

Senate Inquiry into Water Licences and Rights

SUBMISSION by Department of Environment, Water, Heritage and the Arts

October 2009

The ability of the Commonwealth, across state borders, to sustainably manage water resources in the national interest, with particular reference to:

a) the issuing, and sustainability of water licenses under any government draft resource plans and water resource plans;

The primary responsibility for management of water resources and issuing of licenses rests with State and Territory governments. The Commonwealth has an influence on sustainable management of water with reference to State water resource plans through a number of means:

1. Legislation

The Water Act 2007 and the Basin Plan

The Commonwealth *Water Act 2007* (the Water Act) implements a number of key reforms to improve water management in Australia.

The Water Act establishes an independent Murray-Darling Basin Authority (the MDBA). The MDBA is charged with ensuring that water resources of the Murray-Darling Basin are managed in a sustainable way in the national interest. The MDBA is responsible for the preparation and enforcement of a plan (the Basin Plan) for water resource management in the Basin that sets sustainable diversion limits on the amount of water that can be taken from the Basin's water resources.

The Basin Plan must include:

- identification of water resource plan areas and water accounting periods;
- identification of risks to the condition, or continued availability, of the Basin water resources;
- a long-term sustainable diversion limit for the Basin water resources;
- an environmental watering plan;
- a water quality and salinity management plan; and
- the requirements that a water resource plan for a water resource plan area (including state plans) must comply with in order for it to be accredited or adopted under Part 2 Division 2 of the Water Act.

It is the responsibility of the Commonwealth Water Minister to approve the Basin Plan.

As transitional and interim State water resource plans within the Murray-Darling

Basin expire, they will be replaced with water resource plans accredited or adopted under Part 2 Division 2 of the Water Act. The Basin Plan will set out the requirements that a water resource plan must comply with in order to be accredited or adopted.

Basin States are required to provide proposed State water resource plans to the MDBA and ask the MDBA to provide these plans to the Commonwealth Water Minister for accreditation. In certain, limited, circumstances, the Minister has the power to request that the MDBA prepare a water resource plan for a water resource plan area.

The *Water Amendment Act 2008* (the Amendment Act) implements a number of reforms, some of which involved a referral of constitutional powers from the Basin States to the Commonwealth. The Amendment Act also provides for the MDBA to exercise the powers and functions of the former Murray-Darling Basin Commission and enables the Basin Plan to set out arrangements for meeting critical human water needs during times of severe drought.

The National Water Commission Act 2004

The *National Water Commission Act 2004* establishes the National Water Commission (NWC). The functions of the NWC are laid out in Sub-section 7 of the National Water Commission Act. In particular, the NWC is responsible for conducting a biennial assessment of parties' progress in achieving NWI objectives and requirements.

2. Intergovernmental agreements

National Water Initiative

The National Water Initiative (NWI) was agreed in 2004 and provides the national blueprint for water reform. All Australian governments are signatories to the NWI.

The NWI is a shared commitment by governments to improve the sustainability of Australia's water use. Full implementation of the NWI will result in a nationally compatible market, regulatory and planning-based system of managing surface and groundwater resources, which will optimise economic, social and environmental outcomes.

Key elements of the NWI include:

- water access entitlements and planning framework;
- water markets and trading;
- best practise water pricing;
- integrated management of water for environmental and other public benefit outcomes;
- water resource accounting;
- urban water reform;
- knowledge and capacity building; and
- community partnerships.

The NWI can be found at www.environment.gov.au/water/australia/nwi/index.html

Intergovernmental Agreement on Murray Darling Basin Reform

At the July 2008 COAG meeting, the [Intergovernmental Agreement On Murray-Darling Basin Reform](#) (IGA MDBR) was signed. The IGA MDBR provides for the establishment of co-operative, efficient and effective planning and management arrangements for the Basin's water and other natural resources.

A key reform of the IGA MDBR was bringing the Murray-Darling Basin Authority and the Murray-Darling Basin Commission together into a single institution, to be known as the Murray-Darling Basin Authority.

