



**SUBMISSION TO THE PARLIAMENTARY INQUIRY**  
**INTO THE IMPACT OF THE MURRAY-DARLING BASIN PLAN**  
**IN REGIONAL AUSTRALIA**

**Author: Mr. Colman Cohan**  
**Concerned citizen & taxpayer**

**IN HASTE, THE MURRAY-DARLING BASIN AUTHORITY HAS DEVISED A PLAN WHICH WOULD HAVE TRAGIC CONSEQUENCES.**

Back in the early 1980's, I recall seeing, on a Sunday night current affairs program, a delegation of parliamentarians visiting the mouth of the Murray. They showed great concern over the river's condition, but in the next 25 years, little seems to have been done. Now, the Murray-Darling Basin Authority, in haste and desperation, is proposing an approach that could destroy communities.

**THERE ARE BETTER SOLUTIONS.**

**THE AUTHORITY HAS NARROWLY FOCUSSED ON REDUCING THE AMOUNT OF WATER TO BE REMOVED FROM THE RIVER.**

**WHY AREN'T WE LOOKING AT WAYS TO PUT MORE WATER INTO THE RIVER? BECAUSE NO PROPER PROCEDURE IS BEING USED TO EVALUATE THE FULL RANGE OF POTENTIAL "WATER SOLUTION" PROJECTS!**

Firstly, a proper procedure must assemble a much broader list of potential projects or approaches than those that have been recently considered - **for example, a well-analysed project to utilise some of an amazing 45000 gigalitres of water which currently flows into the sea from the northwest highlands of Tasmania, which is more than enough water to supply the Goulburn irrigators, flush out and save the mouth of the Murray, and also provide sufficient for Victoria's and Adelaide's water supply!**

Secondly, a proper procedure must include a proper quantification of each project's:

- "water benefit"
- environmental soundness/impact (both social and physical)
- establishment cost to the taxpayer
- ongoing cost of water to the user.

**I believe that if the evaluation process above is used, then the viability will be proven of the use of the water available in the northwest highlands of Tasmania.** I have attached two articles (containing my brightly-coloured highlighting) by Melbourne AGE newspaper columnist Kenneth Davidson. These provide commentary and summary analysis of this possible project. Discussions between a commercial organization and the Tasmanian government occurred as recently as July 2008, but the project did not proceed. The water would travel downhill to the Tasmanian shore of Bass Strait and then be piped onward to Western Port in Victoria, from where it would supply Melbourne, at a cost to Melbourne Water of \$1700/megalitre (compare this to \$4000/megalitre for desal). This Tasmanian water would free up 400 gegalitres of water from Melbourne's Thompson Dam, which could then replenish the Murray – Goulburn basin via a 30 km. \$300 million tunnel from the Thompson Dam through the Great Divide to the Goulburn at Eildon.

### **FEDERAL GOVERNMENT MUST TAKE THE LEAD.**

I believe that our Federal Government must take the lead in developing this project. Certainly, negotiations might be difficult. But I remember, back in the early 1970's, negotiations going on to the wee hours of the morning between then ACTU president Bob Hawke, employers, and unions, resulting in mutually agreeable awards. **The passion to forge an agreement was incredible. Do our parliamentarians today have this productive passion? The stakes are much higher. Please don't let us down.**

# Damrupt water plan costs more than money

Mon.  
Dec. 01  
2008

The "lunacy" of a north-south pipeline and desalination plant will cause enormous hardship while a cheaper source of water is ignored.

IN 10 YEARS, Australia's largest bank will not exist unless we get a new source of deposits. This is not a money bank. This bank distributes water to maintain the ecology necessary to make food, which eventually becomes money.

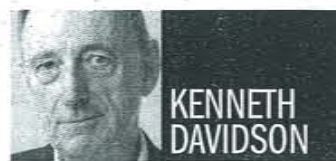
Our bank, the Murray Bank, is in big trouble. If it fails it has ramifications for the whole economy that will be far greater than, say, two of the four big banks failing.

It is possible to live without money. It is impossible to live without water or food. For a decade now the Murray-Darling Basin (which includes the Goulburn, whatever Victoria's Premier, John Brumby, says) has been in drought. It is long enough to suggest that the basin is experiencing climate change irrespective of the reason.

