

The Senate

Standing Committee on
Environment, Communications
and the Arts

Water Amendment (Saving the Goulburn
and Murray Rivers) Bill 2008

May 2009

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Chapter 1

Introduction

Referral to the committee

1.1 The Water Amendment (Saving the Goulburn and Murray Rivers) Bill 2008 (hereafter 'the bill') was introduced into the Senate on 3 December 2008. On 4 December 2008, the Senate referred the bill to the Senate Environment, Communications and the Arts Committee for inquiry and report by 27 March 2009. On 17 March 2009 the Senate agreed to extend the reporting date to 7 May 2009.

1.2 The committee advertised the inquiry in *The Australian*, the *Mildura Sunraysia Daily*, the *Shepparton News* and the *Seymour Telegraph* newspapers on 17, 20, 22 and 24 December 2008 respectively, and placed details of the inquiry on the committee's website. The committee also wrote to a number of organisations and stakeholder groups inviting written submissions by 30 January 2009.

1.3 The committee received submissions from 34 individuals, groups and organisations, as listed in Appendix 1. The committee held public hearings in Shepparton on 14 April 2009 and in Canberra on 15 April 2009. A list of those who gave evidence at these hearings is at Appendix 2. The committee thanks all those who assisted with its inquiry.

Background to the bill

Recent Water Policy Initiatives

1.4 In recent years, there have been a number of intergovernmental efforts to improve water management in the Murray-Darling Basin, as well as Commonwealth, state and territory government projects within the Basin, which are relevant to this bill.

Living Murray Initiative

1.5 In 2002, the Murray-Darling Basin Ministerial Council agreed to the Living Murray First Step program. The program was jointly funded by the Commonwealth Government and the governments of New South Wales, Victoria, South Australia and the Australian Capital Territory. The Living Murray program was formalised via the Intergovernmental Agreement on Addressing Water Overallocation and Achieving Environmental Objectives in the Murray-Darling Basin, agreed 25 June 2004 and amended 14 July 2006.

1.6 The program aims to recover 500 gigalitres of water for the River Murray by June 2009 as an environmental flow, with a focus on six 'icon' sites. The initial funding for the plan was \$500 million over five years.¹

National Water Initiative

1.7 The National Water Initiative (NWI) was signed by the Commonwealth Government and the governments of New South Wales, Victoria, Queensland, South Australia, the Northern Territory and the Australian Capital Territory on 25 June 2004. Tasmania signed in June 2005, Western Australia signed in April 2006. The NWI built on earlier Council of Australian Governments (COAG) agreements. According to the National Water Commission (NWC), the overall objective of the NWI is 'to achieve a nationally compatible market, regulatory and planning based system of managing surface and groundwater resources for rural and urban use that optimises economic, social and environmental outcomes'.²

1.8 The NWC summarised the commitments of governments under the NWI as to:

- prepare water plans with provision for the environment;
- deal with over-allocated or stressed water systems;
- introduce registers of water rights and standards for water accounting;
- expand the trade in water;
- improve pricing for water storage and delivery; and
- meet and manage urban water demands.

Water Act 2007

1.9 The *Water Act 2007* ('the Act') received Royal Assent on 3 September 2007. The Act gave effect to the National Plan for Water Security, announced by the former Prime Minister, the Hon John Howard, on 25 January 2007.

1.10 The initial proposal by the Commonwealth was for the states of the Murray-Darling Basin to refer constitutional powers to the Commonwealth. New South Wales, South Australia and Queensland agreed to refer their powers, but Victoria did not. The subsequent *Water Act 2007* relied solely on the constitutional powers of the Commonwealth.

1.11 The Act provided for the establishment of a Murray-Darling Basin Authority (MDBA), which is responsible for the development of a Basin-wide Basin Plan. The Plan will set 'limits on the quantity of water that may be taken from the Basin water

1 <http://thelivingmurray.mdbc.gov.au/>, accessed 3 March 2009

2 National Water Commission website, <http://www.nwc.gov.au/www/html/117-national-water-initiative.asp>, accessed 2 March 2009

resources as a whole and from the water resources of each water resource program area'.³ The Basin Plan is a legislative instrument and is binding on the MDBA, Commonwealth agencies, state government agencies and holders of water access rights (although in the absence of a referral from the states there were limits on the extent to which this was binding on non-constitutional corporations).

1.12 The Act provided a greater role for the Australian Competition and Consumer Commission in water trading and pricing; and a greater role for the Bureau of Meteorology in relation to water information and standards. The Act also created a Commonwealth Environmental Water Holder to hold and manage water recovered through efficiency programs and structural readjustment for environmental purposes.⁴

Water Amendment Act 2008

1.13 On 26 March 2008, the Commonwealth and Basin state and territory governments signed a Memorandum of Understanding (MOU) on Murray-Darling Basin Reform. The MOU was implemented through the signing of a new Intergovernmental Agreement (IGA) on Murray-Darling Basin Reform on 3 July 2008.

1.14 The *Water Amendment Act 2008*, which received Royal Assent on 8 December 2008, gave effect to the IGA, and included the referral of powers by Basin states to the Commonwealth. The Amendment Act provided for the transfer of powers and functions from the old Murray-Darling Basin Commission to the Murray-Darling Basin Authority, strengthened the role of the ACCC and enabled the Basin Plan to provide for critical human water needs. The Amendments also incorporated the revised Murray-Darling Basin Agreement as a Schedule to the Act.

