to in this statement.

1. My qualifications and professional background

- 1.1 Exhibited to this statement as pages 1 to 2 is a record of my qualifications and professional background.

2. My current position at the Queensland Water Commission, a description of that role and my responsibilities in that position

- 2.1 I currently hold the position of Chief Executive Officer of the Queensland Water Commission (QWC). I joined the QWC on 10 May 2010 as Executive Director. On 23 May 2010 I was appointed as the Chief Executive Officer on the commencement of amendments to the *Water Act 2000* and the *Public Service Act 2008*.
- 2.2 The role of Chief Executive Officer requires that I provide strategic leadership, direction and vision to the QWC to ensure safe, secure and sustainable water for regional prosperity, lifestyles and healthy ecosystems, which is to be achieved through objective planning and advice, contemporary institutional arrangements and good regulation.


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2.3 My responsibilities are carried out in the context of the QWC's role to achieve safe, secure and sustainable water supplies in South East Queensland, and within the context of QWC's main functions to:

- (a) advise the Minister on matters relating to water supply and demand management for water;
- (b) advise the Minister on the delivery of desired Levels of Service objectives for water supplied to the South East Queensland region and designated regions;
- (c) facilitate and implement regional water security programs;
- (d) ensure compliance with those programs and with Commission water restrictions.

2.4 My responsibilities require that I:

- (a) provide expert level advice and guidance on regional water security for the South East Queensland region and designated regions to the Department of Environment and Resource Management, government and stakeholders including on demand, supply and system operations;
- (b) promote a culture that is committed to stakeholder engagement, objective analysis and advice, supporting the reform of the water industry through the development of institutional arrangements and the delivery of improved security and economic efficiency;
- (c) foster, maintain and facilitate strategic alliances and partnerships internally, across all levels of government and with stakeholders providing sustainable water supply services, advice and information;



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- (d) provide strong, strategic and effective leadership to the QWC, including organisational governance, significant contractual arrangements, and the delivery of key strategic projects which contribute to the achievement of the Queensland Government's "Towards Q2" 2020 Targets;
- (e) ensure the preparation of detailed regulatory briefs, reports and media releases for the Commissioner of the QWC and the Minister for Energy and Water Utilities and Cabinet (and the Minister for Environment and Resource Management related to QWC's coal seam gas water responsibilities as stated in 2.5(e) below);
- (f) liaise and consult with executive management within the ministerial portfolio to discuss ongoing challenges, priorities and funding arrangements.

2.5 I lead a team which is responsible for:


- (a) in conjunction with state and local governments, developing long term strategies to ensure regional water security;
- (b) managing regionally significant infrastructure projects;
- (c) administering the Market Rules of the South East Queensland Water Grid, including the implementation of economic regulation;
- (d) developing demand management policies; and
- (e) since December 2010, providing advice on the cumulative impacts on ground water of extraction by the coal seam gas industry.



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3. **A request by the Hon. Stephen Robertson MP, then Minister for Energy, Mines and Natural Resources made by letter dated 25 October 2010 to the South East Queensland Water Grid Manager to investigate the prospects of reducing the levels of Wivenhoe, Somerset and North Pine Dams**
and
4. **Any actions by the Queensland Water Commission in response to number 3 above.**
- 4.1 On 26 October 2010 at 7.37am, I received an email from the South East Queensland Water Grid Manager (WGM), Mr Barry Dennien, advising that he expected to receive a letter that day from the Minister asking if the WGM could review the flood safety benefits of pre-emptively dropping the Wivenhoe Dam supply levels a few percentage points and asking that the WGM provide advice on a number of other matters. Mr Dennien advised that he would copy me the letter when it was received.
- 4.2 On 26 October 2010 at 9.59am, I forwarded the email from the WGM of that morning to Mr Tad Bagdon, A/General Manager Regional Planning and Policy, asking about the implications for the QWC. I later became aware that at 10.01am, Mr Bagdon forwarded the email to Mr Rolf Rose, A/Director Water Policy, and Dr Wai-Tong Wong, A/Director Water Strategy, commenting "Further risk analysis needed. Advice from WGM is that dropping to 90% has minimal impact on risk".
- 4.3 On 28 October 2010 at 9.52am, I received an email from Mr Dennien attaching a copy of the foreshadowed letter. The letter to the Chairman of the WGM from the Hon. Stephen Robertson MP sought advice from the WGM regarding options to and benefits of releasing water from key storages (including Wivenhoe, North Pine and Leslie Harrison dams), in anticipation of major inflows over the coming summer, by the end of November 2010. On 28 October 2010 at 11.22am I emailed the letter to Mr Bagdon, "for information and relevant action from QWC's perspective".
- 4.4 I am told by Mr Bagdon that at around this time he considered issues related to a reduction of the Wivenhoe Dam and had some internal discussions and discussions with DERM. I was not involved in those discussions and have no direct knowledge of the detail of them.


