

Questions On Notice for the Murray-Darling Basin Authority

Water Bills - 12/11/12 Hearing, Canberra

Response of Murray-Darling Basin Authority 16 November 2012

1. The ANEDO submission to the 'SDL adjustment' enquiry states:-

"The wording of the Water Act clearly reflects this logic, indicating that the Authority may only seek to optimise socio-economic outcomes *after* the ESLT and corresponding SDLs have been determined in accordance with the Act."

Can you validate the ANEDO statement? Please explain.

The Commonwealth Water Minister tabled in Parliament in October 2010 legal advice on this matter. The MDBA has developed the ESLT in accordance with legal advice.

2. Was the previous Basin Plan version at or near its maximum delivery limit because of system constraints?

Yes. The decision of the Authority to set the overall SDL as a reduction in surface water diversions of 2750 GL per year was in part based on the efficacy of environmental water management given existing system constraints. This issue has been detailed and quantified in modelling published by the MDBA: Hydrologic modelling of the relaxation of operational constraints in the southern connected system: Methods and results (MDBA 2012), which is available on the MDBA website.

3. Have you started on a constraints review? I understand it is due out two years after the release of the final Basin Plan.

Yes, the MDBA has commenced work to identify constraints throughout the Basin, in consultation with the Basin Officials Committee. The proposed Basin Plan requires the MDBA to prepare a constraints management strategy within 12 months of the Basin Plan being made, and to report annually to the MDB Ministerial Council on its progress.

4. Section 86AD

- a. 2(a)(iv) given the evidence from other witnesses, can you please outline why this clause was necessary?

- b. Can you also outline why clause 2 (a)(v) was necessary

The question has been referred to the Department for a response.

5. Section 86AD 2 (d)-

- a. can you provide an estimation of how much this will cost

- b. How many staff will be required

The question has been referred to the Department for a response.

6. In reference to 86AE (1) How much water has been collected/held under 108 3(d)
The overall target for water recovery through The Living Murray first step is an average of 500 gigalitres of water per year. Significant progress has been made and as at 4 November 2011, 479.97 gigalitres (long-term Cap equivalent) of water is listed on the Environmental Water Register. Of this the Commonwealth holds 42.6 gigalitres (long-term Cap equivalent) which is the water it holds for the purpose of section 108(3)(d) of the Act.

7. Will the 3200GL figure be used in the final Plan?
The Basin Plan is yet to be finalised. The altered draft Basin Plan published in August 2012 included a reduction amount of 2750 GL per year for surface water. No suggestion has been received from the Minister to alter this figure. It is expected that reference will be made in the final Basin Plan to the enhanced environmental outcomes associated with up to an additional 450 GL per year of environmental water.

8. Can you outline what the sequencing of the operation of the Adjustment mechanism will be?
The Basin Officials Committee will notify the MDBA of a suite of supply and efficiency measures by 30 June 2016 to consider for an SDL adjustment. In 2016 the MDBA will propose an adjustment to SDLs capturing the net effect of the measures. The SDL adjustment may be in the form of a formula that progressively updates as efficiency measures come into effect between 2016 and 2024. From 2016 through to 30 June 2024 the measures will be implemented. In 2024 the MDBA will perform a final SDL adjustment to reconcile any differences between the suite of measures considered in 2016 and the measures as implemented in 2024. In this way, it will be possible to take into account any supply measures which might not have been implemented or additional efficiencies that may have been found.

9. How will the range of offsets be decided? Who will make the decision?
The Basin Officials Committee will notify the MDBA of the suite of measures to consider for an SDL adjustment. As such all Basin governments must agree on the package of measures to be processed in the SDL adjustment mechanism.

10. Who will make the decision on the system constraints that will be lifted?
Projects to relax or remove constraints will largely be implemented by or in conjunction with Basin states. It is anticipated that the Basin Officials Committee will include details of relevant constraints measures (particularly those related to making best use of additional environmental water recovered from efficiency measures) in the package of measures that the Basin Officials Committee has agreed to implement to be submitted to the MDBA for consideration for SDL adjustments. In deciding the measures to implement, the Basin Officials Committee will be informed by the constraints management strategy which the MDBA must develop within 12 months of the Basin Plan coming into effect.

11. Who will pay for and be liable for any subsequent damage from the lifting of constraints?

River operation rules designed to prevent damage to property will remain in place until works or agreements are in place that would prevent or negate that damage. Until those works and agreements are in place for an entire river reach, the constraint on that river reach could not be considered to be relaxed or removed.