The IGA MDBR provides a new role for the National Water Commission to audit the implementation of the Murray Darling Basin Plan and the compliance of water resource plans with the Basin Plan.

The State-Commonwealth Water Management Partnership Agreements (WMPA) as specified in the IGA MDBR will include water reform conditions, and the IGA MDBR specifies that progress payments will be made subject to agreed progress with reforms. The COAG Reform Council will assess the performance of the Parties to the WMPAs.

The IGA MDBR (part 10) also establishes a new arrangement for assignment of risks in relation to reductions in water diversions for those Basin States who choose to apply the National Water Initiative risk assignment framework via their legislation.

The IGA MDBR can be found at
www.environment.gov.au/water/australia/coag.html#reform

Murray Darling Basin Agreement - schedule 1 to the Water Act

The purpose of this Agreement is to promote and co-ordinate effective planning and management for the equitable, efficient and sustainable use of the water and other natural resources of the Murray-Darling Basin. The Agreement includes: arrangements agreed between the contracting governments to give effect to the Water Act and the Basin Plan; definition of State water entitlements and operation of the River Murray system; a cap on annual diversions within the Basin; water accounting arrangements; the Basin Salinity Management Strategy; and trading rules for the transfer of water in the Basin.

The MDB Agreement can be found at
www.environment.gov.au/water/australia/water-act/index.html#water-act

Lake Eyre Basin Intergovernmental Agreement

The purpose of this Agreement is to provide for the development or adoption and implementation of policies and strategies concerning water and related natural resources in the Lake Eyre Basin Agreement Area to avoid or eliminate so far as reasonably practicable adverse cross-border impacts.

As required under the Agreement, Queensland and South Australia enacted legislation in 2001 to bring it into effect. The Commonwealth Parliament also enacted legislation (the *Lake Eyre Basin Intergovernmental Agreement Act 2001*). The Northern Territory became a party in 2004.

The Agreement can be found at
www.environment.gov.au/water/locations/leb/index.html.

3. Representation at ministerial forums

The Commonwealth addresses water issues with states through a number of Ministerial Councils and Forums.

Council of Australian Governments

The Council of Australian Governments (COAG) agreed the NWI and the IGA MDBR.

In March 2008, COAG agreed to develop a work program on water with actions under four main themes:

- addressing overallocation and achieving environmental outcomes
- enhancing water markets
- urban water reforms
- water information and capacity building

These initiatives are designed to enhance and build on the NWI. At the November 2008 meeting, COAG noted the work program and agreed to specific actions.

Murray Darling Basin Ministerial Council (MDBMC)

Under the IGA MDBR and the introduction of the Murray Darling Basin Authority (MDBA), States retain a decision making role through the Murray Darling Basin Ministerial Council (MDBMC). The MDBMC has a single representative from each of the six Basin jurisdictions. The MDBMC is chaired by the Commonwealth Minister for Water. The MDBMC will provide advice on the Basin Plan:

- If any, or all, of the Ministers disagree with a long term average sustainable diversion limit or other parts of the draft Plan, the Council may refer these matters back to the MDBA for reappraisal; and
- Once the MDBA returns the Basin Plan, the MDBMC will consider it and submit its views to the Commonwealth Minister, who will make the final decision.

Natural Resource Management Ministerial Council (NRMMC)

The Natural Resource Management Ministerial Council (NRMMC) was established in 2001. The NRMMC has responsibility to develop policies and strategies for national approaches to the conservation, sustainable use and management of Australia's natural resources, and to monitor and evaluate outcomes of these policies, strategies and programs and the health of the nation's natural resources. As part of this role the NRMMC oversees implementation of the NWI.