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- 4.5 No request was made from the WGM for input or information from the QWC in either of the above communications. I took the comment in Mr Dennien's email of 26 October 2010 that "*The Minister has asked if we can review the flood safety benefits of preemptively dropping the Wivenhoe supply levels a few percentage points*" (emphasis added) to be a request of the WGM for that advice and not a request of the QWC.
- 4.6 On 24 December at around 9.15am, Mr Dennien left me a voicemail message to call him. On returning the call to Mr Dennien around 9.50am, he advised me he was requesting QWC's agreement to a lowering of Wivenhoe and North Pine dams. I requested that the WGM send us any relevant information. At 10.17 am on 24 December 2010 Mr Bagdon and Dr Wong received an email from Mr Dennien, copied to me, seeking a reply from the QWC in response to a proposal to lower the Wivenhoe Dams and North Pine dams for flood mitigation purposes. A draft letter to Seqwater was attached.
- 4.7 I immediately called a meeting of relevant QWC officers to advise of the request and initiate action to respond, as we were requested to reply by midday that day. A series of communications followed between staff of the QWC and the WGM to assist the QWC in considering issues relevant to QWC responding to the WGM's question within the timeframe. At 11.56am on 24 December 2010 I forwarded QWC's response to the WGM, who acknowledged receipt at 12.03pm. The view reached by the QWC was that it had no objection to the releases proposed.
- 4.8 Exhibited as pages 3 to 37 are copies of the correspondence referred to above.


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5. Any document produced by Queensland Treasury, the South East Queensland Water Grid Manager, Queensland Water Commission, Seqwater or any other body about the cost of potential reductions in the levels of Wivenhoe, Somerset and/or North Pine Dams between 1 October 2010 and 31 March 2011

5.1 Neither, I nor the QWC, hold any document or information produced by the QWC or by any other body about the cost of potential reductions in the levels of Wivenhoe, Somerset and/or North Pine Dams between 1 October 2010 and 31 March 2011. I am unaware if any such document exists.

5.2 The QWC has not carried out any investigations or enquiries into the cost of potential temporary reductions in the levels of Wivenhoe, Somerset and/or North Pine Dams. While cost implications to the water grid of any such temporary reductions (for example, costs associated with operating the necessary pumps or additional costs to the water grid which might be associated with having to operate a desalination facility to ensure adequate water is available and supplied) are matters which the QWC believes need to be considered, operating costs associated with temporary reductions are matters properly considered by the appropriate Water Grid entity, from whom the QWC would seek advice if necessary.

5.3 The costs were not relevant in QWC's consideration of potential temporary reductions in the levels of Wivenhoe, Somerset and/or North Pine Dams between 1 October 2010 and 31 March 2011 or the temporary reduction to 75% of Full Supply Level of Wivenhoe Dam in February 2011 because the QWC's focus was on water security implications of those reductions. If permanent reductions or material impacts on water security were being considered, potentially requiring the construction of infrastructure to be brought forward, this would require an understanding of capital costs. The QWC would be interested and responsible for the analysis of these costs.

5.4 The QWC has previously drawn to the attention of appropriate entities that steps such as releasing water can have implications for increased operating costs for the Water Grid which should be considered. For example,

- (a) on 14 February 2011, in a letter sent by me to the Chief Executive Officer of Seqwater I advised that as the volume of water released increases, more factors become impacted

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such as the increased likelihood of triggering desalination and the use of purified recycled water and restrictions and potentially increased operating costs of the grid. In the report enclosed with the letter, entitled "*Impacts on SEQ Water Strategy of Various Operating Scenarios for Wivenhoe Dam*", the advice as to the potentially increased operating costs of the grid was repeated. Copies of the letter of 14 February 2011 and the report are exhibited at pages 378 to 399.

- (b) on 25 March 2011, in response to a request for advice from the Chief Executive Officer of Seqwater on a proposed extension to the period that Wivenhoe Dam be kept at the interim Security Supply Level from 1 April 2011 to 30 June 2011, I drew attention to the fact that operational and regulatory impacts such as potential increased pumping costs had not been considered and that advice from the responsible agency or entity would need to be considered. This correspondence is exhibited at page 38.


6. The Queensland Water Commission's role, and my role, in relation to the creation of a draft communications protocol following flooding downstream of the Wivenhoe Dam in October 2010.

- 6.1 Neither the QWC, nor I, had any role in relation to the creation of a draft communications protocol following flooding downstream of the Wivenhoe Dam in October 2010. Neither the QWC nor I hold a copy of any such protocol. I have not seen a draft communications protocol and am not aware of its contents.