1.15 Of particular relevance to the current bill were changes made to the content and governance arrangements surrounding the Basin Plan. In particular, the Act confirmed that the Basin Plan is developed by the MBDA with the Commonwealth Minister being the final decision maker (although the other Basin states represented on the Murray-Darling Ministerial Council are able to request changes). The amendments also expanded the mandatory content of the Basin Plan to include arrangements for critical human needs for communities dependent on the waters of the Basin.⁵

Water for Rivers

1.16 Water for Rivers, referred to in the bill, is a public company established by the governments of the Commonwealth, New South Wales and Victoria with a charter to

3 *National Water Act 2007*, subsection 19(2)

4 Senate Standing Committee on Rural and Regional Affairs and Transport, *Water Amendment Bill 2008*, November 2008

5 Explanatory Memorandum, Water Amendment Bill 2008, pp. 3-4; Daniel Connell and R Q Grafton, 'Planning for Water Security in the Murray-Darling Basin', *Public Policy*, Vol. 3, No. 1, pp 70-71.

achieve targets for water savings, with the objective of enabling savings to be provided for increased environmental water flows for the Snowy River and the River Murray system. It was established in December 2003 following agreements between the three governments to increase environmental flows in those systems.⁶

Food Bowl Modernisation Project and Sugarloaf Pipeline

1.17 In introducing the bill, Senator Birmingham made particular reference to the Victorian Government's Northern Victoria Irrigation Renewal Project (NVIRP), also known as the Food Bowl Modernisation Project.

1.18 In 2007, the Victorian Government released the strategy document *Our Water Our Future: the Next Stage of the Government's Water Plan*. Stage 1 of the project is estimated to secure savings of up to 225 gigalitres of water annually. The Victorian Government intends that savings will be 'shared equally with irrigators, the environment and Melbourne'.⁷ Stage 1 is wholly funded by Victorian agencies: \$600 million from the Victorian government, \$300 million from Melbourne Water and \$100 million from Goulburn Murray Water.⁸

1.19 From 2010-11, Melbourne will receive 75 gigalitres of water from the project via the 70 kilometre Sugarloaf Pipeline (currently under construction). This will transfer water from the Goulburn River (extracted from a point near Yea) to the Sugarloaf Reservoir near Yarra Glen.⁹

1.20 On 12 September 2008, the construction of the pipeline was approved by the Commonwealth Minister for the Environment, Heritage and the Arts, the Hon Peter Garrett MP, under the *Environment Protection and Heritage Conservation Act 2007*, subject to conditions, including that water transported is acquired from savings achieved through the Food Bowl Modernisation Project.¹⁰

6 <http://www.waterforrivers.org.au/>, accessed 2 March 2009.

7 Victorian Government, *Our Water Our Future: The next stage of the government's water plan*, http://www.ourwater.vic.gov.au/_data/assets/pdf_file/0015/366/The-Next-Stage-of-the-Governments-Water-Plan-2007.pdf, p. 4, (accessed 3 March 2009).

8 Victorian Government, Northern Victoria Irrigation Renewal Project: Frequently Asked Questions', http://www.ourwater.vic.gov.au/_data/assets/pdf_file/0012/13611/NVIRP_FAQ.pdf (accessed 30 March 2009).

9 Victorian Government, 'Northern Victoria Irrigation Renewal Project: Frequently Asked Questions', http://www.ourwater.vic.gov.au/_data/assets/pdf_file/0012/13611/NVIRP_FAQ.pdf, p. 3, (accessed 3 March 2009).

10 Dr James Horne, Department of the Environment, Water, Heritage and the Arts, 13 November 2008, cited in the Senate Standing Committee on Rural and Regional Affairs and Transport inquiry into the Water Amendment Bill [Provisions], November 2008, p. 12.

The provisions of the bill

1.21 The provisions of the bill are the same as amendments passed by the Senate during debate on the Water Amendment Bill 2008. These amendments were rejected by the House of Representatives on 1 December 2008 and were not insisted on by the Senate when the bill was reconsidered on 2 December 2008.

Impact on Living Murray Initiative

1.22 Item 2 of the bill requires independent audits of water savings programs undertaken by the governments of New South Wales, Victoria and South Australia. Until increased water flows as required by the Living Murray Initiative are achieved, the bill provides that water saved by such programs must be allocated to the Living Murray Initiative as soon as it becomes available and may not be used for any other purpose.

Prohibition on taking water outside the Murray-Darling Basin

1.23 Item 3 of the bill introduces a requirement that the Basin Plan may not allow water resources to be taken for use outside the Murray-Darling Basin. Item 4 of the bill introduces a prohibition on the construction or operation of *water infrastructure* or work in the nature of a *river flow control work* by an *infrastructure operator* if the purpose of that construction, operation or work is to enable water to be taken for use outside the Murray-Darling Basin.

1.24 The definition of 'river flow control work' is amended for the purposes of the proposed provisions. Under paragraph 8(2)(b) of the Act, works which are 'operated primarily to deliver water for urban retail supply' are specifically excluded from the definition of 'river control work.' By removing this exclusion, works aimed primarily to deliver water for urban water supply outside the Murray-Darling basin will not be allowable under the Basin Plan and may not be built.

1.25 Water resources which would have been taken prior to 3 July 2008 (the date the IGA was agreed) will not be covered by the provisions. A further exception is provided for Water for Rivers (see below).

Impact on Water for Rivers

1.26 In introducing the bill, Senator Birmingham noted that 'out of an abundance of caution, this bill ensures that these provisions protect other efforts under the Water for Rivers program to save the Snowy River are in no way impacted'.¹¹

1.27 Item 1 defines 'Water for Rivers' for the purposes of the bill. Item 3 clarifies the interaction between the new provisions inserted by the bill and Water for Rivers.

11 Senator Simon Birmingham, *Senate Hansard*, 3 December 2008, p. 8050.

In summary, these provide that the delivery to, taking of water for, or construction of infrastructure related to Water for Rivers initiatives will continue to be allowed.

Chapter 2

Issues raised during the inquiry

Introduction

2.1 A large number of the submissions made to this inquiry related to the specific issue of the proposal of the Victorian Government to extract 75 gigalitres of water from the Goulburn River for use by the City of Melbourne via the Sugarloaf (North-South) pipeline. Given the high level of community interest, this report will examine the issue of this proposal in some detail.