Lake Eyre Basin Ministerial Forum (LEBMF)

The Lake Eyre Basin Ministerial Forum (LEBMF) is chaired by the Parliamentary Secretary for Water. The LEBMF is responsible for the implementation of the Lake Eyre Basin Intergovernmental Agreement and has agreed on six Policies and twelve key Strategies to guide management of the LEB Agreement area 'in accordance with the purpose, objectives and principles set out in this Agreement' (Clause 8.1 of the LEB Agreement)

The LEBMF ‘may adopt management plans prepared by the States if those plans are consistent with this Agreement and with the policies developed or adopted by the Ministerial Forum for the management of the ... Agreement Area, and once adopted, such management plans prepared by the States will be treated as plans of the Ministerial Forum under this Agreement’ (Clause 8.3 of the Agreement)

To date, no such State plans have been adopted (or considered) by the Ministerial Forum.

4. Programs

‘Water for the Future’

The Commonwealth is influencing the sustainable management of water through ‘Water for the Future’ (see www.environment.gov.au/water/australia/index.html).

‘Water for the Future’ is built on four key priorities: taking action on climate change, using water wisely, securing water supplies and supporting healthy rivers. These priorities will be delivered through a ten year, \$12.9 billion investment in strategic programs, improved water management arrangements, and a renewed commitment to water reform nationally.

The success of ‘Water for the Future’ relies on all levels of government responding in a cooperative and coordinated way to secure sustainable, long-term water supplies for the benefit of all Australians.

Under ‘Water for the Future’, the Government has committed \$3.1 billion to buy back water entitlements from willing sellers, to be returned to the environment. ‘Water for the Future’ also commits \$5.8 billion to make irrigation infrastructure more efficient and achieve water savings and hence reduce irrigation diversions. Of that \$5.8 billion, close to \$3.7 billion has been committed in principle to the Murray-Darling Basin States for water management partnerships under the IGA MDBR, which requires reform actions.

All funding to states includes reform requirements of relevance to the NWI.

Further details are available at www.environment.gov.au/water/australia

Great Artesian Basin Sustainability Initiative and GAB Strategic Management Plan

In the Great Artesian Basin (the GAB), the Commonwealth, NSW, Queensland, South Australian and Northern Territory Governments endorsed in 2000 the 15 year GAB Strategic Management Plan (SMP) as the ‘agreed framework for ensuring a water supply for present and future uses. The Plan is comprehensive, using an integrated, strategic approach in which government-community partnerships are central.’ (Foreword, GAB SMP)

The GAB SMP was one of the main achievements of the multi-partite former Great Artesian Basin Consultative Council, with the assistance of all major stakeholder groups. The GAB SMP was endorsed by all jurisdictions.

The Australian Government has spent \$74.7 million over ten years (1999–2009) to accelerate work on the repair of uncontrolled artesian bores and the replacement of

wasteful open earthen bore drains with piped water reticulation systems through the Great Artesian Basin Sustainability Initiative (GABSI).

The GABSI is being delivered through state agencies and the Australian Government makes its contributions jointly with other key stakeholders, state governments and pastoral bore owners. GABSI will assist funding the implementation of key actions under the GAB SMP.

Following a review of governance and funding arrangements of the former Great Artesian Basin Consultative Council in 2002, the Natural Resource Management Ministerial Council agreed in 2004 to the establishment of a new body – the Great Artesian Basin Coordinating Committee, to report to the Ministerial Council. The GABCC comprises an independent Chair and representatives from jurisdictional agencies and community, industry, environmental and indigenous interests.

The primary role of the GABCC is to provide advice to the NRMCC on efficient, effective and sustainable whole-of-resource management of the GAB and to coordinate activity between stakeholders.

As part of its reporting to Ministers, the GABCC provides advice on its assessment of State/Territory water plans, when appropriate.

Information on GABSI and the GABCC is available at www.environment.gov.au/water/policy-programs/gabsi/index.html .

b) the effect of relevant agreements and Commonwealth environmental legislation on the issuing of water licenses, trading rights or further extraction of water from river systems;

The primary responsibility for management of water resources and issuing of licenses rests with State and Territory governments. The previous section (a) outlined the key legislation, agreements and forums which enables the Commonwealth to influence the sustainable management of water in Australia.