7. Details of any communications by me with the Flood Operations Centre between 6 and 19 January 2011, verbatim where possible (any communications sent or received by me in relation to this topic should be attached)

- 7.1 I have not had any communications with the Flood Operations Centre at any time.


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8. The existence and performance of any emergency action plan held by the Queensland Water Commission during the 6 to 19 January 2011 flood event

- 8.1 The QWC does not hold any QWC emergency action plan and has not created any emergency action plan for the QWC.
- 8.2 In respect of the QWC's continuity of business operations during the flood event, the QWC offices were evacuated on 11 January 2011 due to deteriorating conditions. While QWC staff were unable to return to their offices due to flooding until 25 January 2011, the QWC Executive Management Team were in constant contact with staff during this period and staff used personal email and telephones as required. The QWC also had contact with the Minister's office and the WGM in this period in relation to communications about water use for clean up, emergency powers to reduce water demand should this be required and the possibility of a water rebate.
- 8.3 The Market Rules administered by the QWC require, under clause 4.24, that the WGM must prepare, implement and maintain a Water Grid Emergency Response Plan which addresses those matters specified in clause 4.24(a) of the Market Rules. The Rules require the QWC, as the Rules Administrator, to endorse the draft Water Grid Emergency Response Plan or provide comments if the draft is not considered to be adequate. The draft Water Grid Emergency Response Plan is approved by the Minister. This process occurs on an annual basis. Because of this process, the QWC holds a copy of the September 2010 Emergency Response Plan, version 2.0, published by the WGM.
- 8.4 The Market Rules require each Grid Participant and the Water Grid Manager to comply with the Water Grid Emergency Response Plan. Other than its role as Rules Administrator under the Market Rules, the QWC has no obligations to comply with the Water Grid Emergency Response Plan and is not one of the entities to whom guidance is provided under the plan. I am, however, listed in the Emergency contact list attached to the Water Grid Emergency Response Plan as a key stakeholder contact. I did not receive any communications from any Grid Participants under the Water Grid Emergency Response Plan during the 6 to 19 January 2011 flood event. Because of

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these matters I am not aware of the performance of the Emergency Response Plan during the 6 to 19 January 2011 flood event.

9. Relevant Communications between 1 September 2010 and 31 March 2011

9.1 *My communications between 1 September 2010 and 31 March 2011 with John Bradley, Minister Robertson and/or his advisors, Barry Dennien, Peter Borrows and Daniel Spiller on the topics the subjects of questions 3 to 8 and 10 to 14.*

I refer to my answers to questions 3 to 8 and 10 to 14.

9.2 *My communications between 1 September 2010 and 31 March 2011 with John Bradley, Director-General, Department of Environment and Resource Management, in relation to:*

(a) *The optimal operation of the Water Grid focused around placing desalination on hot standby and reducing the use of the Western Corridor Recycled Water Scheme*

Exhibited as pages 39 to 86 are copies of relevant communications in relation to this topic, including communications which were not directly with myself but assist to provide context in relation to this issue:

- (i) letter from Minister Robertson to Commissioner Boydell dated 1 September 2010 seeking QWC's advice on the optimal operating strategy for the SEQ Water Grid. Following receipt of this letter, the QWC worked with the WGM and WaterSecure to provide this advice;
- (ii) email of 12 November 2010 from QWC, sent with my endorsement, to Mr Bradley and others attaching a letter from Commissioner Boydell to Minister Robertson (copied to the Hon. Andrew Fraser MP, Treasurer) and QWC's report titled "*Optimal operation Strategy for the SEQ Water Grid, Strategic Framework*

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and Risk Assessment" providing advice in relation to the optimal operating strategy for the SEQ Water Grid;

- (iii) letter from Minister Robertson to Commissioner Boydell, dated 3 December 2010;
- (iv) letter from Commissioner Boydell to Minister Robertson, dated 24 December 2010.

(b) Bulk water capital investment

On 8 December 2010, a proposed response to a Question on Notice, prepared by the QWC for the Minister's assistance, was sent to Mr Bradley for approval. That document is subject to parliamentary privilege and I understand will be released to the Commission of Inquiry by Crown Law on behalf of the QWC.

(c) Asset value of bulk water investments

On 10 November 2010, a proposed response to a Question on Notice, prepared by the QWC for the Minister's assistance, was approved by Mr Bradley. That document is subject to parliamentary privilege and I understand will be released to the Commission of Inquiry by Crown Law on behalf of the QWC.

9.3 My communications between 1 September 2010 and 31 March 2011 with Mr Barry Dennien, Chief Executive Officer, South East Queensland Water Grid Manager, and/or Mr Dan Spiller in relation to:

(a) Framework for planning and delivery of water infrastructure:

The QWC initiated a strategic project around September 2010 to ensure clarity and understanding of how the bulk and distributor retailer water businesses, the WGM and the QWC undertake their roles for planning and delivery of water infrastructure in South East Queensland. This project also aims to ensure adequate processes and role clarity to

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enable all parties to meet their obligations, as well as improving understanding of the relationships between the water businesses, regulators and government agencies.