According to the bank's auditor, the Murray-Darling Basin Commission, until 2000 the average flow from the mouth of the river was 5000 gigalitres a year. Climate change forecasts now predict the flow will become negative, meaning the river will dry up progressively, with acidification moving upstream from the mouth unless at least 500 gigalitres can be found to flush out the mouth now. In simple terms our Murray Bank is already trading while insolvent.

An additional 500 gigalitres will only allow it to limp along under administration, preventing a catastrophic collapse for the 2 million people who depend on it.

And yet the new Council of Australian Governments water agreement now being reviewed by the Senate will allow the bank to continue to trade with derivatives in the form of water licences without water. If it was a real bank, the directors would



KENNETH DAVIDSON

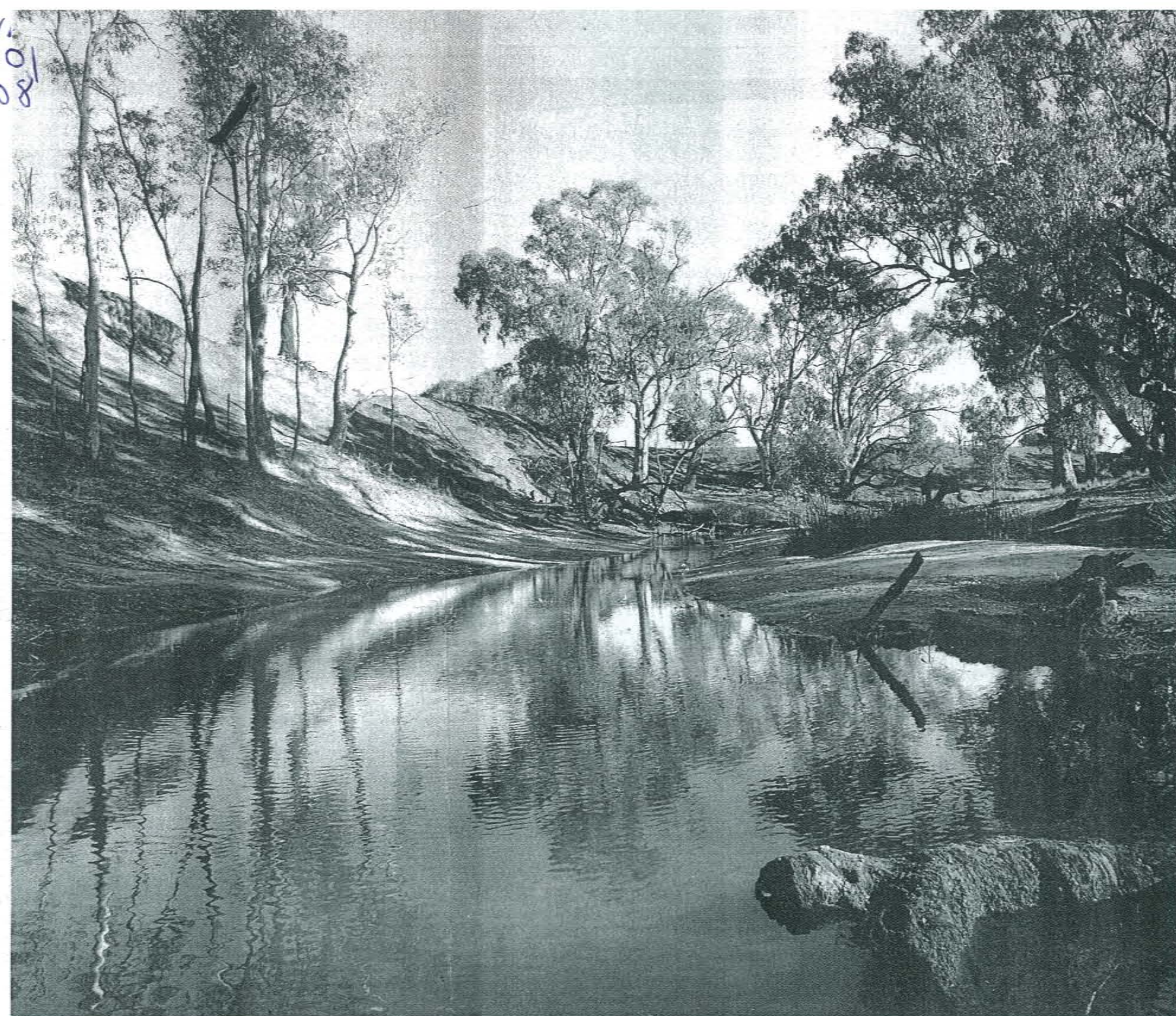
be risking jail. Even so, Victoria's Premier wants to take more water from the bank based on future deposits, which the CSIRO suggests won't be available. Untroubled by this, Brumby wants to trade this virtual water through a system of water derivatives, which evokes eerie echoes of the financial instruments that have brought the US economy and the rest of the world to the brink of depression.