2.2 The bill seeks to impose a Basin-wide prohibition on any new extraction of water for use outside the Basin (with certain exceptions). This chapter commences with an examination of the Basin-wide implications of the bill.

Extraction of water resources from the Murray-Darling Basin

Future extraction for use outside the Basin

2.3 Significant evidence is available concerning the scarcity of water resources in the Murray-Darling Basin. In February 2009, the Murray-Darling Basin Authority reported that continued drought conditions saw active storage of water in the Basin at 16% of capacity (or 1470 GL), with January inflow into the system falling to 70GL, approaching the historic minimum of 50GL.¹

2.4 The principal effect of the bill would be to prevent further extraction of water resources from the Murray-Darling Basin. A particularly common theme among submissions was that water from the Murray-Darling Basin is already over allocated and, consequently, no new extractions should be authorised. For example:

1. The over-allocation of water from the Murray Darling Basin.

This problem is now widely recognised but dealing with it will take many years and there is no clear way of knowing exactly how many. Therefore no further water should be taken from the basin until existing needs are met.²

2.5 This was a view echoed in other submissions. For example, the Warby Ranges Landcare and Rabbit Control Group put forward the principle that 'taking water from one catchment to another should be avoided at all costs'.³ Other submissions expressed the view that existing water shortages and overallocation of water resources

1 Murray-Darling Basin Authority, *Murray River System Drought Update*, No. 17, February 2009.

2 Cr Judi Harris, Mildura Rural City Council, *Submission 22*, p. 1.

3 Warby Ranges Landcare and Rabbit Control Group, *Submission 17*, p. 1.

in the Murray-Darling Basin require a restriction on new extractions of Murray-Darling water resources for use outside the basin, and argued against additional population centres drawing on those resources:

The simple task for this inquiry is to assess the failing health of the lower River Murray, lakes and wetlands and to take strong action in denying further diversions to distant growing population centres. Those centres must recognise that limited resources must be the main consideration in determining whether populations can grow. Melbourne's focus has to be on water conservation and re-use.⁴

2.6 The fact that water resources in the Murray-Darling Basin are scarce, with overallocation being a significant contributor to this scarcity, has been long acknowledged by governments. Overallocation of water resources was directly acknowledged by the Intergovernmental Agreement on Addressing Water Overallocation and Achieving Environmental Objectives in the Murray Darling Basin (June 2003 - which formalised the 'Living Murray Initiative'), it is directly referred to in the objectives of the National Water Initiative: objective (iv) of the initiative calls for the 'complete return of all currently overallocated or overused systems to *environmentally-sustainable levels of extraction* [italics in original]'.⁵

2.7 Clearly, a ban on future extraction (i.e. only on water which was not being taken for use outside the Basin prior to 3 July 2008) will not restore the Murray-Darling Basin to health.

2.8 The committee supports the general consensus that action is required to restore the Murray-Darling to health, and does not dispute that overallocation is a significant cause of scarcity of water in the basin.

2.9 However, whilst there is general agreement on the extent of the problem, this does not mean that imposing restrictions on particular types of extraction (such as that proposed by the bill) is an appropriate response. The South Australian Government noted:

South Australia currently uses River Murray water outside the Basin for metropolitan Adelaide and communities across the state, including country towns as far west as Ceduna. This water is supplied from within the long-term diversion cap for South Australia for water taken from the River Murray. For many of these communities River Murray supply is the only available source of water and for others it is an essential component of maintaining water security... The amendments could effectively prevent not only new or additional use of water outside the Basin, but also changes in timing, manner, volume and location of supply for existing purposes.⁶

4 Alexandrina Council, *Submission 21*.

5 Intergovernmental Agreement on a National Water Initiative, paragraph 23 (iv), 25 June 2004.

6 Hon Karlene Maywald MP, Minister for the River Murray, Government of South Australia, *Submission 32*, p. 1.

2.10 The South Australian Government expressed a desire that, rather than restricting any possible future use of water outside the Basin, use of water outside the Basin should be permitted, provided it is sustainable use consistent with the Basin Plan:

The South Australian Government is concerned about the health of the River Murray and strongly supports the need to address over-allocation and use water within sustainable diversion limits. However, it also supports the need for States to retain flexibility regarding how they use water within sustainable diversion limits.⁷

2.11 The idea that all future extractions for use outside the Basin should be prohibited was a concern to the Northern Irrigators Council, who pointed out:

The Amendment would prevent growth in centres outside the Basin now dependent on Goulburn or Murray River water. Consequently places like Ballarat, Adelaide, Port Pirie or Port Augusta would have no right to additional supply. Whilst NVI is uncomfortable with other non Basin users competing for supply we recognise that the cost of acquiring such water will constrain demand and that the political power of population centres will carry weight.⁸

2.12 The view that sustainable use of water outside the Basin is acceptable under particular circumstances was expressed by the Australian Government. Amendments similar to the current bill were rejected by the House of Representatives during debate on the *Water Amendment Act 2008*. At that time the government stated that it was:

not supportive of mechanisms that pre-determine how water can be used, so long as the extraction of that water is within the sustainable diversion limit established under the Basin Plan.⁹

2.13 The committee agrees.

2.14 A number of submissions questioned whether further extraction of water from the Basin (specifically in the case of the Sugarloaf Pipeline, but also in other cases of water extraction approved by state governments) was consistent with national agreements:

A diversions [sic] of water out of the Murray-Darling catchment is in breach with the Intergovernmental Federal Murray-Darling Basin Reform and should be prohibited and only allowed under a COAG agreement as a

7 Hon Karlene Maywald MP, Minister for the River Murray, Government of South Australia, *Submission 32*, p. 2.

8 Northern Victorian Irrigators Inc, *Submission 26*, p. 4.

9 Reasons of the House of Representatives for disagreeing to the amendments of the Senate, Senate Amendments 6, 7 and 13, Debate on Water Amendment Bill 2008 – Senate's Amendments, House of Representatives *Votes and Proceedings*, No. 66 – 1 December 2008, p. 759.