I had numerous written and verbal communications with Mr Dennien and/or Mr Spiller on this topic as detailed below. Exhibited as pages 87 to 241 are copies of relevant documents in relation to this topic, including copies of some communications which were not directly with myself but assist to provide context in relation to this issue:

- (i) on 13 September 2010, at a Water Grid CEO's Forum meeting, at which Mr Dennien was present, as part of the QWC's update, I advised that workshops and consultations on the planning framework for South East Queensland would commence in the coming weeks.
- (ii) on 28 September 2010, an email was sent on my behalf to Mr Dennien (and others) inviting attendance at a meeting to address numerous matters with respect to this topic.
- (iii) on 5 October 2010, a meeting was held with the WGM at which a presentation entitled "Long Term Framework for Planning and Delivery of Water Infrastructure for the SEQ Water Grid" dated 5 October 2010 was tabled (see attached). Present at the meeting was myself, Commissioner Boydell and Mr Geoff Swier (consultant working for the QWC) and Mr Garry Humphrys and Mr Dennien of the WGM. At that meeting issues including the following were discussed: the rationalisation of the operating regime to replace high cost assets with more efficient assets given the improved security position for the SEQ Water Grid; the need for the WGM to have detailed cost information to make optimal decisions; efficiency benefits to be made in optimising configuration of existing assets and the role of the WGM in the grid model.
- (iv) on 12 October 2010, a meeting was held with Linkwater, Seqwater, WaterSecure, QWC and the WGM at which a presentation entitled "Long Term


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Framework for Planning and Delivery of Water Infrastructure for the SEQ Water Grid" dated 12 October 2010 was tabled (see attached). At that meeting issues including the following were discussed: the need for clarity around planning criteria, the criteria and responsibilities for decisions on local water supply solutions and total water cycle management outcomes; responsibility for the final outcome when there are collaborative planning processes; the need for articulation of the role of Grid Service Providers in planning to deliver efficient regional water security; and the relationships and role of the economic regulator related to planning.

- (v) on 20 October 2010, a meeting was held with Allconnex, Queensland Urban Utilities, Unitywater, QWC and the WGM at which a presentation entitled "Long Term Framework for Planning and Delivery of Water Infrastructure for the SEQ Water Grid" dated 20 October 2010 was tabled (see attached). At that meeting issues including the following were discussed: the QWC's ongoing role in reform; the role of distributor-retailers with respect to planning; the need to develop a Statement of Water Needs; asset and economic regulation; and the basis for the transfer of long term planning information between relevant parties.
- (vi) in early November 2010, I sent a letter to Mr Dennien attaching a Power Point presentation entitled "Long term Framework for Planning and Delivery of Water Infrastructure for the SEQ Water Grid" dated 10 November 2010 and an analysis of issues identified from meetings that had taken place;
- (vii) on 11 November 2010, I provided an update on the progress of the work on the Planning Framework at the quarterly meeting of the SEQ Chairs and CEOs hosted by the QWC;
- (viii) around mid-November 2010, I sent an email invitation to Mr Dennien (and others) to attend a follow-up workshop on this topic on 7 December 2010;

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- (ix) on 25 November 2010, I sent an email to Mr Dennien in relation to a planned workshop on the Planning Framework and his agreement to making a presentation at the workshop to be held on 7 December 2010;
- (x) on 29 November 2010, at a Water Grid CEO's Forum meeting, at which Mr Dennien was present, as part of the QWC's update, I spoke to this topic and the upcoming workshop;
- (xi) on 6 December 2010, I received a letter from Mr Dennien providing a response to my letter of 11 November 2010;
- (xii) on 7 December 2010, a workshop meeting was held with attendees present from the QWC, Queensland Competition Authority, DERM, Treasury, Queensland Treasury Corporation, Urban Land Development Authority, the WGM, Linkwater, Seqwater, WaterSecure, Alconnex, Queensland Urban Utilities and Unitywater. A copy of the agenda, invitees, supporting material and handout is attached, as well as the Power Point presentation made by QWC (entitled "Framework for Planning and Delivery of Water Infrastructure in SEQ" dated 7 December 2010) and the Power Point presentation made by the WGM (entitled "Bulk Water Service Planning"). The workshop was designed to seek input from stakeholders on prioritising the key outstanding issues that needed to be progressed to promote grid-wide outcomes and an approach to progressing them. A number of priorities were identified for consideration.
- (xiii) on 15 December 2010, I sent a letter to Mr Dennien responding to his letter of 6 December 2010;
- (xiv) on 21 December 2010, I sent a letter to Mr Dennien attaching a document entitled "Progressing implementation of the Framework for Planning and


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Delivery of Water Infrastructure in SEQ - Outcomes of 7 December 2010 Workshop";

- (xv) on 10 January 2011, I received a letter from Mr Dennien responding to my letter of 21 December 2010;
- (xvi) on 10 February 2011, I provided an update on progress of the work of the Planning Framework at the quarterly meeting of SEQ Chairs and CEOs hosted by the QWC;
- (xvii) QWC's draft in preparation entitled "Planning and Delivery Framework for Water Infrastructure in SEQ", as at 31 March 2011. This document is being developed and progressed collaboratively by a Working Group established following the 7 December 2010 workshop, with representatives from organisations as indicated on the cover of the document.