For further information on the issuing of water licenses, see section (a) of this submission. This section primarily provides detail on the effect of key agreements and legislation on trading rights or further extraction of water from river systems.

National Water Initiative

Issuing of water licenses

The NWI establishes a nationally consistent framework for water planning including issuing and trading of water licences.

One of the aims of the NWI is for water planning to provide certainty to water entitlement holders and communities for the duration of a water resource plan. Consistent with this, the Commonwealth has made a commitment to respect water sharing arrangements that are provided for in existing water resource plans.

Trading rights

The NWI provides for interstate water trade, which is intended to provide the capacity to manage water across state borders.

Further extraction of water from river systems

The NWI addresses the issue of interception. Interception is the taking and use of water outside of the formal water access entitlements system. The NWI recognises that there are potentially significant volumes of water unaccounted for in interception activities that may undermine the integrity of the water entitlement system and the achievement of environmental objectives.

The intention of the NWI for management of interception activities is to assess the significance of such activities on catchments and aquifers and to apply appropriate planning, management and/or regulatory measures where necessary to protect the integrity of the water access entitlements system and the achievement of environmental objectives.

The NWI provides a framework for risk-based management of interception based on the level of allocation in a given catchment or aquifer.

Responsibility for the management of interception rests with state and territory governments.

The Water Act 2007

Further extraction of water from river systems

Mining activities could be among the interception activities regulated under the Basin

Plan.

The MDBA is responsible for providing advice to the Commonwealth Minister for Climate Change and Water on whether or not to accredit a state water resource plan under the Basin Plan. The Basin Plan may include requirements that water resource plans must meet in order to be accredited. Relevant requirements are set out below:

- Section 22(3)(d) of the Act provides that the Basin Plan must include requirements for state water resource plans to regulate interception activities that significantly impact on water resources.
- Section 22(7) of the Act provides that the Basin Plan may require state water resource plans to contain provisions such that interception activities with (or with potential to have) a significant impact on water resources are assessed to determine whether they are consistent with the water resource plan before they are approved under State law.
- Section 22(7) provides that the Basin Plan may also require that water access rights are held for specified kinds of interception activities.

Mining activities could be among the interception activities regulated under these provisions.

In addition, section 255A (first occurring) of the Act requires that prior to licences being granted for subsidence mining operations on floodplains that have underlying groundwater systems forming part of the Murray-Darling Basin system inflows, an independent expert study must be undertaken to determine the impacts of the proposed mining operations on the connectivity of groundwater systems, surface water and ground water flows and water quality.

Trading rights

The Water Act provides for the development of water market, charge and trading rules to apply in the Murray-Darling Basin. The rules will improve market mechanisms in the MDB in two important ways. The water market rules and water trading rules will free up and set rules for water trade. The water charge rules will ensure appropriate price signals.

Under the Water Act, the Minister for Climate Change and Water is required to obtain, and have regard to, advice from the Australian Competition and Consumer Commission (ACCC) in making the water market rules and water charge rules.

Following advice from the ACCC, the Minister made the water market rules and water charge (termination fees) rules in June 2009. Both sets of rules are subject to a transition period, with the termination fee rules having full force from 1 September 2009, and the water market rules from 1 January 2010. These rules will free up water trade in the Basin. The water market rules will allow irrigators to transform their water right against their operator into a title that can be freely traded without needing to seek the operator's approval. The termination fee rules set a cap on termination fees, which strikes a reasonable balance between investment certainty for operators and flexibility for irrigators.

The water charge rules aim to ensure full, but not excessive, cost recovery. The Minister is currently considering advice from the ACCC on infrastructure charge rules (dealing with fees or charges payable to infrastructure operators, including bulk water operators and irrigation infrastructure operators) and water planning and management charge rules (dealing with fees and charges payable primarily to state agencies for the provision of water planning and management services).

