

**Submission to: INQUIRY INTO THE IMPACT OF THE MURRAY-DARLING
BASIN PLAN IN REGIONAL AUSTRALIA.**

The Murray-Darling Basin and the Snowy Mountains Scheme.

Section 21 (6) of the Commonwealth Water Act 2007 states that the Basin Plan must not be inconsistent with the provisions of the Snowy Water Licence.

Such a provision assumes that the Snowy Water Licence (issued in 2002 for 75 years) optimises the collection, storage, diversion and release of the Scheme's water resource for irrigation, communities and the environment; and that, its provisions do not need to be considered in the context of developing a plan for the Basin.

The Snowy Water Licence **does not** optimise the use of the Schemes water resource, nor the regulation of its storages, with those of the Basin:

- because it is weighted towards the use of the Scheme's water for electricity production and derivative trading. A situation amply demonstrated during the recent period of flooding rains that saw Snowy Hydro Ltd (the present operators of the Scheme) releasing water, for electricity production and trading, from Eucumbene Dam at less than 30% full into Hume and Blowering Dams that were full or spilling.
- because it is couched in terms such as; 'do all things reasonably necessary, 'consider in good faith' and to provide advice as to 'likely range of releases'.
- because of Snowy Hydro's total control over the storage and release of 'above target water' (ie water stored in excess of required annual releases).
- because there is no requirement for Snowy Hydro to meet a specific pattern of water releases within a water year.
- because of the limited extent that other parties – particularly those responsible for water management – can influence the content of the Scheme's Annual Operating Plan.
- because of lack of any obligation on Snowy Hydro to provide up to date Scheme operations to water agencies responsible for the regulation of down stream water storages.

When the Snowy Scheme began transferring water from East of the Divide into the Murrumbidgee and Murray Rivers in the 1950's and 1960's it effectively became a component of the total Basin water resource, contributing inflows of 25% in average years and 60% in drought years to the Murrumbidgee and 8% and 33% respectively, to the Murray.

To optimise the use and regulation of the Snowy Scheme's water resource with that of the wider Basin the Scheme's operations – and the Snowy Water Licence – must be fully integrated into the Basin Plan: not vice versa as proposed by Section 21 (6) of the Act.

The above outcome can only be achieved following a revision of the Snowy Water Licence; to address the deficiencies identified above and to change the emphasis on the use of the Scheme's water from electricity production and trading to one of prudent and optimum water management.

**Failure to achieve a fully integrated plan for the combined water resources of the Murray-Darling Basin and the Snowy Mountains Scheme will result in the sub-optimum use of an increasingly scarce and precious water resource.
An opportunity lost that we will live to regret.**

Max Talbot.
7 February 2011.