(b) SEQ Bulk water supply network model

- (i) on 13 September 2010, at a Water Grid CEO's Forum meeting, at which Mr Dennien was present, as part of QWC's update I spoke to this topic. The CEOs acknowledged support for the model to be shared across all entities;
- (ii) on 22 October 2010, I sent a letter to Mr Dennien attaching draft Terms of Reference, which letter and attachments are exhibited as pages 242 to 248.

(c) Proposed capital and renewal projects from 2011-12

I meet regularly with Mr Dennien, often weekly, to discuss any matters of relevance to the QWC and the WGM. This topic, the previous topics and many others of mutual significance would likely have been discussed between us.

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Exhibited as pages 249 to 306 are copies of relevant communications in relation to this topic, including communications which were not directly with myself but assist to provide context in relation to this issue:

- (i) letter from Minister Robertson to Commissioner Boydell dated 20 October 2010;
- (ii) email from Mr Dennien to me dated 26 October 2010 and attached Agenda for the quarterly meeting of Chairs and CEOs on 11 November 2010, hosted by the QWC, and Issues Raised for Action. I do not recall any discussion on this matter at the Meeting of Chairs and CEOs on 11 November 2010;
- (iii) email correspondence between Mr Dennien and myself of 1 November 2010 attaching a draft response to Minister Robertson. I do not recall a meeting occurring at this date on this topic, but recall Commissioner Boydell and the Chair of the WGM agreed that the CEOs of relevant entities, including the QWC, should work together on finalising the draft response to the Minister as requested in the Minister's letter to Commissioner Boydell mentioned at 9.3(c)(i) above;
- (iv) on 2 November 2010, I met with Mr Dennien in the morning and gave him my handwritten comments on the draft response to Minister Robertson;
- (v) email from Mr Dennien to me (and others) of 1 December 2010;
- (vi) email correspondence between me and Mr Dennien (and others) of 1 and 2 December 2010;
- (vii) email correspondence between me and Mr Dennien (and others) of 2 and 3 December 2010;


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- (viii) email correspondence from Mr Dennien to me (and others) of 6 December 2010;
- (ix) email correspondence from Mr Dennien to me (and others) of 7 December 2010;
- (x) email correspondence from Mr Dennien to me of 7 December 2010 relating to an email to Commissioner Boydell (and others);
- (xi) email correspondence from Mr Dennien to me (and others) of 15 December 2010;
- (xii) email correspondence from me to Mr Dennien (and others) confirming QWC's acceptance of the response to the Minister;
- (xiii) letter from the Chairman of WGM to the Hon. Minister Robertson MP dated 17 December 2010;
- (xiv) letter from Commissioner Boydell to Minister Robertson dated 23 December 2010;
- (xv) letters from Mr Dennien to Chief Executive Officers of WaterSecure, Seqwater and Linkwater dated 3 February 2011 and copied to me;
- (xvi) letter from me to Mr Dennien dated 15 February 2011 (which incorrectly refers to a letter of 3 February 2011 as a letter of 3 January 2011).

Other than the correspondence and discussions referred to above, I have not been involved in a review of the specific capital and renewal projects, however at the meeting with the Minister, Director General and Water Grid CEOs, including myself, on 23 February 2011 I recall Mr Dennien providing an update on this process and giving examples of some of the projects being considered.


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10. The discontinuance of a study in relation to potentially increasing the Full Supply Level of Wivenhoe Dam undertaken by the Queensland Water Commission in 2010 and 2011 (any communications sent or received by me in relation to this topic should be attached) and
11. The discontinuance of other studies being undertaken by the Queensland Water Commission in 2010 and 2011 in relation to possible options to increase yield from the Somerset/Wivenhoe system (any communications sent or received by me in relation to this topic should be attached)
- 11.1 The South East Queensland Water Strategy launched in July 2010, states that one of the actions the QWC should undertake is a review of the operation of the Brisbane River system to optimise the water supply yield and balance flood storage and water supply storage volume requirements.
- 11.2 As part of the process, I understand that since around March 2010, the QWC has been undertaking preliminary investigations in relation to the possibility of raising the Full Supply Level of Wivenhoe Dam without raising the dam wall. Those investigations were undertaken against a background of drought within South East Queensland, and stakeholder interest in this work and suggestions to do this. Initially, the main focus of the review was on the possibility of increasing the Full Supply Level of Wivenhoe Dam because that was considered to be the best option. Preliminary advice received around mid 2010 on the issue of raising the Full Supply Level of Wivenhoe Dam indicated that raising the Full Supply Level would be likely to only provide a very small increase in yield. Therefore the QWC has been seeking to identify other possible means of increasing the yield of the overall Brisbane system.
- 11.3 Neither the investigations into potentially increasing the Full Supply Level of Wivenhoe Dam or into possible options to increase the yield from the Brisbane River system (including the Somerset/Wivenhoe system) have been discontinued.