The Water Act provides for the ACCC to monitor and enforce compliance with the water market rules and water charge rules.

The trading rules are also intended to free up the trade of water rights and are broader in application than the market rules. The trading rules will deal with trade processes and the imposition or removal of trade restrictions and barriers to trade. The trading rules will form part of the Basin Plan to be developed by the MDBA and due for completion in 2011. In introducing the rules, the MDBA is required to obtain and have regard to advice from the ACCC. Once the trading rules are in place, the MDBA is to monitor and enforce compliance with the trading rules.

On 10 September 2009, the ACCC released its position paper on water trading rules. The position paper provides the ACCC's preliminary position on a range of water trading issues. This paper is available at www.accc.gov.au/content/index.phtml/itemId/863251

Murray Darling Basin Agreement

Issuing of water licenses

The MDB Agreement provides for the sharing of surface water in the River Murray System between New South Wales and Victoria, and the entitlements to this water by South Australia. The rules and accounting arrangements in the MDB Agreement are used to determine the quantity of water in each state's share at any given time.

Intergovernmental Agreement on Murray Darling Basin Reform

The relationship between State water shares and the sustainable diversion limits is described in clause 3.2.8 of the IGA MDBR. For surface water in the River Murray system, the Basin Plan will determine the quantity of water available to be taken by New South Wales, Victoria and South Australia from their state water shares, but will not alter the state water shares themselves. State water shares can only be changed by the unanimous decision of the Murray-Darling Basin Ministerial Council.

Lake Eyre Basin Intergovernmental Agreement

Issuing of water licenses

The LEBMF has agreed the following policy: 'Water resource planning, allocation and management arrangements, including the management of water entitlements in the Lake Eyre Basin Agreement Area, will be compatible with the key environmental, social and economic principles which guide the Lake Eyre Basin Agreement. Water resource development proposals will be assessed to determine their potential impact on river flows and water quality, and compatibility with the Agreement and relevant water resource plans. These assessments will be based on the best available scientific information and local knowledge (including information from other regions in Australia and overseas).'

Environment Protection and Biodiversity Conservation Act 1999

Under the *Environment Protection and Biodiversity Conservation Act 1999* (EPBC Act), actions that have, or are likely to have, a significant impact on a matter of national environmental significance (NES) require approval from the Australian Government Minister for the Environment, Heritage and the Arts (the Minister). There are currently seven matters of NES, including listed threatened species and ecological communities, World Heritage properties and wetlands of international importance (Ramsar wetlands). An eighth matter of NES, the Great Barrier Reef Marine Park, commences from 25 November 2009. Also protected under the EPBC Act is the environment, where actions proposed are on, or will affect Commonwealth land and the environment, or where Commonwealth agencies are proposing to take an action. Water (in a general sense) is not, in itself, a matter of NES under the EPBC Act.

However, the definition of an action under the EPBC Act is fairly broad and includes a project, development, an undertaking, activity or series of activities, or an alteration of any of those things. Therefore, most water extraction and use activities would be considered 'actions' for the purpose of the EPBC Act. If such an action is likely to have a significant impact on a protected matter under the EPBC Act (e.g. where water extraction activities affect the flow of water into or out of a Ramsar wetland in a way that is likely to significantly impact on the ecological character of the wetland), then the action will require assessment and approval under the EPBC Act. This is the case even if a water licence has been issued for the relevant activity, as a person must obtain all necessary authorisations (under Commonwealth and State laws) to undertake the action.

A decision by a governmental body (e.g. the Commonwealth, a State, or a Commonwealth or State agency) is *not* an action for the purposes of the EPBC Act. Therefore, a decision whether or not to grant a water licence would generally not require assessment and approval under the EPBC Act (though, as noted above, the activities taken in accordance with the licence may require the Minister's approval). Sections 43A and 43B of the EPBC Act also exempt certain actions from the assessment and approval provisions of the Act. They apply to lawful continuations of land use that started before 16 July 2000 or actions that were legally authorised before 16 July 2000, the date of commencement of the EPBC Act.

