



Australian Government

Commonwealth Environmental Water Office

Select Committee on the Murray-Darling Basin Plan
PO Box 6100
Parliament House
Canberra ACT 2600

Email: murraydarling.sen@aph.gov.au

Submission to the Select Committee on the Murray-Darling Basin Plan

Thank you for the opportunity to provide a submission to the Committee to support its inquiry into the social, economic and environmental impacts of the Murray-Darling Basin Plan on regional communities. The Commonwealth Environmental Water Holder is responsible for the management of the Commonwealth environmental water holdings. Consistent with the statutory role under the *Water Act 2007*, I must manage this water to protect and restore the Basin's rivers, wetlands and floodplains, and the native wildlife they support.

Please find enclosed an overview of the management of Commonwealth environmental water. Further information will be provided after the Committee's first public hearing on 18 September 2015.

Yours sincerely

David Papps
Commonwealth Environmental Water Holder
17 September 2015



SENATE SELECT COMMITTEE INQUIRY INTO THE MURRAY-DARLING BASIN PLAN

Submission by the Commonwealth Environmental Water Holder

About the Commonwealth Environmental Water Holder

The Commonwealth Environmental Water Holder is a statutory position established under the *Water Act 2007* and is responsible for managing the Commonwealth's environmental water holdings. This water must be managed to protect and restore the rivers, wetlands and floodplains (and the native animals and plants they support) of the Murray-Darling Basin.

Mr David Papps is the current Commonwealth Environmental Water Holder. He is supported by staff of the Commonwealth Environmental Water Office. The Office employs six local engagement officers who live and work in regional centres across the Murray-Darling Basin (Goondiwindi, Dubbo, Leeton, Deniliquin, Mildura and Berri).

About Commonwealth Environmental Water

Commonwealth environmental water holdings are water entitlements, issued by Basin state governments, that have been acquired by the Australia Government through investments in water-saving infrastructure and purchases on the water market.

The total volume of the holdings as at 31 August 2015 was 2372 gigalitres of entitlements. Over the long-term, the average annual amount of water allocated against these entitlements is estimated to be 1646 gigalitres (see Figure 1).

The holdings are a mix of entitlement types held across 19 catchments. The rules governing the entitlements vary across states and across catchments. Commonwealth environmental water entitlements are subject to the same fees, allocations, carryover and other rules as equivalent entitlements held by other water users.

The Commonwealth environmental water holdings will continue to grow until at least 2019, and possibly until 2024.

There are broadly three options for managing Commonwealth environmental water:

- delivering water to a river or wetland to meet an identified environmental demand
- leaving water in storage and carrying it over for use in the next water year (referred to as 'carryover')
- trading water, that is, selling water and using the proceeds to buy water in another catchment or in a future year.

Delivering environmental water

The delivery of Commonwealth environmental water is a collective effort. Local groups, state governments and others are involved in helping to determine where water is best used, identifying potential risks, delivering the water and monitoring the outcomes.

The Commonwealth Environmental Water Holder has entered into formal partnership agreements with the Victorian Environmental Water Holder, the New South Wales Office of Environment and Heritage, the South Australian Natural Resource Management Board and the Nature Foundation South Australia.

The Commonwealth Environmental Water Office is involved in state government-led local engagement processes such as environmental water advisory groups and customer service committees.

All Commonwealth environmental watering actions are assessed against the following five criteria:

1. the ecological value of the targeted site
2. the expected outcomes
3. potential risks

4. the long-term sustainability and management of the site (including any complementary natural resource management activities)
5. the cost effectiveness and feasibility of watering.

When a decision is made by the Commonwealth Environmental Water Holder to proceed with a watering action, arrangements for the delivery of the water are made with state government and local partners. Commonwealth environmental water is transferred to state accounts or licences for water orders to be made and the water to be delivered. Like all water orders, river operators are responsible for the delivery of Commonwealth environmental water. Environmental water is delivered in accordance with the rules and regulations governing the delivery of water in each catchment.

Since 2009, over 4,700 gigalitres of Commonwealth environmental water has been delivered to rivers, wetlands and floodplains across the Murray-Darling Basin (see Figure 2 for water use since 2008–09).

Carry over

Some water entitlements have provisions which allow holders to carry over allocated water for use in the next water year. Carryover provides flexibility in the timing of water delivery across years to all entitlement holders. Carryover rules are set by state governments and vary markedly for different entitlement types and in different water plan areas across the Basin.

Carryover limits apply to all entitlement holders, including the Commonwealth. The volume of Commonwealth environmental water carried over into 2015–16 was the equivalent of approximately 2 percent of public storage capacity in the Basin.

Trading environmental water

The *Water Act 2007* allows the Commonwealth Environmental Water Holder to sell water if one of two conditions are met:

1. When environmental water needs have been met (and the water cannot be carried over)
- OR
2. If the proceeds from the water sale can be used to buy water in another year (or catchment) when (or where) environmental needs are greater.

All trading activities are guided by the *Commonwealth Environmental Water Trading Framework*. This includes operating rules, protocols and procedures for buying or selling water. The framework ensures that trading activities:

- support enhanced environmental outcomes
- have regard to social and economic outcomes
- are undertaken in a manner which meets legislative requirements
- are financially responsible, fair, equitable, transparent and accountable.

As at 31 August 2015, the Commonwealth Environmental Water Holder has sold a total of 10.34 gigalitres of Commonwealth environmental water in two separate trading actions. The first was in the Gwydir catchment and the second was in the Peel catchment. The proceeds from these sales total \$3.25 million. To date, the Commonwealth Environmental Water Holder has not purchased any water allocations or traded (purchased or sold) any permanent water entitlements.

Monitoring environmental water

Monitoring is critical to the management of Commonwealth environmental water.

