



## Minister for Water

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**03 SEP 2008**

Dear Ms Riedl

### **A FUTURE-PROOFED BASIN - A NEW WATER MANAGEMENT REGIME FOR THE MURRAY DARLING BASIN**

Thank you for your email dated 9 May 2008 providing me with a copy of Professor Mike Young's proposal: *A Future-Proofed Basin: A new water management regime for the Murray-Darling Basin*.

There are a number of key elements in Professor Young's proposal that closely align with the objectives set out by Victoria as an alternative to the national water plan of the former Prime Minister, John Howard. Broadly, Victoria believes that there are four interrelated problems in the Basin that any plan must address, these include:

- capping extractions;
- defining environmental entitlements;
- correcting over-allocation; and
- ensuring a level playing field for interstate trade in water entitlements.

On 3 July 2008, the six Murray-Darling Basin Governments signed an Inter-Governmental Agreement (IGA) to implement the historic Memorandum of Understanding agreed to at the Council of Australian Governments (COAG) in March 2008. We believe that this new agreement is a significant improvement on the former Prime Minister, John Howard's attempted takeover of the Murray-Darling Basin in January 2007.

The IGA undertakes to meet current critical water needs across the Basin, and provide a sustainable and secure future for farmers, communities and the environment. It includes establishing a new and independent organisation, the Murray-Darling Basin Authority. This authority will set basin-wide caps on irrigation diversions and develop the Basin Plan to restore stressed rivers to good health and secure water supplies for human use.

A new Ministerial Council will be formed to advise the Commonwealth on the Basin Plan. Ministers will have the power to send the Basin Plan back to the authority for review if they disagree with any aspects.

Victoria will retain its share of water in the Murray River under the new agreement. Its current water management plans, which ensure compliance with the current diversion cap, will also remain in place until 2019. This will provide certainty for Victorian farmers and communities during the transition period.

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Victoria has always supported a greater Commonwealth leadership role in basin management. It has consistently pushed for reforms to achieve more efficient water allocation and use. This agreement will deliver these much needed reforms and healthy rivers while also protecting the rights of our drought affected farmers.

The Commonwealth has also committed to provide up to \$103 million for the Sunraysia Modernisation Project, to upgrade irrigation infrastructure around Merbein, Mildura and Red Cliffs. This is in addition to up to \$1 billion committed in March to Stage 2 of the Northern Victoria Irrigation Renewal Project.

The Commonwealth funding commitments support the Victorian Government's continued focus on fixing leaky and inefficient irrigation systems to save water for the environment, rather than buying water on the market.

You also mention in your email the Victorian Government's Sugarloaf Pipeline Project.

Environmental impacts have been taken into account during the preliminary design stages of the new pipe, and environment assessments will continue during construction.

The Sugarloaf Pipeline has three main potential environmental impacts: extracting water from the river, removal of trees and other flora and greenhouse gas emissions from the energy required to pump the water.

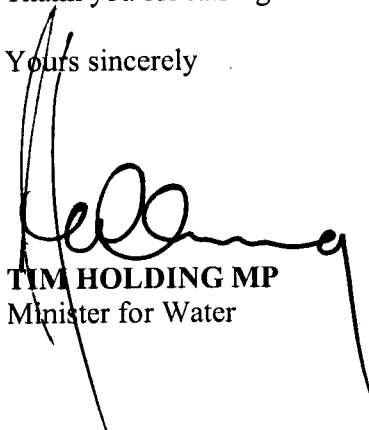
The pipeline offtake at the Goulburn River will be designed to minimise the environmental impact during its construction and operation. Operating rules will be developed in consultation with the Goulburn Broken Catchment Management Authority to ensure the extraction of water does not have a negative impact on the river's flow. For example, water will only be pumped during the irrigation season when the volume extracted each day will be a very small proportion of the total river flow.

Further environmental studies will identify the best route to avoid or minimise vegetation clearance and ways to offset unavoidable removal. Under both State and Commonwealth legislation, the project needs to demonstrate that there will not be unacceptable impacts on rare or endangered species.

Greenhouse gas emissions will be totally offset through the purchase of renewable energy or through alternative offset schemes.

Thank you for raising these matters with me.

Yours sincerely



**TIM HOLDING MP**  
Minister for Water