These exemptions allow for the continuation of activities that were fully approved by state and local governments before the EPBC Act came into force ('prior authorisation'), or otherwise lawful, activities, which commenced before the EPBC Act came into force, and which have continued without substantial interruption ('continuing uses'). Many water extraction activities are likely to be covered by either the prior authorisation or continuing use exemption.

Examples of actions relating to water licenses and extraction which have been referred under the EPBC Act include:

- infrastructure proposals such as dams and weirs on rivers that either flow into wetlands of international importance, or are habitat for listed threatened or migratory species (such as Tillegra Dam in NSW);
- flow diversion works that occur in wetlands of international importance or on watercourses which are habitat for listed threatened migratory species (such as

some of the Living Murray Initiative activities);

- projects (such as coal-fired power plants) which will require extraction from watercourses which either flow into wetlands of international importance or are watercourses which are suitable habitat for listed threatened or migratory species
- downstream/secondary impacts of proposals such as irrigation projects, which, for example may facilitate changes in agricultural practice.

In deciding whether or not to approve a proposal, the Minister will take into account the scale of the impact on the matter of NES, any measures taken to lessen or compensate for these impacts, as well as the social and economic impacts of the proposal.

Some projects have conditions of approval under the EPBC Act that may go to matters of water supply allocation, extraction or licenses. An example is a project for groundwater extraction from the Mulgrave River Aquifer, where the state of Queensland has licensed an allocation for up to 15,000 ML per annum (approx. 41 ML/day). This was determined a 'controlled action' under the EPBC Act in 2005, to be assessed by Public Environment Report (PER) under the bilateral agreement with the Queensland Government. The proposed action has been varied twice during the assessment process following public concerns, most recently from 40 ML/per day to 15ML/per day. The Department is currently awaiting the final PER document and the Minister will make his final decision under the EPBC Act taking account of this report and any other relevant matters.

The 'Water for Bowen' project, a scheme to transport up to 60,000 ML of water per annum from the Burdekin River to the township of Bowen in Queensland is currently being assessed under the bilateral agreement with the Queensland Government. The estimated annual water demand from the proposed project will be split amongst industrial consumers (44%), agricultural consumers (43.6%) and urban consumers (12.4%). Modelling associated with the project estimates maximum new agricultural development resulting from the scheme to be approximately 4314 hectares. The water resources to be transported by the proposed project will come from the proponent's allocation in the Burdekin Haughton Water Supply Scheme, governed by the Water Resource (Burdekin Basin) Plan (2007), and will not affect current water allocations from the Burdekin River system. Water supplies for individual consumers will be provided via metered outlets to property boundaries.

Another example is the Goolwa Water Level Management Project in South Australia. As part of the Goolwa Project, the state of South Australia undertook to purchase 50 gigalitres of temporary water to mitigate the impacts from water that would be pumped from Lake Alexandrina and trapped by the Clayton Blocking Bank. This undertaking was specified as part of the binding EPBC Act decision.

The EPBC Act can also be applicable in relation to water extraction by mining operations, to facilitate the transport, flotation, grinding and separation of minerals, as well as for dust suppression, and represents about 2% of total water use in Australia (around 413,266 megalitres (ML) in 2005). Most water consumed in the mining industry is from self-extracted sources. Water is also often obtained from mine dewatering, which occurs when water is collected through the process of mining and

mineral extraction, or rainfall, run-off and water infiltration, and is later discharged.

Despite the relatively small proportion of water use by the mining and mineral processing sector compared with other users, particularly agriculture, water use by the mining industry is perceived as a growing issue across Australia, as water resources come under increasing pressure.

Mining can have a major local or regional impact on surface and groundwater, by dewatering of targeted ore bodies and/or diverting natural water courses, causing subsidence and cracking of geological strata that affects surface and groundwater flow, or by inappropriately disposing of runoff and waste water, and this can impact on fauna and flora and their habitat.