The only immediate threat to this scheme is real water.

As Senator Bill Heffernan said in the Senate last week in support of an amendment to stop the north-south pipeline from taking water from the basin in a bill setting up the new Murray-Darling Basin Water Authority: "How stupid is it that we allowed the over-allocation of water to be converted into a financial instrument? People with a sound mind apparently did that. The consequences of that are a further burden on the financial compensation package that will have to be paid for water that was fundamentally free."

So the authority, which has no power to do anything to make the bank solvent until 2019 when the Goulburn comes under its remit, will be given \$12.5 billion to buy back water licences.

The only significant sales so far are by foreign agri-businesses such as Tandou with expoliticians on their boards, who are selling licences that have no water. This is a new way of using taxpayers' money to trade while insolvent. It is



In danger: the Campaspe River, a tributary of the Murray River, runs through Rochester in central Victoria and provides irrigation for the surrounding agricultural land.

PICTURE: JESSICA SHAPIRO

hoped that the new bunch of Wall Street masters of the universe installed by Barack Obama in the US administration do not hear about this or all will be ruined.

Even if this mad scheme managed to buy licences backed up by real water it will be too late to save the Murray Bank

The only way our Murray Bank can be saved from ruin is a promise of a quick injection of new liquidity, which must come from outside the basin.

And yet Senator Penny Wong is in the surreal position of having to defend spending \$12.5 billion on buying back water licences while supporting the Victorian policy of extracting 100 gigalitres from the

basin to get a net 75 gigalitres for Melbourne Water, which has a multiplicity of cheaper options to supplement its water supply.

In this topsy-turvy water policy world, which Heffernan described accurately in the Senate debate as "sheer bloody lunacy", the only politician who put up a sensible alternative was Family First Senator Steve Fielding, who had the gumption to go and see Hydro Tasmania and ask it whether it was willing to sell water to Victoria. It told Fielding that Hydro Tasmania had enough water to cover almost three times Victoria's total demand and 35 times Melbourne's water demand without affecting Tasmania's needs.

And to rub in the lunacy of the present policies of the Victorian and federal governments, Fielding quoted Hydro Tasmania estimates of capital expenditure of \$2.5 billion and operation costs of \$40 million a year, compared to the desalination plant's cost of \$3.1 billion and operating costs of \$100 million a year.

The underwater pipeline is not a major engineering feat, the energy consumed in pushing the water is gravity, the water is pristine and will cost less than the desal and north-south pipeline alternatives inexplicably favoured by the Brumby Government.

The main problem of the Tasmanian option for its critics is it would not be controlled by

Victoria; it won't put money into the pockets of foreign banks and water supply multinationals; it won't cost taxpayers a cent; and it could make Tasmanians rich.

Typical of the uninformed response to Fielding's Senate statement is that of Ross Young, executive director of the Water Services Association of Australia. He says there would be an enormous extra expense to get it to a storage reservoir. The question is why build a storage reservoir when there are storage reservoirs in Tasmania. There is no reason why the water can't be reticulated directly into Melbourne's water grid.

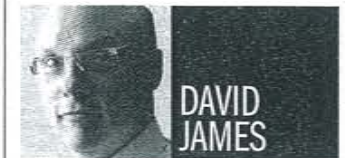
The point of the pipeline is to replace the water from the

Thomson Dam high in the Gippsland Great Divide so its water, augmented from flood diversions from the Aberfeldy and Macalister rivers, could be diverted via a tunnel into the Goulburn River.

Melbourne Water knows about these works. They were planned as part of the Thomson Reservoir project in the late '60s. It is about time the senior management in Melbourne Water stood up and publicly warned the Government that it should proceed with the flood diversions to avoid the high risk of flooding rains breaching the Glenmaggie dam as almost happened in 2007 when the dam was empty — now it is full.

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## Column short with words



DAVID JAMES

EVERY era has its tyrants, and ours is the dictatorship of the measurers. Can't measure asset inflation? Never mind. It doesn't exist. How cold is purple? No problem. No such thing as purple. Which way up is Sweden? No one has ever been to Sweden. Well, apart from Swedes. Here are some words that should never have been.

