



**Government  
of South Australia**

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Murray-Darling Basin Authority  
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Dear Mr <sup>Mike</sup> Taylor

The Government of South Australia welcomes the release of the *Guide to the proposed Basin Plan* (the Guide) as a significant step in the development of a Basin Plan, and the beginning of a process to re-balance the water resources of the Murray-Darling Basin system to benefit all users into the future.

We recognise that this approach to the reform of water resources management is an international first and there are no precedents for the complexity of this challenge. Clearly there is still a great deal of work to do to develop a Basin Plan that meets our aspirations and those of Basin communities.

The establishment of the independent Murray-Darling Basin Authority (the Authority) was a key initiative of the Government of South Australia and we continue to support an independent body that can manage the Basin holistically, based on sound science rather than parochial interests.

A healthy river is critical to the long-term viability and productivity of Basin communities and industries. The principal aim of the Basin Plan must be to ensure a sustainable future for the Basin and its communities, including provision for a healthy environment and support for people to transition to new arrangements.

The Government of South Australia continues to support a whole of Basin approach to the management of the Murray-Darling Basin, and this principle must be consistently applied.

As the most downstream state, South Australia is acutely aware of the impacts of reduced flows and poor water quality. The recent drought has exacerbated the impacts along the length of the River Murray that have resulted from years of over allocation. New threats have also been exposed, particularly below Lock 1 where riverbanks have collapsed and levee banks have subsided and cracked, potentially threatening lives, property and livelihoods. Transport infrastructure, tourism, recreation and related industries have also suffered significantly as a result.

Arguably, ecological impacts have been most severe in Lakes Albert and Alexandrina (Lower Lakes) where the wide-spread exposure of acid sulfate soils, due to unprecedented low water levels, threatened to completely destroy the ecology of this internationally recognised site.

### **Environmental water requirements**

It is encouraging that the Guide recognises the environment as a legitimate user of water. The provision of greater security to environmental water must be a major outcome of the Basin Plan and the definition of Environmental Water Requirements is a positive step toward achieving the ecological objectives at key environmental assets.

The Guide states that the analysis of the amount of water needed for the Basin's environment indicates a range of 3,000 – 7,600 gigalitres per year (GL/yr) (long-term average). The Authority indicates that a proposal to return less than 3,000 GL/yr would be unlikely to achieve the environmental outcomes needed to restore Basin health, particularly for the Coorong, Lower Lakes and Murray Mouth.

It is very concerning that, by the Authority's own assessment in the Guide, a return of 4,000 GL/yr would only restore the Murray catchment to a poor to moderate health rating. The Government of South Australia does not believe that the Authority would be fulfilling its obligations to restore the Basin to an acceptable level of health if it were to accept an outcome that only returns parts of the system to a poor to moderate condition.

The Government of South Australia believes that the development of end of Basin flow and salinity targets is critical to ensuring ecological and water quality objectives are achieved at all key ecological assets.

South Australia wants to see an end-of-system flow target in the proposed Basin Plan that ensures an open Murray Mouth, without the need to continue spending millions of dollars on a dredging program. An open Murray Mouth is essential to the health of the Basin system as a whole.

The Government of South Australia has undertaken rigorous scientific analysis that has informed and confirmed our absolute commitment to a freshwater future for the Lower Lakes. The Basin Plan must secure sufficient environmental flows to restore and maintain ecological health, function and processes across the Murray-Darling Basin, including for the Coorong, Lower Lakes and Murray Mouth Ramsar site. This will require an integrated whole of Basin approach.

### **Critical Human Water Needs**

Our recent experience has highlighted the need to ensure that critical human water needs can be provided during drought. The Government strongly supports the 204 GL volume identified in the Guide as the volume that the State needs to be able to accumulate for use in drought conditions. It is recognised that it is the Government's responsibility to ensure the water is available to meet critical human water needs (CHWN) during drought. This volume is expected to meet the State's minimum requirements. In addition, an effective and flexible reserves policy is required to provide for delivery of that water during drought.

### **Setting and achieving Sustainable Diversion Limits**

The Government of South Australia seeks a fair and equitable approach to determining Sustainable Diversion Limits (SDL) that addresses over-allocation and recognises responsible behaviour and management practices.

Firstly, there must be a clear understanding and articulation of the relationship between the proposed Current Diversion Limits (CDL), the current States' Caps and the proposed future arrangements.

The Government of South Australia does not agree with the Authority's interpretation of South Australia's CDL for either the River Murray or the Eastern Mt Lofty Ranges. In addition, we have significant concerns regarding the assessment of the proposed SDL for the Angas Bremer region. Concerns and further explanation regarding the Eastern Mt Lofty Ranges and the Angas Bremer areas are outlined in greater detail in Attachment A.

With respect to the River Murray, the Authority must take into account the conservative approach taken by South Australian water holders in using their water entitlements. The method used by the Authority to calculate CDL has not taken account of this. At this stage, the Government of South Australia does not support the method used. It is our view that setting the CDL using modelled long-term average use seriously disadvantages our entitlement holders. Between now and the release of the proposed Basin Plan we expect to work with the Authority to clarify the approach and come to a mutually agreed position.