last resort, if all other forms of urban water supply (including stormwater harvesting, water recycling, etc.) are exhausted.¹⁰

There are other reasons why this Bill should be passed, such as the fact that the Goulburn River water diversion to Melbourne via the Sugarloaf Pipeline is in breach of the Intergovernmental Federal Murray-Darling Basin Reform.¹¹

2.15 The committee believes these claims to be incorrect. The COAG Agreement on Murray-Darling Basin Reform, agreed on 3 July 2008, provides as follows:

State Water Shares and Sustainable Diversion Limits

3.2.8. The parties affirm the following in relation to State water shares and sustainable diversion limits:

(a) State water shares only apply to surface water in the River Murray System and refer to the apportioning of the shared water resource between Victoria and New South Wales and the entitlement to South Australia. State water shares can only be changed by the unanimous decision of the Ministerial Council;

(b) Sustainable diversion limits in the Basin Plan (as defined in Part 2 of the Water Act) will set the quantity of water that can be taken from any part of the Basin water resources ; and

(c) For surface water in the River Murray System, the Basin Plan will determine the quantity of water available to be taken by NSW, Victoria and South Australia from their State water shares, but not alter the State water shares themselves, which can only be changed by the unanimous decision of the Ministerial Council.

Operation of the River Murray

3.2.9. The parties note the considerable body of decisions and practice that determine the operation of the River Murray System, as part of the delivery of water under State water shares. The Authority will continue these arrangements unless otherwise agreed by all parties through the Ministerial Council or the Basin Officials Committee as appropriate.¹²

2.16 The committee notes that the Intergovernmental Agreement does not restrict the purpose to which state water shares are used. Therefore, it is arguable that introducing a restriction in the Act on the use of water outside the basin by states would itself be regarded as a breach of the Intergovernmental Agreement.

2.17 The view of the committee is that, in general, there are circumstances in which Basin water may appropriately be used outside the Basin. This is already happening in a number of instances, including the provision of water supplies to

10 Acheron Valley Watch, *Submission 5*, p. 6.

11 Cr Judi Harris, *Submission 22*, p. 2.

12 IGA, 3 July 2008.

regional centres in several states. It follows that there may well be occasions in the future in which either the amount of water being extracted for use outside the basin, or additional destinations, will be subject to change. It is conceivable that some future use of water (either permanent or temporary diversion) could be of higher priority or necessity than an existing use of water. A blanket ban on any future use of water could be unnecessarily broad, and could have unforeseen consequences.

2.18 The committee is of the view that future extractions of water for use outside the basin should clearly be confined only to situations where the use of such water is sustainable. The committee notes that the effect of the bill would appear to undermine the provisions of the 3 July 2008 Intergovernmental Agreement on Water Reform.

2.19 The bill would also effectively signal to state governments that, even for an initiative that is entirely state government funded (as is the case for NVIRP Stage 1) and complies with intergovernmental agreements and basin caps, the Commonwealth is going to tell them how they should use their water. The committee does not believe this to be appropriate.

Sugarloaf Pipeline

2.20 The bill would impose Basin-wide measures. However, the title of the bill (referring to 'saving the Goulburn and Murray Rivers'), the second reading speech at the time of introduction by Senator Birmingham, and most submissions provided by stakeholders concentrated on the particular example of extraction of water from the Goulburn River via the Sugarloaf (or North-South) pipeline. The committee acknowledges previous work in relation to this pipeline by previous Senate Committee investigations.¹³

The pipeline project in the context of the Victorian Water Strategy

2.21 The Victorian Government set out its water strategy in the 2004 White Paper, *Our Water Our Future*, and further developed in the 2007 policy document, *Our Water Our Future: the Next Stage of the Government's Water Plan*.

2.22 The 2004 White Paper outlined some 110 initiatives seeking to deliver water to sustain growth in the state for the next 50 years. The strategy included water pricing, river restoration works, urban water savings initiatives and water trading systems. A critical aim was to 'manage the water allocation to find the right balance between its economic, environmental and social values'.¹⁴

13 See Senate Standing Committee on Rural and Regional Affairs and Transport Reports, *Water Management in the Coorong and Lower Lakes (including consideration of the Emergency Water (Murray-Darling Basin Rescue) Bill 2008)*, October 2008, pp 47-48; and *Water Amendment Bill 2008 [Provisions]*, November 2008, pp 11-12.

14 Victorian Government, *Our Water Our Future*, <http://www.ourwater.vic.gov.au/programs/owof>, (accessed 13 March 2009).

2.23 *The Next Stage of the Government's Water Plan* (2007) was released in the context of continued water shortages and reduced inflows into water catchments. It announced a five year, \$4.9 billion dollar package of initiatives to:

secure our water supplies by building a desalination plant, saving water through upgrading irrigation channels, expanding the Water Grid to pipe water around the State and extending conservation programs and recycling... to manage the risk that Victoria's worst drought will continue.¹⁵

2.24 A key aspect of the 2007 package was the Northern Victorian Irrigation Renewal Project (NVIRP), also referred to as the Food Bowl Modernisation Project. The NVIRP will administer a \$2 billion program of works to modernise and upgrade aging irrigation infrastructure in northern Victoria.¹⁶

2.25 It is estimated that Stage 1 of the NVIRP will yield 225 gigalitres in water savings per year from 2010/11, at a cost of \$1 billion.¹⁷ Contributions for Stage 1 of the project will be \$600 million from the Victorian Government, \$300 million to be provided by Melbourne Water and \$100 million to be provided by Goulburn Murray Water.¹⁸ Stage 2 of the NVIRP will be funded by the Commonwealth, with water savings to be shared equally between irrigators and the environment.¹⁹

Victorian commitments regarding water for the Sugarloaf Pipeline

2.26 The Victorian Government announced that the water savings of 'up to 225 GL annually, will be shared equally with the irrigators, the environment and Melbourne'.²⁰ The Victorian government has also indicated that 75GL is the maximum amount that would be extracted after 2010. In its *Frequently Asked Questions* leaflet it states:

Will water savings vary year by year?