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11.4 In light of the following:

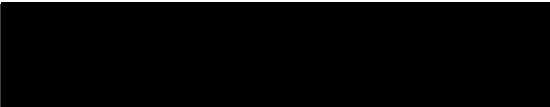
- (a) South East Queensland now has significantly improved water security;
- (b) the review of the South East Queensland Water Strategy (which since July 2010 will now occur on an annual basis by August or September each year);
- (c) recent flooding; and
- (d) the establishment of the Queensland Floods Commission of Inquiry;

a view has been formed by senior management within the QWC, including myself, that now would be an appropriate time to take a pause with some investigations until the South East Queensland Water Strategy is reviewed later this year.

11.5 Given the changed context of improved water security and the other factors in 11.4 above, a decision has been made to postpone further investigations, into both potentially increasing the Full Supply Level of Wivenhoe Dam and other possible options to increase yield from the Brisbane River system, while the QWC takes stock and rearticulates its priorities.

11.6 Further, in relation to the Brisbane River system project:

- (a) In late 2010, the first meeting of the members of the Brisbane River System Project Reference Group was scheduled for early 2011. Also in mid December 2010, Seqwater was engaged to conduct a "Flood Study on the raising of Wivenhoe Dam's Full Supply Level".
- (b) Following the January 2011 floods, informal thinking within the QWC group responsible for the Brisbane system investigations was that the original scope of the project should be changed. An unauthorised email was sent to members of the project reference group on 3


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February 2011 which indicated a potential broader and revised scope for the Brisbane River System investigations and a consideration of issues relating to flood mitigation.

- (c) I became aware of the proposed broadening of the scope for the Brisbane River System investigations around mid February 2011. That work, along with other investigations being undertaken by the QWC, was to be discussed at a QWC Commission meeting on 17 February 2011. However, on 16 February 2011 Ms Debbie Best, Deputy Director General of DERM, on becoming aware of the email of 3 February 2011, expressed a view that the workshop of the Brisbane River System Project Reference Group should not proceed until after the Queensland Floods Commission of Inquiry.
- (d) Because the proposed meeting of the Brisbane River System Project Reference Group, as referred to in 11.6(a), included the proposal to consider a scope that may have unintentionally given the impression that the QWC was extending into areas in which it has no primary responsibility, a decision was made that the meeting should not proceed at that time.
- (e) As a result of the above considerations, on 17 February 2011 Peter Sommer of the QWC sent an email, drafted by me, to the Project Reference Group members explaining that the QWC wished to retract the proposed scope of the project set out in the email sent to the PRG members on 3 February 2011 and review the direction of the investigation of the Brisbane River system in the context of the SEQ Water Strategy, the recent establishment of the Queensland Floods Commission of Inquiry and the annual review of the SEQ Water Strategy to ensure that options that are fit for purpose in the current operating environment.
- (f) This decision was also made against the background of a discussion at the regular quarterly meeting between the Minister, Commissioner Boydell, Mr Tim Watts (senior Policy Advisor to the Minister) and myself and on 3 February 2011 about various infrastructure investigations, including the review of the Brisbane River system. That


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meeting included a discussion of the likelihood that the work of the QWC in relation to the Brisbane River System would be informed by the Queensland Floods Commission of Inquiry.