Early actions taken by respective South Australian governments to cap water extractions from the River Murray must also be taken into account when determining SDLs. South Australia has operated under a cap since 1969. This has been reduced twice further by the South Australian government, once in 1979 and again in 1991. During negotiations to establish the first Basin Cap on diversions in the 1990's, South Australia's All Other Purposes Cap was set at 90% of entitlements for pumped irrigation. Meanwhile, according to the Guide, diversions in the rest of the Basin increased from 7,500 GL during the 1970s to a maximum in 1999 of 12,500 GL – or a further 5,000 GL.

All South Australian irrigation water delivery infrastructure has been upgraded over the past 30 years, mostly to fully piped pressurised systems, with a significant proportion of the water savings being returned to the environment. On-farm, South Australian irrigators have invested heavily in irrigation efficiency to maximise their water availability in the capped environment.

There are few, if any, additional major opportunities to cost-effectively increase the water use efficiency of infrastructure in South Australia. The impacts of this must be recognised in setting the final SDLs to avoid a disproportionate impact on South Australia's irrigated production, and associated flow-through impacts to dependent regional communities. This is also a matter that we consider would benefit from a collaborative approach between the Authority and South Australia to develop a methodology that can be applied Basin-wide.

The majority of water recovered in South Australia will need to be acquired through water purchase. A clearer and more transparent water purchase process is needed to maximise water recovery in a way that is fair and equitable. The Commonwealth Government is currently the dominant participant in a market that has been severely impacted by years of unprecedented drought, resulting in huge variations to market price. Trade barriers have also contributed to market distortion.

The Government of South Australia welcomes the Commonwealth's commitment to 'bridging the gap' for the achievement of both surface water and groundwater SDLs. To achieve this commitment, the Commonwealth must undertake a review and enhancement of the qualification criteria in the Water for the Future programs to increase

opportunities for uptake for South Australian industries and communities. Similarly, the final Basin Plan will need to be flexible enough to ensure the benefits of the water recovery program are optimised across the Basin.

In the spirit of a no borders approach, the Government of South Australia considers that water recovered for the environment from investment across the Basin through Water for the Future programs must be shared across the Basin. To not do this would unfairly disadvantage irrigators such as those in South Australia who have already invested heavily in efficient irrigation infrastructure.

The Government of South Australia would welcome the opportunity to work with the Commonwealth Government to develop a fairer and more equitable targeted water purchase program, and to provide input to revising Water for the Future programs criteria. In addition to enhanced Water for the Future programs, there must be greater support for regional communities, through other Commonwealth programs, to promote new water efficient industries in South Australia and assist with adaptation to a future with less water.

### **Socio-economic analysis**

The framework for the setting of SDLs needs to take into account net social benefits. This requires a socio-economic analysis that considers the balance between environmental water requirements and consumptive uses in a rigorous and transparent framework (i.e. benefit cost analysis), optimising economic, social and environmental outcomes. A pre-requisite for this approach is the establishment of the 'do nothing' (no policy change) baseline.

The impact of 'doing nothing' is a critical component of any robust socio-economic analysis, because the long-term benefits of the introduction of SDLs can only be fully understood in the context of the continuing decline in river health, and the associated impacts on communities and industries that will ensue if we do not successfully pursue reform.

South Australia strongly urges that this analysis be undertaken to provide a comparative baseline for change. Furthermore, a clear articulation of the effects of doing nothing will be an important message in encouraging adoption of the plan by Basin communities. Other South Australian regional socio-economic studies should also be considered in the next iteration of proposed Basin Plan.

### **Water trade**

The Government of South Australia welcomes the adoption of the Australian Competition and Consumer Commission (ACCC) advice. A key tool in supporting the adjustment to the SDLs by water holders and their communities is through the water market and it is therefore important that the water trade rules improve the operation of the water market and enable market participants to trade more freely. An efficient and open water market that maximises the opportunity for trading within and between Basin states while recognising and protecting the needs of the environment and third parties is strongly supported.

To better achieve a mature market, South Australia is cognisant of the need for more equitable access to storage rights across the Basin.

**Water quality and salinity management**

The Basin Plan must deliver a Water Quality and Salinity Management Plan that identifies the key causes of water quality degradation in the Murray-Darling Basin, and includes water quality and salinity management objectives, targets and policies to protect drinking water, agriculture, recreation and environmental values across the Basin.

In particular, it must contain water quality and salinity targets below Lock 1.

**Environmental water management**

The Government of South Australia looks forward to working with the Authority, Basin States and the Commonwealth Environmental Water Holder to develop an Environmental Watering Plan that facilitates a flexible and collaborative approach between all jurisdictions to prioritising watering actions and the delivery and application of environmental water. Ultimately, this must deliver sufficient flows for the Coorong, Lower Lakes and Murray Mouth.

**Future risk management**

The Basin Plan must identify risks to the condition or continued availability of the Basin's water resources, including those arising from climate change, interception activities (e.g. farm dams and plantation forestry), changes to land use, knowledge gaps and limitations, and must propose strategies to address these risks to ensure that current and future risks do not undermine efforts to achieve a sustainable future for the Basin.

The Government of South Australia looks forward to an ongoing collaborative, transparent and positive partnership with the Authority, Commonwealth Government and Basin States to fully explore the issues and implications of the proposed new arrangements as the Basin Plan is further developed.

Please note given the extension of the deadline to provide feedback to 17 December 2010, I reserve the right to further add to this submission within the new timeframe.

I thank you for the opportunity to comment on the Guide. Further analysis and comment is provided at Attachment A.

Yours sincerely



**PAUL CAICA**  
**MINISTER FOR THE RIVER MURRAY**