Losses will be recovered every year where there is an irrigation allocation. There has not been a year to date where the Goulburn or Murray systems have not had an allocation.

15 Victorian Government, *The Next Stage of the Government's Plan*, <http://www.ourwater.vic.gov.au/programs/next-stage> (accessed 13 March 2009).

16 <http://www.ourwater.vic.gov.au/programs/irrigation-renewal/nvirp> (accessed 11 March 2009).

17 NVIRP, 'Frequently asked questions', available: http://www.ourwater.vic.gov.au/_data/assets/pdf_file/0012/13611/NVIRP_FAQ.pdf (accessed 17 April 2009).

18 NVIRP, 'Fact sheet', available: http://www.ourwater.vic.gov.au/_data/assets/pdf_file/0013/13711/5-NVIRP-fact-sheet-Aug-08.pdf (accessed 17 April 2009).

19 NVIRP, 'Fact sheet', available: http://www.ourwater.vic.gov.au/_data/assets/pdf_file/0013/13711/5-NVIRP-fact-sheet-Aug-08.pdf (accessed 17 April 2009).

20 Victorian Government, 'Our Water Our Future: The Next Stage of the Government's Water Plan', available: http://www.ourwater.vic.gov.au/_data/assets/pdf_file/0015/366/The-Next-Stage-of-the-Governments-Water-Plan-2007.pdf (accessed 17 April 2009), p. 4.

The amount of savings will vary from year to year depending on the level of seasonal allocations, but will average 225 billion litres from the Stage 1 works.

How will this impact on the distribution of savings?

The new water shares will be subject to seasonal allocations, like existing water shares, and will vary from year to year. Melbourne's share of the savings will have the same security as the shares for irrigators and the environment.

...

What is Melbourne's share of the water savings?

Melbourne's Bulk Entitlement will be capped at 75 billion litres per year. Its share of the savings will have the same level of security as the savings for irrigators and the environment.

...

What is the environment's share of the savings?

The environment will receive one-third of the savings from Stage 1, or an average of 75 billion litres a year, which will be legally enshrined as an environmental entitlement.²¹

2.27 Although these statements indicate that the pipeline may carry less than 75GL in the event of savings being below 225GL, this may not be the case in 2010. In that year, the Victorian Government has indicated that 75GL of water may be provided to Melbourne via the Sugarloaf Pipeline.²² The government has justified extraction of water from 2010/11 (i.e. prior to NVIRP savings being available) on the grounds that 'if the pattern of record low inflows during the last three years continues, Melbourne may need water in 2010 before the 150-billion litre desalination plant near Wonthaggi is operational in 2011'.²³ It has identified the following sources for the water in the period 2010/11:

Melbourne will be provided with 75 billion litres in water in 2010/11 from savings achieved from existing projects including Central Goulburn 1-4, the

21 NVIRP, 'Frequently Asked Questions', available; http://www.ourwater.vic.gov.au/_data/assets/pdf_file/0012/13611/NVIRP_FAQ.pdf (accessed 17 April 2009).

22 NVIRP, 'Frequently Asked Questions', available; http://www.ourwater.vic.gov.au/_data/assets/pdf_file/0012/13611/NVIRP_FAQ.pdf (accessed 17 April 2009).

23 NVIRP, 'Frequently Asked Questions', available; http://www.ourwater.vic.gov.au/_data/assets/pdf_file/0012/13611/NVIRP_FAQ.pdf (accessed 17 April 2009).

Shepparton Modernisation Project and, if necessary, transferring water from the Goulburn River water quality reserve.²⁴

2.28 Apart from the special circumstances of 2010, however, the Victorian Government has made clear public commitments not only that the maximum annual water extraction for the pipeline will be 75GL, but that extraction will be limited to one third of the savings delivered through the NVIRP Stage 1 project.

Commonwealth commitments regarding water for the Sugarloaf Pipeline

2.29 On 12 September 2008, the Minister for the Environment, Heritage and the Arts, the Hon Peter Garrett MP, approved the construction and operation of the pipeline and associated infrastructure to transfer up to 75 gigalitres of water per year from the Goulburn River under the *Environment Protection and Biodiversity Conservation Act 1999*, with certain conditions. Most of the conditions concern the construction of the pipeline itself, and are out of scope of this inquiry. However, two conditions refer specifically to the extraction of water from the Goulburn River:

11. To protect EPBC listed fish species (Trout Cod (*Maccullochella macquariensis*), Murray Cod (*Maccullochella peelii*), and Macquarie Perch (*Macquaria australasica*) that occur or may occur in the Goulburn River, the Melbourne water extracted to the Sugarloaf Pipeline must be:

a. not more than 75GL in any one year;

...

e. zero if the necessary regulated releases are for the maintenance of environmental flows or materially deplete water stored in Eildon Weir that is designated as being an environmental reserve.

All water savings taken from the Goulburn River must be sourced from projects that comply with the requirements of the *Environment Protection and Biodiversity Conservation Act 1999*.

...

14. The person taking the action must provide by August each year an annual report on the compliance with these conditions, including... independent audited reports of any water savings achieved and the amount of water allocated for extraction.²⁵

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- 24 Victorian Government, Northern Victoria Irrigation Renewal Project: Frequently Asked Questions', http://www.ourwater.vic.gov.au/_data/assets/pdf_file/0012/13611/NVIRP_FAQ.pdf, p. 5.
- 25 DEWHA, 'Approval Decision: Sugarloaf Pipeline Project, Goulburn River to Sugarloaf Reservoir, Victoria (EPBC/3960)', conditions attached to the approval, 12 September 2008, http://www.environment.gov.au/cgi-bin/epbc/epbc_ap.pl?name=referral_detail&proposal_id=3960, viewed 13 March 2009.