### Australian Competition and Consumer Commission

An organisation so dumb, if you stole its shorts it would conclude there has been "no substantial lessening in clothing competition" and who needs clothes anyway?

### Chief executives

People who can always say they please someone, especially themselves. For example, if the share price tanks and they can't say "we are accountable to our shareholders" they can say "we are accountable to our short-sellers". Everybody wins.

### History shows

Beware when financial advisers start saying things like: "History shows that bear markets provide the best investment opportunity." The translation is: "Now that I have lost all your money, I am going to state the bleeding obvious so I can get some more of your money."

### Real economy

Financial institutions, we are told, are causing great damage to the real economy. So why do we keep paying them real money?

### Telstra

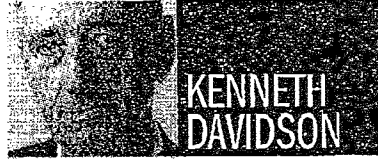
A corporation whose value was created by the Australian people that now looks to reward its shareholders at the expense of the Australian people. Except for those shareholders who are the Australian people, of course. A modern day civil war.

David James is a senior writer for BRW magazine and author of *The Business Devil's Dictionary*.

MON - MAR 9, 2009

# War on water demands visionary

City slickers lose as dam lies and political ambition erode the Murray water debate.



**T**HE real reason why the Premier of South Australia, Mike Rann, is making a constitutional challenge to free up water from Victoria may be because he will want to be seen to be doing something about this life-and-death issue for South Australia during the state election next March.

Rann's only option is to gain a couple of years by damming the bottom of the Murray River at Wellington. If this desperate plan goes ahead it makes the Coorong and lakes Albert and Alexandrina a salt-water estuary. The dam won't hold back the salt moving upstream that threatens 90 per cent of South Australia's water supply, which is dependent on the lower Murray.

At present, politicians are obsessing about a 0.5 per cent fall in gross domestic product in the December quarter. What happens if a sizeable proportion of the 20 per cent of GDP contributed to Australia by South Australia is lost permanently because of the loss of potable water for its major cities?

What Mr Rann hopes to achieve is the ability to purchase water on the open market from any location on the Murray-Goulburn Basin without restrictions, which are currently subject to the "4 per cent cap" from any one area in the case of Victoria.

Victoria claims that the Foodbowl Modernisation Project will save 425 gigalitres a year (175 for the river, 175 for irrigators and 75 for Melbourne via the north-south tunnel). It would appear that the South Australian Government has been advised by scientists that these savings are largely illusory. Water flows that now

in the river; water that seeps into the ground from leaky channels eventually seeps into the river and most of the water lost through evaporation can't be saved because Victoria is covering only 5 per cent of the channels.

If South Australia wins the case, which is mainly directed at Victoria, Mr Rann will be able to buy the 400 gigalitres of water each year necessary to flush the lower Murray and send the bill, estimated to be about \$150 million a year at current prices, to the upstream states.

