



23rd December 2010

Inquiry into the Impact of the Murray Darling Basin Plan in Regional Australia,
House of Representatives,
Parliament House,
Canberra.

This submission is a response to the Guide of the proposed Basin Plan for the Murray Darling Basin.
The key issues are summarised as follows:

1. The Guide proposes a significant reduction in the volume of diverted water within the Basin. That "saved" water will be held by the Commonwealth Water Holder and used to enhance the environmental management of the Basin. I support this most important objective. The health and sustainability of the Murray Darling River must be improved as a matter of urgency, and this can best be achieved by increasing the flow of water down the River to the Murray Mouth, especially during the drier years.

The health of the River must be achieved by ensuring a sustainable and healthy ecosystem in Lakes Alexandrina and Albert, in the Coorong, and at the Murray Mouth. The Guide is supported in adopting these principles.

2. The Current Diversion Limit (CDL) of 665 GL per year for the Murray SA should be increased to 719 GL per year, which is the existing CAP adjusted for inter-state trade and the Living Murray Initiative water.

At the MDBA Workshop no satisfactory explanation could be given why such an arbitrary figure was selected for Murray SA and why the discrepancy with the current CAP. It appears the current CAP has been used in setting the CDL's for the other States and catchments. Originally it was claimed by the MDBA staff that the Murray SA CDL was based on the Water Allocation Plan (WAP), but that claim was dropped when it was pointed out that the WAP in SA was based on the CAP.

3. The South Australian Government introduced the SA CAP in 1968. It was further reduced in 1995 when the other States finally adopted a CAP. Between 1970 and 2000, the total diversion from the Basin increased from 7,500 GL to 12,500 GL, an increase of 5,000 GL or 67 percent, while SA maintained and then slightly reduced its CAP.

The Guide gives no recognition to South Australia for such a restraint except to penalise Murray SA a further 54GL in the CDL beyond the principle used for the other States.

The Guide claims the SDL would require a reduction in Murray SA of 26 percent to 35 percent, where as in reality this would be a cut of 32 percent to 40 percent based on the current CAP.

4. The Guide proposed a diversion reduction of 26 percent to 35 percent for the Eastern Mount Lofty Ranges (EMLR), similar to the catchments further upstream.

Figure 6.6 of the Guide shows the EMLR as one of only three catchments with a “good” current level of use. This was highlighted by the MDBA’s Environmental Manager at the MDBA Workshop. Why then is a reduction of 26 percent to 35 percent being recommended for the EMLR, equal to those catchments listed as “poor”. At the Workshop the only explanation of the Environmental Manager when asked was that the target water savings had to be found somewhere and it was an issue to take up with the modellers. This implies the savings targets for each catchment have not been based on the science nor factual evidence.

5. The Angus Bremer Basin in South Australia is listed on page 141 as having a CDL of 6.5 GL per year, and that this should be reduced by 2.7 GL per year, a reduction of 40 percent.

In preparing the Guide it was obviously ignored that in 1995 the South Australian Government reduced the Diversion Limit for the Angus Bremer Basin from 27 GL per year to 6.5 GL per year, and since then the water level in the Basin has recovered dramatically and the salinity level has dropped to acceptable levels.

The SDL for the Angus Bremer Basin should not be further reduced from the present CDL.

6. Whilst I support the voluntary buy back of water entitlements as a means of reducing the Diversion Limits, the Federal Government should have specified at what prices, the schedule, and the mechanism by which it will implement the buy back. Failure to have done so is causing considerable uncertainty and stress amongst irrigators in South Australia, and no doubt elsewhere in the Basin.

At the same time the Federal Government should be insisting that a priority be given to achieving water savings in NSW and Victoria by up-grading the infrastructure to minimise delivery losses. This should be funded by the Federal Government. All water saved by

infrastructure up-grade should be transferred to the Commonwealth Water Holder as environmental water and accounted for as part of the water saved.

7. The Federal Government should allocate substantial funds to assist communities and irrigators to adjust to the social and economic consequences of a reduced Diversion Limit across the Basin. Such programs need to be developed concurrently with the development of the Basin Plan.
8. A comprehensive socio-economic impact statement of a range of reductions in Diversion Limits need to be prepared and considered as part of the process in preparing the Draft Basin Plan.
9. The Community Profile – SA River Murray below Lock 1 (pages 1082-1112 Appendix C of Volume 2) has considerable deficiencies and so the work needs to be redone in a comprehensive manner.
10. The level of on-going administration in preparing reports and plans by the State Governments and the MDBA will lead to an expensive and inefficient on-going bureaucracy. The whole reporting process and development of plans needs to be simplified and streamlined.
11. The flow out of the Murray Mouth needs to be adequate to transport the estimated 2 million tonnes of salt per year that would otherwise accumulate within the River and Lakes. The Guide is silent on this issue.
12. The Guide is based on averages per year for a river system that is extremely variable with both wet and dry extremes that last for a number of years. One such dry extreme has been witnessed in recent years. This is highlighted by Figure 3.3 of the Guide.

Rather than base the modelling on the averages across all years, it would be more relevant to model options for the driest 15 year sequence (1995-2010). As a consequence more accurate scenarios would be outlined which would assist in deciding which option should be adopted. It may be more practical to adopt different options for Diversion Limits depending on whether the short term average is a drier or wetter period.

For example in 2006-2007, the direst year on record, Victoria should not have allocated 90 percent of High Security Murray Water as it was during a known drier period.

13. In the Executive Summary of the Guide (page 26), it states that the additional water for the environment should see the Murray Mouth open between 90 percent and 92 percent of the

time. This misleading statement sets the perception that for the remainder of the time the Murray Mouth would be closed.

However on page 113, it reveals that these percentages refer to the proportion of years that a minimum net flow of 2,000 GL per year would flow out of the Murray Mouth. A flow of less than 2,000 GL per year is unlikely to see the Murray Mouth close in one year or even two years if it is kept in better condition due to increased average flows.

14. The Guide excludes Living Murray Initiative water from its proposed savings. However this is environmental water and should be included in the modelling.
15. The Guide estimates that the impact of a 3,000 GL per year reduction would be a reduction of 1.5 percent in the Gross Regional Product of the Basin. The SA this would mean a reduction in diverted water of 176 GL per year. Experience from the last four years in SA would suggest such a reduction would have a far greater negative impact of GRP that 1.5 percent and Basin employment of 0.12 percent.

These estimates appear to ignore flow on effects to processing, transport and the multiplier effect.

There is a need for a more credible economic assessment of the impact of the proposed reductions on a catchment by catchment basis. Evidence suggests it would vary considerably based on the intensity of the irrigation industry within a catchment and the impact of reduced water applications per hectare for different horticultural crops.

The issues raised are some of the more important issues. If public hearings are held I seek the opportunity to appear and present further evidence.

Yours sincerely,

The Hon Dean Brown AO

Former Premier