2.30 The Department of the Environment, Water, Heritage and the Arts has stated that these conditions will ensure that water will only be taken if offset by water savings:

Construction of the Sugarloaf Pipeline has been approved under the *Environment Protection and Biodiversity Conservation Act 1999*, subject to a number of conditions, including that the water it transports is demonstrably acquired through water savings achieved through the Food Bowl Modernisation Project. An independent audit is required under the conditions of the EPBC Act to demonstrate this. These approval conditions are enforceable under the Act.²⁶

2.31 This condition imposed by the Commonwealth ensures that the water to be extracted will be offset by savings from other points in the Basin.

2.32 In February 2009, the Department was asked during Estimates hearings about the source of the savings:

Senator XENOPHON—...if there are not savings following this process, does that mean that the Sugarloaf pipeline cannot be used to convey water?

Ms Skippington—That is right. The water that needs to go down this pipeline is subject to the provision that it is being saved through improvements in water systems. That means it can be identified that there are savings and that those savings need to be divided one-third to irrigators, one-third to the environment and one third to Melbourne. If there are no savings then there would be no water diverted.²⁷

2.33 The committee followed up this issue during its inquiry:

Senator BIRMINGHAM—Condition 11(a) sets the condition that extraction not be more than 75 gigalitres in any one year. On what basis was that figure come to?

Ms Skippington—That figure is based on the Victorian government's proposal that the water savings that would be used to source the water for this pipeline would come from stage 1 of food bowl, which is now named the Northern Victoria Irrigation Renewal Project. Their position is that, out of the 225 gigalitres that would be saved in stage 1, one-third, one-third and one-third would be allocated to Melbourne Water, to irrigators and to the environment. On that basis, a third would go to Melbourne if they achieved the 225 gigalitres in savings. That is where the 75 gigalitres figure—saying it would be no more than 75—came from.²⁸

26 Dr Horne, DEWHA, *Rural and Regional Affairs and Transport Committee Hansard* (Inquiry into Water Amendment Bill 2008), 13 November 2008, pp 26–27.

27 *Environment, Communications and the Arts Committee Proof Hansard (Estimates)*, 24 February 2009, pp 107–108.

28 *Proof Committee Hansard*, 15 April 2009, p. 4.

2.34 The committee notes that the NVIRP will also be the subject of referral to the Commonwealth and that this referral may result in further conditions being placed upon the development.²⁹

2.35 There is a vigorous debate amongst stakeholders about what savings will actually be delivered by NVIRP.³⁰ The committee heard widely diverging views at its hearing in Shepparton about what the project would deliver and whether it was worthwhile.

2.36 The committee simply makes two points. First, the Victorian and Commonwealth governments have both taken steps to guarantee that any water extracted by the pipeline will come from savings generated by the NVIRP, and that only one third of savings will be allowed to go to Melbourne (up to a maximum of 75GL). Whatever savings are realised and confirmed by external audit, these conditions will apply. The committee understands that, if the savings are less than 225GL in any year, then the amount of water that can be extracted through the Sugarloaf Pipeline will be reduced accordingly.

2.37 Second, the blanket ban on water extractions proposed in the bill is completely unnecessary as a vehicle to address any concerns about either this pipeline or indeed any other project. It stands to undermine inter-governmental agreements and to detrimentally affect all governments, including South Australia which might be expected to have the greatest interest in ensuring water stays in the Murray River system. It is a divisive proposal which does nothing to address the problems faced by all governments and communities both in and out of the Murray Darling Basin.

Recommendation 1

2.38 The committee recommends that the bill not be passed.

Senator Anne McEwen
Chair

29 Ms Catherine Skippington, Assistant Secretary, DEWHA, *Proof Committee Hansard*, 15 April 2009, pp 7–14.

30 *Proof Committee Hansard*, 14 April 2009.

Minority Report by Liberal, National, Greens and Independent Senators

Introduction

1.1 All non-Government Senators participating in this inquiry, representing the Liberal and National Parties, the Australian Greens and Senator Nick Xenophon, share a strong consensus that:

- the *Water Amendment (Saving the Goulburn and Murray Rivers) Bill 2008* (hereafter 'the bill') should pass;
- water from the extremely stressed Murray-Darling Basin should not be taken or used for new purposes outside the Basin;
- uncertainties surrounding the claimed water savings upon which operation of the Sugarloaf Pipeline is based should be the subject of an independent audit; and
- construction of the Sugarloaf Pipeline should be abandoned.

1.2 Non-Government Senators welcome the recognition in the majority report of the "scarcity of water resources in the Murray-Darling Basin"¹ but are perplexed as to how Government Senators have recommended against the passage of the bill given the severity of the crisis facing the Basin and the weight of evidence received by the committee supporting the aims of the bill.

The Bill

1.3 Non-Government Senators believe this bill draws a critical line in the sand on the use of water from the Murray-Darling Basin. That line recognises past practice and usage, but is drawn at 3 July 2008 – the date all Basin States agreed to the Intergovernmental Agreement (IGA) on Murray-Darling Basin Reform – and seeks to stop water being extracted from the Basin for purposes outside the Basin that did not exist prior to the signing of the IGA. The terms of the bill are outlined in the majority report.

1.4 As identified in the majority report and made explicit in the second reading speech, the bill is very clearly prompted by the decision of the Victorian Government to construct a 70 kilometre pipeline, known as the Sugarloaf Pipeline or North-South

¹ Majority Report, paragraph 2.3.

Pipeline, from the Goulburn River (near Yea) to the Sugarloaf Reservoir (near Yarra Glen) to augment the urban water supply for Melbourne.

