

# Murray – Darling Basin Water Markets Inquiry by ACCC

## **1.0 Introduction and Aim**

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## **1.0 Introduction and Aim**

### 1.1 Aim of Submission

To address the Basin Restrictions and equitable water availability, free up water, ensure responsible water trading and the productive usage of available water.

1.2 This submission entails the ACCC request “to recommend options to enhance markets for tradeable water rights, including options to enhance their operations, transparency, regulation, competitiveness and efficiency”, and our response as we currently understand the situation.

**2.0 Background** – private citizens heavily involved in water industry in the past covering usage, regulatory, policy, and river management.

**3.0 T of R submission focus** – mainly on Inquiry. Scopes No. 3, 6 and 7.

### **4.0 Subjects**

#### 4.1 Basic MDB Agreement – Solution

Original agreement assigned to South Australia. First call on Basin water when storages fall below 40%  
Current situation with water by-passing Victoria and New South Wales irrigators, causing animosity, reduced irrigation, resulting in lowered production capacity.

Need to revise the original agreement, cancelling South Australia’s first call at 40% capacity, and consider allocating Basin water on a more equitable basis to the States.

As part of this enquiry we consider that the Federal Government should own all Basin Water, and allocate State water on the basis of percentage usage, irrigable area, environmental needs, and productive usage.

### **4.2 South Australia Solution**

- To rectify the effect of 4.1 above on SA, there requires essential project investment including:
- Erect a major dam situated where the Murray River enters into Lake Alexandrina at Wellington.
- De-commission/open the regulatory barrages at Goolwa
- Allow Lake Alexandrina and the Coorong to return as close as possible to their original ephemeral and estuarine aspect.
  - Build two (2) new dams south and north of Adelaide to be filled by pipelines from the new Wellington Dam, plus natural catchment run-off. These two new dams water supply targets would be the growth areas to the north and south of Adelaide.
  - The irrigation areas surrounding and dependent on Lake Alexandrina for supply are retained at owners choice by Government compensation/investment in providing continuing irrigators with domestic and commercial desalination plants, preferably solar powered.
  - We understand there are pipeline off-takes from the Murray River to supply water long distances to Port Augusta, Whyalla, Ceduna and Coober Pedy. These pipelines should be decommissioned and replaced with de-salination plants, except for Coober Pedy.

### **4.3 Northern Basin Rivers Solution**

- Primary problems in this area appear to be lack of enforcement and compliance water theft/pirating, Flood Plain unrestricted harvesting, high evaporation in large storage dams.
- The NSW government in the past has severely reduced their compliance staff in this region, resulting in large scale illegal water extraction which was publicly exposed.
- Solar powered water meters were also restricted, and still are, in this region of the Northern Rivers and the Darling in particular.
- Regular inspections, local knowledge and monitoring of water use and extraction is still the best way to monitor and ensure legal use, coupled with available technology.
- More compliance staff are required in this region, also acting in communication, extension and trading advisory roles.
- An anomaly between the Northern and Southern Basin regions is that unrestricted floodplain harvesting in flood times is allowed in the North, without any penalty (not debited from allocation) to the extractor's entitlement. In the South, floodplain harvesting amounts are taken out of their entitlements.
- Evidently the reasoning was for the cotton industry growth, and ensuring their on-farm dams had adequate water supply.
- Above Menindee on the Darling River is the major area where this floodplain harvesting without entitlement penalty applies, and can strip water from downstream users.
- Most dams in the Northern Rivers for cotton production are extensive, open and shallow, and as such, evaporation is high, reducing water for productive use.
- The cotton industry should be compelled to examine the responsible use and production by the Rice Industry which uses General Security water when available, and restricts rice growing to only suitable irrigable land. The growing of cotton on suitable dryland areas should be examined.
- New dams in the Northern Rivers/Queensland regions supplying the area appears necessary, particularly if floodplain harvesting is curtailed with no penalty entitlement.
- There is a double standard on this issue between the northern and southern basins, which requires a solution, preferably one with a restricted entitlement penalty allowing a degree of floodplain harvesting.

### **4.2 Trading**

Water allocations in the Murray Darling basin are currently used for:

- Stock and domestic
  - Town water supply
  - Manufacturing
  - Permanent Plantings (High security)
  - General security
  - Environmental purposes (mainly based on State Projects)
  - Trading of water (some speculative)
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- The aim of water trading should be to ensure traded water is all used for productive and not speculative purposes, that is, for human and stock consumption, manufacturing, town water supply, agricultural and environmental projects.
  - There should be no speculative trading of water allowed, with trades by registered entities (licence holders) only, and no water owned for trading by overseas investors/speculators.

- Water for productive purposes be restricted to only where physical water can be delivered.
- Currently water ownership is too fragmented, with responsible water trading barely controlled.
- Consideration be given to only allowing high and general security water to be traded between irrigators.
- Water titles/rights are attached to irrigable land and can only be sold to/by irrigable land holders.
- It is shameful that speculatively traded water “never hits the ground”, and is just a derivative traded item passed around the market.
- General security water should be encouraged to be converted to high security water at a conversion incentive rate of 3 litres of general security water to 1 litre of high security. Changing diets and differing foods are happening in Australia in permanent plantings for domestic and export consumption. These could well be as permanent plantings and require guaranteed water. Climate change may also restrict water availability as general security water.
- The General Security water not converted into High Security can be traded, used for opportunity farming, traded into environmental water at an incentive rate and for specific projects.
- Irrigation water “sleepers” and “dozers” should have their water acquired for productive usage unless there are mitigating circumstances. This water can be re-allocated to either environmental or high security water.

#### **4.5 Environment**

- Usage of environmental flows should be to re-create/replicate the original ephemeral flows and floods of the river systems, not as is now, allowed over extended periods, that is, replicate spring flushes.
- Under present policies, environmental water not used in one year can be carried over into the next year, thus using up dam storage water space, that is, reducing storage capacity for irrigation water.
- The amount of basin environmental water should be allocated by the Federal Government to the States based on their water priorities, environmental projects and percentage usage. Their natural catchment inflow into Basin storages should not be a primary factor in their allocations.

#### **4.6 Evaporation and Seepage**

- Probably the largest factor in water losses are: open irrigation channels, Lake Alexandrina, and storages for cotton growers.
- Excellent to see the new Wentworth to Broken Hill water supply is piped, as is the Mallee channel system converted to a piped system.
- All open irrigation channels should be either lined, covered or converted to pipes, to be evaporation neutral.
- Lake Alexandrina should revert back to its original estuarine state.

#### **Concluding Comments**

The emphasis on this submission is not restricted to water trading, but by suggesting solutions requiring capital works expenditure and better management, additional water resource could be freed up and available as a result.

Climate change may ultimately dictate the water availability via natural means, for example, rainfall, snow, evaporation, and run-off, and thus probably dictate the degree of capital works.

This inquiry is fortuitous as the Basin genre at present is fragmented, confused and inciting animosity.

We apologise for the lateness of this submission, and realise that it is an expensive solution to the MDBA situation which requires major surgery.

Yours sincerely

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