Operational monitoring is undertaken for every watering action. It involves collecting on-ground data about the environmental water delivery action such as volumes, timing, duration, location, flow rates and river heights.

Intervention monitoring aims to understand the environmental response to a watering action. The Commonwealth Environmental Water Holder has invested \$30 million in the Long Term Intervention Monitoring Project. Under this Project, consortium teams, led by Australian research institutions and involving locally based land and water managers, have been engaged to develop and implement detailed 5-year monitoring and evaluation plans for seven selected areas within the Basin. The seven areas are: Junction of the Warrego and Darling rivers; Gwydir river system; Lower Lachlan river system; Murrumbidgee river system; Edward-Wakool river system; Goulburn River; and Lower Murray River.

Reporting and Information

The Commonwealth Environmental Water Holder makes publically available information on the management of Commonwealth environmental watering. This is required to meet a number of statutory reporting requirements under the Water Act and Basin Plan, as well as to support transparency and accountability. Information made public includes:

- annual portfolio management plans
- all watering or trading decisions, including the purpose, the status of all current actions and the outcomes
- all monitoring reports as well as summarised outcome reports
- monthly updates on the Commonwealth environmental water holdings, including volumes of water available and delivered
- quarterly updates on trading intentions
- annual reports on how Commonwealth environmental water has been managed (including with regard to water quality and salinity targets); the volume, timing and location of water delivery; the volumes and location of water carried over; and, how local communities have been engaged.

Costs

Management of the Commonwealth environmental water holdings

The *Water Act 2007* establishes the Environmental Water Holdings Special Account (the Special Account) for payment of expenses associated with the functions of the Commonwealth Environmental Water Holder, including the ongoing costs of maintaining the Commonwealth environmental water holdings.

In 2015–16 the Special Account budget is \$29.925 million. The fees and charges associated with maintaining and using the Commonwealth's water portfolio in 2015–16 are based on the Commonwealth's holdings of 1,592 gigalitres (Long Term Average Annual Yield) as at 30 June 2015.

Staffing

The *Water Act 2007* requires that the staff necessary to assist the Commonwealth Environmental Water Holder are to be made available by the Secretary of the Department and employed in the Department.

The approved Commonwealth Environmental Water Office full time equivalent staffing level for 2015–16 is 63. In addition to the Commonwealth Environmental Water Holder, there are 45 officers engaged to support the management of the Commonwealth environmental water holdings. The total Departmental budget for the Commonwealth Environmental Water Office for 2015–16 is \$9.2 million of which \$7.9 million is for employee costs.

Figure 1: Commonwealth Environmental Water Holdings as at 31 August 2015

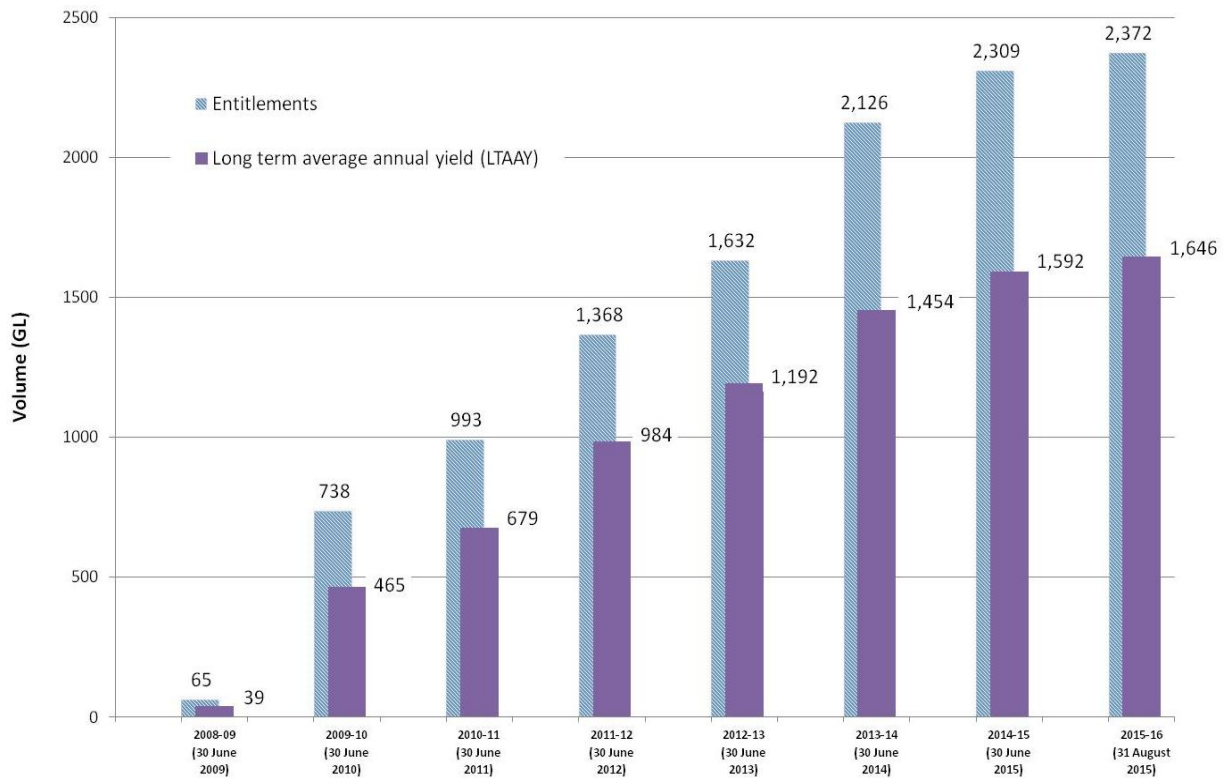


Figure 2: Commonwealth Environmental Water Availability and Use as at 31 August 2015