The constraints management strategy must specifically consider the impacts on third parties due to relaxing constraints and suggest ways to mitigate those impacts. Any remediation activities will be undertaken in close consultation with impacted parties.

12. If unknown, what steps are in place to find out?

Refer to question 11.

13. Given the evidence discussed yesterday on clause 86AD 2 (b) re 50% of the 450GL will be purchased- can you confirm that this will not be any general tenders for purchase of High reliability water?

The question has been referred to the Department for a response.

14. Are there any existing programs that could assist with the roll out of the plan as envisioned with respect to on farm efficiencies? How would this work? Who will pay for it? Who would be responsible for implementing the program?

The question has been referred to the Department for a response.

15. How will the shared portion of the SDL reduction be apportioned? Will this also include water diverted for urban use?

As agreed by Commonwealth, state and territory governments, the shared reduction for the southern basin is to be apportioned to states based on the baseline diversion limits for each state and territory, inclusive of water diverted for urban water use, but exclusive of interception activities as defined in the Basin Plan. Accordingly, the 971 gigalitres per annum southern basin shared reduction will be apportioned to Basin States as follows:

- NSW 47.2 per cent of total (458.0 GL of 971 GL per annum);
- Victoria 43.8 per cent of total (425.3 GL of 971 GL per annum);
- South Australia 8.5 per cent of total (82.8 GL of 971 GL per annum); and
- Australian Capital Territory 0.5 per cent of total (4.9 GL of 971 GL per annum).

The Authority intends to conduct research and investigations into aspects of the Basin Plan in the northern Basin. This work is expected to be completed by 2015 and will establish the basis for the northern basin shared SDL reduction and its equitable apportionment. Provisions in the Basin Plan and the Water Act 2007 allow the research and investigations to be taken into account and any future northern basin apportionment or SDL adjustment to occur.

Consistent with the Minister's suggestions to the MDBA, the Basin Plan is expected to clarify that for both the southern and northern Basin shared zones, state and territory governments are required to nominate how the shared reduction is to be apportioned at the catchment level

within their jurisdiction. Under section 23B of the proposed amendment to the Water Act 2007, the Authority is then required to prepare appropriate amendments of the Plan, for adoption by the Commonwealth Minister. If the Authority has not received a nomination for apportionment from a Basin State by a certain time, the Authority must determine a default re-allocation adjustment for the State zone share and notify the State that it will propose the default re-allocation adjustment if no request is received from the State. The default apportionment approach will be based on the same approach adopted for apportionment of the southern basin shared reduction.

16. \$1.77 billion may be seen as a contest figure. Given the other tasks associated with the 1.77billion, what do you expect to be available per ML for farmers to take advantage of any farm efficiency grants? What consultation, research have you done to arrive at your previous answer?

The question has been referred to the Department for a response.



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Dear Ms Dickson

South Australia requests that the Murray-Darling Basin Authority actively manages the current peak flow expected around mid-April 2012 in order to minimise the impacts on shack areas downstream of Cadell. As the flows increase above 60,000 ML/day at the border, the risk of inundation to potentially hundreds of shacks significantly increases. It is therefore prudent to implement operational actions to minimise the risk of flooding, including no enhancement of peak flows.

On 30 March 2012 the Department for Water issued the first River Murray High Flow Advice and Minor Flood Watch due to the high flows upstream of South Australia. The Department for Water recently undertook a review of the levels of Flood Advice, Alert, Watch and Warning for the River Murray consistent with national guidelines (a confidential copy is attached). Following concerns raised by the community, a set of flood warning levels has been developed for the South Australian portion of the River Murray. An outcome of this review was to provide a minor flood warning for shack areas downstream of Cadell when the flow at the border is expected to exceed 60,000 ML/day. This process is established to provide landowners with a warning to remove items that may be affected by high river flow.

Recent discussions have occurred with your staff about enhancing flows across the South Australian border. While I recognise this as a necessary step towards maintaining the health of the floodplain, a number of major policy issues need to be discussed and agreed in South Australia before enhanced flow events above 60,000 ML/day can occur due to the risk of flooding properties.

I understand that there are still uncertainties about the Murrumbidgee River peak at Balranald and if this is lower than forecast, then the flow to South Australia will be less than expected. My staff from the Resource and Environmental Management Unit, Operations and Major Programs Division, regularly discuss the flow outlook with your staff in River Murray Water.

In this instance, I have asked Mr Jarrod Eaton from the Operations and Major Programs Division, Department for Water to lead discussions with your staff on the flow operations, in conjunction with representatives from SA Water.



Yours sincerely

Scott Ashby
CHIEF EXECUTIVE

Date: 30/3/12