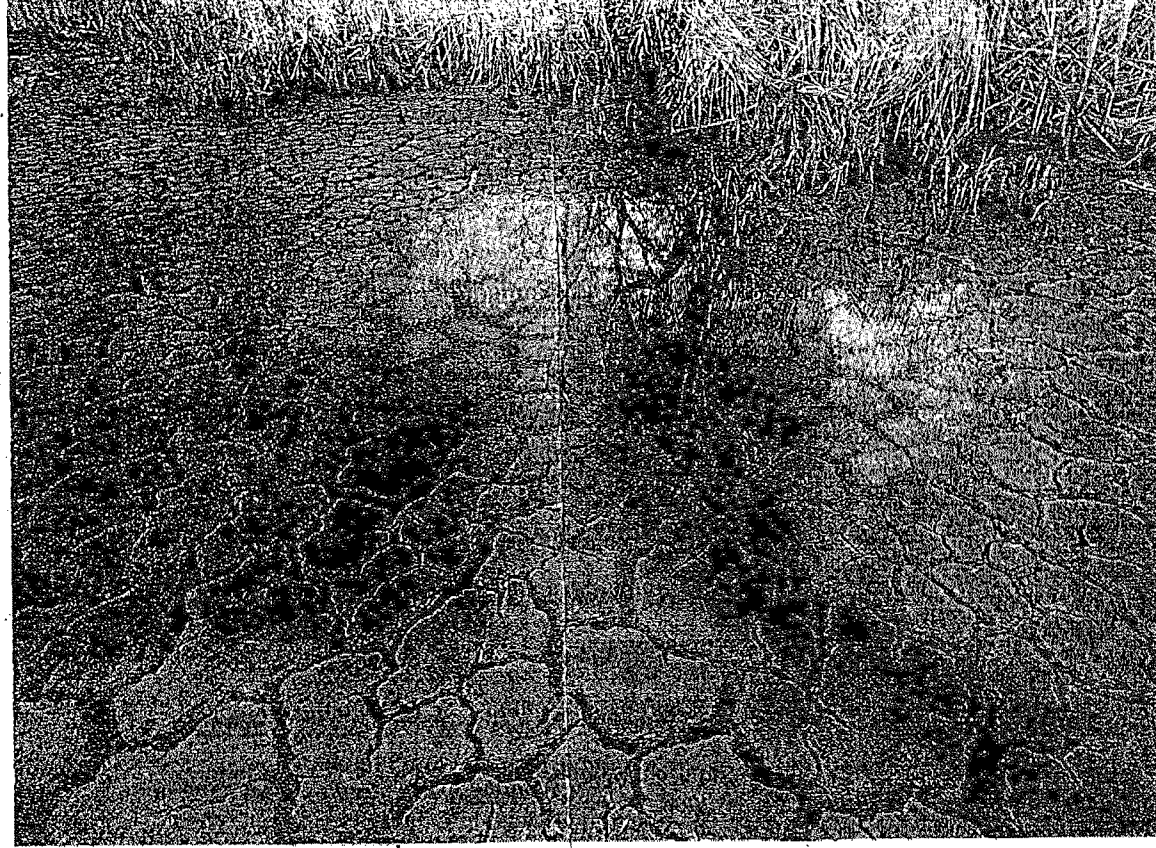
The real losers from this will be capital cities because, instead of growing food, farmers will move into the water-trading business. Food prices will increase because of the rising price of water and decreasing food supplies.

Even if Mr Rann wins his threatened legal challenge, the solution is not viable in the long term based on the trend in rainfall patterns across the Murray-Goulburn Basin.

It is likely that an increasing share of water from the basin will have to be bought at higher and higher prices to provide environmental flows to the mouth of the Murray.

Over the past decade there has been a shift south in the rain band of south-east Australia by 200 to 300 kilometres. North-west Tasmania now receives much of Victoria's rainfall. This, in turn, is causing a rain shadow in central and north-east Tasmania. Fortunately, there are a number of dams in north-west Tasmania, all higher than Melbourne, built by Hydro Tasmania.

The current income generated by this water in electricity production is less than \$20 per megalitre before the



into the ocean. Even a Goulburn Valley farmer pays \$300 a megalitre for irrigation water. The Tasmanian Government has a proposal from a private consortium to buy this water for \$300 a megalitre to pipe to Melbourne Water for \$1700 a megalitre.

The proposal is that this water from Tasmania would replace the water from the Thomson and Upper Yarra dams, which now supply 400 gigalitres to Melbourne. This water would be freed up to replenish the Murray-Goulburn Basin with the expenditure of \$300 million to build a tunnel 30 kilometres through the Great Divide to the Eildon.

The major impediment to this is the

understanding as a precursor to the expenditure of \$10 million by the consortium on a detailed engineering design.

The main problem seems to be an irrational fear that Tasmania might want the water for its own purposes in the future. This is unlikely. Tasmania now uses 1000 gigalitres a year compared with a measured run-off of 45,000 gigalitres a year, which is nearly double the Australian total usage of 24,000 gigalitres a year.

The \$150 million needed by South Australia (or the plaintiffs) would be enough to cover the interest expense at 12 per cent and capital repayments over 20 years on the Tasmanian pipeline and the tunnel through the Great

would be about a billion dollars a year in profit to be divided up between the states and extra water for the Murray-Goulburn Basin to expand irrigation and grow food like China which, if the world is to tackle global warming, will be far more valuable than current exports of coal and iron ore.

The alternative is water trading promoted by bureaucrats on behalf of business interests.

There is an opportunity for Premier Minister Kevin Rudd to step in and knock heads together in the national interest, with the nation crying out for inspiring infrastructure projects that are also environmentally sound.