1.5 Piping water from the rivers of the Basin to other towns or cities for the purposes of urban water supply is not new. Adelaide has been drawing on the River Murray for water since the Mannum-Adelaide pipeline was completed in 1954. However, given the depth of mismanagement and over-allocation of the Basin's finite resources, coupled with the severity of the current drought and concerning future inflow prognoses, non-Government Senators are at one in believing urban centres – including Adelaide – should be reducing their reliance on the resources of the basin, not increasing it, or, as is the case with Melbourne, establishing a totally new reliance on the Basin.

1.6 Non-Government Senators note that this is not the first occasion this issue has been debated or explored by the Senate, with previous inquiries hearing compelling evidence against moving water away from the Basin for new purposes:

You have the Murray-Darling Basin, which is on its knees, and there is a suggestion that they will move 75 gigs of water annually from the Goulburn district to Melbourne when Melbourne pumps about 400 gigs of water out to sea every year as wastewater. It is ridiculous. The Basin is on its knees. Why would anyone propose moving water from a Basin which is on its knees, away from communities and the environment which are stuffed, and send it to Melbourne, which can look after itself?²

1.7 This inquiry heard that there are alternatives, especially for the provision of urban water, that should be pursued first:

The Murray-Darling Basin is already significantly over-allocated. Rather than extract and divert more water from an already stressed system to augment Melbourne's water supply, measures need to be taken to conserve, recycle and explore further water saving practices.³

1.8 Non-Government Senators note arguments posed by the South Australian Government that, at some stage in the future, there may be a requirement to facilitate the use of water outside the Basin for new purposes⁴. However, we have faith in the legislative process to address those needs at that time, assuming the system has been returned to a sustainable footing by then. In the meantime, we firmly believe the focus should be on achieving sustainability, not creating new centres of reliance. We do not see this as an argument warranting defeat of the bill.

² Dr Arlene Buchan, Australian Conservation Foundation, Rural and Regional Affairs and Transport Committee Hansard (Inquiry into Water Amendment Bill 2008), 13 November 2008, p. 12.

³ Professor Diane Bell, *Submission 19*, p. 1.

⁴ Hon Karlene Maywald MP, Minister for the River Murray, Government of South Australia, *Submission 32*, p. 1.

Recommendation 1

1.9 Non-Government Senators recommend that the bill be passed and that water from the Murray-Darling Basin not be taken for application to new purposes outside of the Basin.

Sugarloaf Pipeline

1.10 As noted in the majority report, the vast bulk of submissions to this inquiry and evidence taken in hearings relates specifically to the construction and operation of the Sugarloaf Pipeline. Non-Government Senators note that they have previously highlighted the range of alternatives available to Melbourne and recommended against construction of the Sugarloaf Pipeline⁵, but will again explore some of the issues raised by this specific proposal, in addition to the general concerns about new burdens on the system addressed by the bill.

Strength of opposition

1.11 Although mindful that the loudest voice is not always the right voice, non-Government Senators believe it is important to highlight the overwhelming weight of evidence presented against the construction of this pipeline, primarily from those living in and around the affected communities in Victoria. Their submissions highlight as eloquently as anything else the passionate concerns held about the implications for this pipeline on both the environment and the economic sustainability of their local communities, as well as their desperate pleas for governments to hear their voices:

I urge the committee to recommend that the bill is passed and receive assent as soon as possible ... I further urge that federal agencies bring immediate pressure on the Victorian Government to cease all work on its North-South Pipeline and any similar projects, both to protect the rivers consistent with the intent of this bill and the current Water Act 2007, as well as prevent further harm to the public purse.⁶

What John Brumby's government is doing with the continued implementation of the north south pipeline and other aspects of their water policy is in every sense immoral, anti democratic and does not make basic common sense.⁷

... the North-South Pipeline by diverting water out of the Murray river catchment, is completely inconsistent with and does not comply with the environmental objectives of the Intergovernmental Agreement on the Murray-Darling Basin reform.⁸

⁵ Senate Standing Committee on Rural and Regional Affairs and Transport, *Water Management in the Coorong and Lower Lakes*, October 2008 and *Water Amendment Bill 2008*, November 2008.

⁶ Dr David T. Bath, *submission 2*, p. 3.

⁷ Ms Lyn Barnes, *submission 3*, p. 1.

⁸ Acheron Valley Watch Inc., *submission 5*, pp 5-6.

Piping 75 GL of water each year for a city (that) previously has not relied on it as a source of water is an act of vandalism on the production of food from northern Victoria and the Sunraysia area.⁹

It beggars belief that we cannot seem to make politicians understand that removing 75 GL per year from the Goulburn River is an absolute disaster in the making.¹⁰

The whole deal is unacceptable and as a concerned Australian I implore you to intervene and stop the regional vandalism of the Murray/Goulburn catchment.¹¹

To construct a pipeline to run many hundreds of kilometres so that water may be transported to urban areas is irresponsible and short sighted in the extreme.¹²

The (pipeline) is a flawed project and must be stopped, it is not too late, the future of our rivers can not be piped to Melbourne when there are alternatives.¹³

I cannot understand why in this age that the decision to build this pipeline was made. There are many alternatives of harvesting water with out taking valuable water from a water reserve used for primary production.¹⁴

This is "real" water which is urgently needed in the inland rivers. Melbourne has other options, the inland rivers do not.¹⁵

The Brumby government's proposal to remove 75GL (minimum) via a 1750mm (over 6 foot), 70 kilometer pipeline cutting a 30 meter swathe of devastation through private property and State Forest and wetlands from the worst river (according to the CSIRO report) into another Basin, when the proposal was done without robust long term commitment to recycling and harvesting storm water is shameful and borders on environmental terrorism.¹⁶

There is virtually no community, or independent scientific opinion which favours piping water to Melbourne from the Goulburn River at Yea via the North-South (Sugarloaf) pipeline.¹⁷

With the projected level of savings unachievable and water diverted from the basin clearly a drain on potential environmental flows, the Sugar-Loaf interconnector (North-South Pipeline) should not be built - the loss to the environment and food security is too great.¹⁸

⁹ Ms Mary J. Chandler, *submission 6*, p. 4.

