

17/12/2009, Lisa Tarzia [material omitted]

Response to Issues Paper: Development of Sustainable Diversion Limits for the Murray-Darling Basin

Questions:

What are your views on the proposed approach to treating interception activities as set out in this paper?

Which interception activities are significant enough to be explicitly identified in the SDL provisions?

It is important to include as many interception activities as possible so as not to undermine the credibility of water accounting or the long term reliability or water entitlements. Afforestation, farm dams, floodwater harvesting and mining activities should be licensed wherever possible/feasible and the effect on water availability should be either metered or estimated. All water users need to be accountable. The proposed approach is ideal.

What are your views on the proposed approach to optimising economic, social and environmental outcomes through SDLs as set out in this paper?

I find no reason to allow five years for temporary diversion provisions. Five years is a very long time to continue to put commerce before essential environmental needs. Maybe one or two years could be justified but is there any justification for five years? Is there information available about the damage that temporary diversion provisions will do to the environment? Perhaps this is necessary.

On deciding how to share the contribution of environmental water between upstream catchments, it is best to let the market decide. Water entitlements should be bought by the government from willing sellers only to make up the full contribution. While there are many irrigators looking to leave the industry, an above market price may be necessary. The water should then be distributed and managed as environmental water entitlements and managed both centrally and locally in environmental trusts around the Basin. It is vital to improve interstate entitlement trade so that any imbalances can be solved once again by the market and remaining entitlements can be directed to where economic benefits are maximised. Interstate entitlement trade has decreased significantly ever since tagged trading became the only method of entitlement trade. That is, in the 2007–08 water year, there was only one interstate transfer of 200ML out of Central Goulburn Irrigation Area¹. Protection to certain valleys should not be a significant determinant in deciding where environmental water comes from. Separate Government policies that assist communities with structural adjustment should be used instead. I do not support using a proportional basis for deciding where water contributions come from because this will not maximise economic benefits.

¹ National Water Commission, Australian Water Markets Report, 2007-08. 2008, p. 60.

What are your views on the proposed approach for dealing with surface water – groundwater connectivity as set out in this paper?

Do you have any suggestions you would like to provide to the MDBA in this regard?

There is still much research that needs to be done to clarify the connectivity between groundwater and surface water in the Basin. Until connectivity levels can be established, the NWC recommends that states should assume full connectivity and manage surface and ground water conjunctively². “Under the NWI, parties have agreed to recognise the connectivity between surface and groundwater resources and to manage connected systems as a single resource.”³ It is unclear that the proposal in this paper will do this.

Precaution is necessary to avoid double counting. If groundwater and surface water are one single resource then shouldn't there be one SDL rather separate SDLs which would need to vary with time due to connectivity?

What are your views on the proposed approach to setting and expressing SDLs as set out in this paper?

Do you have any suggestions you would like to provide to the MDBA in this regard?

The SDL should not be based on long term historical water availability because current inflows are much lower than the long term average and a shift to a drier regime may have occurred. Furthermore, climate change could be exacerbating the length and occurrence of long dry periods and climate variability. That is, the majority of climate change projections associate global warming with “more El Niños, higher occurrences of positive IOD (Indian Ocean Dipole) phase and positive SAM (Southern Annular Mode)” and these are the three phenomena that govern climate patterns in the MDB⁴. The CSIRO recommend, for the sake of policy, that the next 10-15 years is likely to be of the same climate as the past 10-20 years and I hope that the SDL will take this recommendation into account.

² National Water Commission, *Australian Water Reform: Second Biennial Assessment of Progress in Implementation of the NWI*. October 2009, p. 36.

³ NWI clause 23(x) cited in National Water Commission, *Australian Water Reform: Second Biennial Assessment of Progress in Implementation of the NWI*. October 2009, p. 36.

⁴ Murray Darling Basin Authority, *A Report From the CSIRO to the Murray-Darling Basin Authority*, 2009, pp. 8-9.

⁵ Murray Darling Basin Authority, *A Report From the CSIRO to the Murray-Darling Basin Authority*, 2009, p. 15.