Notwithstanding ss 22 and 255A of the Water Act, exploration and mining are primarily assessed and regulated under state government legislation. The EPBC Act is only applicable if a mining activity is likely to have a significant impact on one or more matters of NES. In such cases water use and management will be part of the assessment under the EPBC Act to the extent that these aspects of the proposal impact on the matters protected by the Act. If approval is granted there are usually conditions attached to the approval that require management plans to be implemented to avoid, minimise or offset impacts arising from the mining activity, including on relevant water resources.

c) the collection, collation and analysis and dissemination of information about Australia's water resources, and the use of such information in the granting of water rights;

The NWI commits all governments of Australia to ensure adequate water measurement, water monitoring and water reporting systems are in place in all jurisdictions. Knowledge and capacity building is a key element of the NWI.

The Bureau of Meteorology

Under the Commonwealth *Water Act 2007* (the Water Act), the Bureau of Meteorology (the Bureau) is tasked with a range of functions which require it to collect, hold, manage, interpret and disseminate Australia's water information. The Bureau's responsibilities under the Water Act include:

- issuing national water information standards
- collecting and publishing water information
- conducting regular national water resources assessments
- publishing an annual National Water Account
- providing regular water availability forecasts
- giving advice on matters relating to water information
- enhancing understanding of Australia's water resources

The Water Regulations 2008 require 242 named persons to give to the Bureau specified water information that is in their possession, custody or control.

The Government's investment in 'Water for the Future' includes \$450 million for the Improving Water Information Program, which is administered by the Bureau and backed by the Water Act and key stakeholders. The program includes development and maintenance of an integrated, national water information system freely accessible to the public.

CSIRO Sustainable Yield studies

In 2006 first Ministers commissioned CSIRO to estimate current and likely future water availability in the Murray-Darling Basin considering climate change and other risks, and considering surface-groundwater interactions. Led by CSIRO's Water for a Healthy Country Flagship, the project provides the science to underpin the sustainable planning and management of water resources in the Basin.

For the purposes of the Murray-Darling Sustainable Yields Project (MDBSY) - the Murray-Darling Basin (MDB) was divided into 18 regions. Reports for each region have been released. A 'whole-of-basin' report – *Water Availability in the Murray-Darling Basin* – has been prepared that synthesizes a large amount of information to provide a Basin-wide perspective on future water availability.

Building on the MDBSY project COAG agreed to extend the CSIRO work on Sustainable Yields and water availability to the key catchments of northern Australia, south-west of Western Australia and Tasmania. The Northern Australia Sustainable Yields report was released on 22 September 2009.

d) the issuing of water rights by the states in light of Commonwealth purchases of water rights;

The Commonwealth is purchasing water for the environment through the \$3.1 billion *Restoring the Balance in the Murray Darling Basin* program. These purchases are not removed from the pool of entitlement stock issued by a state. Instead, the allocations to purchased entitlements will be used for environmental purposes. The purchase of these entitlements will ease the transition to the likely lower sustainable diversion limit that will be established under the new Basin Plan.

Commonwealth-held entitlements do not change in nature, and retain the same properties as any other consumptive water rights. Therefore, Commonwealth purchases of water rights should not have a direct effect on the issuing of water rights by the states.

The *Water Act 2007* established an independent statutory office holder, the Commonwealth Environmental Water Holder (CEWH), to manage the Government's environmental water. The Act requires the CEWH to use water in the Murray-Darling Basin in accordance with the environmental watering plan of the Basin Plan. During the transition to the environmental watering plan the CEWH will be guided by an overriding requirement that the water be used to protect or restore the Basin's environmental assets. The CEWH takes a whole of Basin approach in allocating water to meet environmental priorities, and is assisted by a panel of scientific experts, the Environmental Water Scientific Advisory committee, and relevant State Government agencies.

More information on the CEWH and environmental water is available at <http://www.environment.gov.au/water/policy-programs/cewh/index.html>