- 11.7 The stocktake being undertaken by the QWC of its planning investigations is not unique to the Brisbane River system investigations. The infrastructure investigations being undertaken by the QWC are being reviewed given the changed context in which the QWC is now operating. QWC's focus is on planning for the future and preservation of options in an environment of relatively rapid change from long term drought to floods. A holistic stocktake is therefore being undertaken by the QWC in order to rearticulate its investigation priorities so they are fit-for-purpose given the current operating environment.
- 11.8 Copies of relevant correspondence is exhibited as pages 307 to 315.
- 12. My role in relation to the decision to draw down Wivenhoe Dam to 75% of Full Supply Level in February 2011, and any communications sent or received by me in relation to it**
- 12.1 Neither I nor the QWC have any regulatory or operational role in dam safety or flood mitigation or any power to make a decision to draw down any dam below Full Supply Level. While I was not involved in or a party to the making of the decision to draw down Wivenhoe Dam to 75% of Full Supply Level in February 2011, the QWC did produce Information Material to assist Seqwater following a request made by Minister Robertson (as stated below).
- 12.2 On 20 January 2011 Minister Robertson sent a letter to Commissioner Boydell, copied to me, requesting that "all necessary assistance" be provided to Seqwater to ensure requests made in a letter to Seqwater, including to review appropriate Full Supply Levels, could be responded to as a matter of priority. In order to assist Seqwater, the QWC commenced the work referred to in paragraph 12.1 above, incorporating modeling, reporting and scenario assessment of the impact, from a water security perspective, of lowering the Full Supply Level of Wivenhoe Dam for the current wet season. The preliminary work resulted in the production of a draft report entitled


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"Impacts on the SEQ Water Strategy of Various Operating Scenarios for Wivenhoe Dam". The work included a Preliminary Framework for consideration of impacts on the SEQ Water Strategy for both short term (considering the 5 year risk criteria in the SEQ System Operating Plan) and long term scenarios.

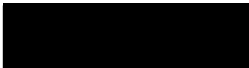
- 12.3 As part of this work, on 21 January 2011, I attended a meeting between the QWC and Bob Reilly from the Office of the Water Safety Regulator (OWSR) in which Mr Reilly gave an overview of the Flood Mitigation Manual, the role of Dam Safety Regulator, responsibility for Seqwater to prepare a report after each event and other matters. The QWC discussed a possible draft framework for consideration of scenarios for various operating levels for Wivenhoe Dam, including the need to look at short term changes and long term changes in the Full Supply Level and various assumptions associated with Levels of Service objectives, yield, implications for operating costs, likelihood of drought and the frequency of triggering 40%. The QWC discussed defining levers, looking at sensitivities and understanding implications of these sensitivities and potential movement of timeframes for augmentation of infrastructure.
- 12.4 On 24 and 25 January 2011, the QWC held internal meetings to further discuss a framework for consideration of information material to support Seqwater and to have in preparation for a meeting on 25 January 2011 involving DERM, the OWSR, the WGM and the QWC. This included a discussion about a draft Project Plan.
- 12.5 On 25 January 2011, Commissioner Boydell and I attended a meeting involving DERM, the OWSR, Seqwater and the WGM and tabled a document entitled "Example Framework for Consideration of the Impact on SEQ Water Strategy of Various Operating Levels for Wivenhoe Dam" and explained the concept. At the meeting Mr Bradley said that the WGM should look at the short term implications of a temporary lowering of the Wivenhoe Dam for the 2010/2011 wet season and that the QWC's focus should be on the long term implications.
- 12.6 On 1 February 2011, the QWC held an internal meeting to further discuss Information Material to be provided to Seqwater and material to be tabled at a meeting later that day.

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- 12.7 On 1 February 2011, a meeting was held involving Mr Dennien and Mr Spiller of the WGM, and myself and Mr Bagdon of QWC for the WGM to explain what work it had done in relation to water security. The WGM provided two graphs.
- 12.8 On 1 February 2011, a meeting was held at Seqwater involving the Commissioner and me from the QWC, Mr Peter Borrows, Mr Jim Pruss and Mr Phil Hennessey from Seqwater, Mr Dennien and Mr Gordon Jardine from the WGM and Mr Bradley (by phone), Ms Best and Mr Greg Claydon from DERM, and a representative of the OWSR. Discussions were held about provisions in the Resource Operations Plan allowing releases to be made below the Full Supply Level. DERM stated that they saw no barriers to flood mitigation. Seqwater stated they were running 5 broad scenarios which it was said would take another 2-3 days and added that they saw reductions in the Full Supply Level as a policy question and, while not their role, they could comment on the implications of policy. As the QWC is not involved in and has no decision making role in relation to releases of water from dams and in dam operations, the QWC had not formed a view on and did not express a view on this issue. The QWC tabled draft Information Material titled "Scenarios for Operation of Wivenhoe Dam January 2011", which was also emailed to Mr Bradley as he could not attend in person and which had been emailed to Mr Pruss of Seqwater earlier that day.
- 12.9 On 3 February 2011, an internal QWC meeting was held to progress work on "Operating Level Scenarios for Key Storages in South East Queensland" and to prepare for a meeting with DERM, Seqwater, the WGM and the OWSR to be held the following day.
- 12.10 On 4 February 2011, a meeting was held at DERM attended by Mr Bradley, Ms Best and Mr Claydon of DERM, Mr Hennessey, Mr Borrows and Mr Pruss from Seqwater, the OWSR, Mr Dennien of the WGM, Commissioner Boydell and me. At the meeting the Chairman of Seqwater circulated a copy of a letter from him to the Minister advising that work was continuing on the Seqwater report requested by the Minister. The letter advised that Seqwater was continuing "further modeling to provide an indicative assessment of the benefits or otherwise of undertaking a pre-release strategy to pre-emptively reduce the FSL of Wivenhoe Dam". The letter also noted that



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"DERM may be satisfied, based on advice from QWC and the WGM from a water supply security perspective, that Wivenhoe Dam's FSL could be reduced in the short term, to, say, 75% of its current FSL", although that was not agreed at the meeting. The meeting also discussed modeling work that Seqwater was undertaking and other modeling work that needed to be done, various potential release strategies and potential benefits that may occur.

- 12.11 On 4, 8, and 9 February 2011, internal QWC meetings were held to further progress preparation of the report.
- 12.12 On 9 February 2011, I received an email, with letter attached, from the WGM to the Chief Executive Officer of Seqwater copied to me;
- 12.13 On 9 February 2011, I sent an email to Mr Bagdon and Dr Wong, copied to Commissioner Boydell;
- 12.14 Around 9 or 10 February 2011, I had separate conversations with Mr Borrows and Mr Dennien in which we discussed whether the QWC was finding anything through its investigations of the implications for water security, if a temporary lowering of the Wivenhoe Dam for the 2010/2011 wet season occurred, which was different to the WGM's findings stated in the letter of 9 February 2011 (see 12.12). QWC had not formed any different view, so my answer was no.
- 12.15 On 11 February 2011, an internal QWC meeting was held to further progress preparation of the report. Comments from that meeting were incorporated into a draft Information Material report titled "Impacts on SEQ Water Strategy of Various Operating Scenarios for Wivenhoe Dam" (version 5), which was sent to all members for final review with the intention to send to Seqwater on Monday, 14 February 2011.
- 12.16 On 12 February 2011, I sent an email to Mr Borrows attaching the draft Information Material report entitled "Impacts on SEQ Water Strategy of Various Operating Scenarios for Wivenhoe Dam" (version 5) following a request made on that date by Mr Borrows, through his secretary, for a copy of the Example Framework prepared by the QWC (which was included as part of the draft report);


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- 12.17 On 14 February 2011, I sent letters to Mr Borrows, Mr Bradley and Mr Dennien attaching version 6 of the draft Information Material report titled "Impacts on SEQ Water Strategy of Various Operating Scenarios for Wivenhoe Dam" dated 14 February 2011, for feedback. I note that there is a typographical error in the report on page 16 – the "Total Central" should read 1,798,627 and not 7,798,627.
- 12.18 I am not aware of what information was relied upon in making the decision to draw down Wivenhoe Dam to 75% of Full Supply Level on 13 February 2011.
- 12.19 Since the decision to lower the Full Supply Level of Wivenhoe Dam to 75% was announced on 13 February 2011 communications including the following have taken place:
- (a) On 3 March 2011, I received an email from Mr Dennien, copied Mr Spiller, indicating the WGM had no disagreement with the summary of findings provided by the QWC on 14 February 2011;
 - (b) On 17 March 2011, I received a letter from Mr Bradley providing a summary of feedback from DERM on the draft QWC report provided on 14 February 2011;
 - (c) on 22 March 2011, I received a letter from Mr Borrows providing feedback on QWC's draft report of 14 February 2011 and providing correspondence from Seqwater to DERM of 7 February 2011. I responded to the specific request in that letter on 25 March 2011.
 - (d) The QWC has continued to carry out work, including in relation to further modeling requests from DERM, to complete the draft report titled "Impacts on SEQ Water Strategy of Various Operating Scenarios for Wivenhoe Dam". That work has included modeling and draft report modifications considering additional and different scenarios, impacts of longer term reductions in Full Supply Level and different demand forecasts. That work is ongoing.


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12.20 Copies of the communications referred to and documents tabled or referred to at the meetings referred to above are exhibited as pages 316 to 411.

13. Any costings produced by Queensland Treasury, the South East Queensland Water Grid Manager, Queensland Water Commission, Seqwater or any other body in relation to costs association with the temporary reduction to 75% of Full Supply Level of Wivenhoe Dam in February 2011

13.1 I refer to my answer to question 5 above.

14. An account of any discussions, verbatim where possible, following the January 2011 flood events in relation to a review of communications between the Flood Operations Centre, Office of Water Supply Regulator, South East Queensland Water Grid Manager and others when the Flood Operations Centre is mobilised

14.1 I have not been involved in any discussions in relation to a review of communications between the Flood Operations Centre, Office of Water Supply Regulator, South East Queensland Water Grid Manager and others when the Flood Operations Centre is mobilized.

Affirmed by **KAREN NOREEN WALDMAN** on 10 May 2011 at Brisbane in the presence of:



Deponent