¹⁰ Mrs Jan Beer, *submission 7*, p. 1.

¹¹ Dr Malcolm Calder, *submission 8*, p. 1.

¹² Mr Martin Southwood, *submission 9*, p. 1.

¹³ Mr Tom Reynolds, *submission 10*, p. 1.

¹⁴ Mr Thomas Goode, *submission 11*, p. 1.

¹⁵ Mr John V. Whyte, *submission 12*, p. 1.

¹⁶ Ms Maria I.E. Riedl, *submission 13*, p. 2.

¹⁷ Mr Edwin V C Adamson, *submission 14*, p. 5.

¹⁸ Mr Peter Murray, *submission 15*, p. 5.

We do not agree with building any infrastructure, for whatever reasons that could at some time in the future be used to remove water (from) the Goulburn and Murray Rivers.¹⁹

Clearly there could not be a worse time to be investing in infrastructure with an expected operational lifetime of 100 years that is designed to extract 75 billion litres of water out of this already distressed system every year for human use outside the catchment.²⁰

We believe that taking more water from the Goulburn River could have continued significant impact on the Ecological Character of the declared Coorong, Lake Alexandrina and Lake Albert Wetlands.²¹

Any benefits of water savings measures need to stay within the basin and this needs to be guaranteed for all time.²²

This pipeline must be stopped immediately... the construction of the Sugarloaf interconnector pipeline must be halted before further irreparable damage is done to the environment and before the economic and social values of these river systems and their national values are lost forever.²³

Why would we be comfortable and happy with water being taken away from the environment and taken down to a population of over four million people in Melbourne when Melbourne has other alternatives? They have other alternatives.²⁴

1.12 Their concerns are understandable and further justified by the findings in April 2008 of the Victorian Auditor-General about the Victorian Government's water infrastructure plans, which included criticisms of:

- the basis for water savings estimates;
- the rigour of the cost estimates; and
- the consultation process with local communities²⁵.

1.13 The failure of the Victorian Government to make a submission to this inquiry and their refusal to have any officers appear at hearings of it has done nothing to allay the genuine concerns of the many parties with an interest in the construction of this pipeline nor allowed the committee to adequately assess many of the allegations and criticisms made.

¹⁹ Warby Range Landcare & Rabbit Control Group, *submission 17*, p. 2.

²⁰ Healesville Environment Watch Inc., *submission 20*, p. 3.

²¹ Meningie Narrung Lakes Irrigators Association, *submission 25*, p. 2.

²² Name Withheld, Mildura, *submission 34*, p. 1.

²³ Dr Malcolm Calder, *Proof Committee Hansard*, 14 April 2009, p. 42.

²⁴ Mr Ken Pattison, Plug the Pipe, *Proof Committee Hansard*, 14 April 2009, p. 19.

²⁵ Victorian Auditor-General, *Planning for Water Infrastructure in Victoria*, April 2008

Accuracy of water savings estimates

1.14 Central to the justification for the construction of the Sugarloaf Pipeline, as outlined in the majority report, are the claims of the Victorian Government that 225 gigalitres of water will on average be saved annually as a result of the upgrades to water infrastructure flowing from stage one of the Northern Victorian Irrigation Renewal Project (NVIRP). The Victorian Government claims that Melbourne's entitlement, to be transported via the Sugarloaf Pipeline, will be capped at one third of the savings or 75 gigalitres per annum.

1.15 However, claims have been made that these savings estimates are inflated; that they have been extrapolated from data in previous trials of the total channel control systems (a major part of the planned NVIRP infrastructure upgrade) that was adjusted upwards:

they agreed by consensus that 4,000 megalitres of water should be added to the inflow of this channel ... They inflated the figures and they then had to readjust all the other figures through the system. But that gave them sufficient water to get the balance in that system. That became real. Those reports went in. That then became Shepparton total channel control. Shepparton total channel control says this is merely a bigger version of what is happening in the Goulburn system. They adopted those figures as being real and they accepted that these savings could be made. Then followed the food bowl modernisation.²⁶

1.16 Further questions exist about how much of the claimed savings are composed of water that currently leaks into groundwater or even leaks back into the river system and is thereby already returned to the environment:

... taking into account the groundwater and surface water interconnection is really important ... we had the situation where these two systems were looked at independently. Hence, figures were added up and allocation was then based on an overstated total amount of water.²⁷

1.17 Once again, the failure of the Victorian Government to cooperate with this inquiry has made it impossible to get to the bottom of these issues. However, non-Government Senators believe enough doubt has been created about the veracity of the savings claims made by the Victorian Government to justify a full and independent audit by an expert agency such as the Commonwealth Scientific and Industrial Research Organisation (CSIRO) into the potential water savings generated by both Stage 1 and Stage 2 of NVIRP.

Recommendation 2

1.18 That an independent audit by an expert agency such as the CSIRO be undertaken into the water savings claimed by the Victorian Government to justify the construction and operation of the Sugarloaf Pipeline.

²⁶ Mr Ken Pattison, Plug the Pipe, *Proof Committee Hansard*, 14 April 2009, p. 19.

²⁷ Dr Rita Seethaler, Chairperson, Acheron Valley Watch Inc., *Proof Committee Hansard*, 14 April 2009, p. 39.

Sharing of savings from infrastructure upgrades

1.19 Inefficiencies in irrigation, water storage and water transportation infrastructure throughout the Basin have been identified as the sources of major losses by numerous state and federal governments, as well as relevant authorities and numerous commentators. Released on 25 January 2007, the National Plan for Water Security sought to address these losses through the provision of \$6 billion towards infrastructure upgrades.

1.20 Balancing the need to encourage participation by individual irrigators, along with the desire to both support the survival of local irrigation communities and increase environmental flows, the plan sought:

... the sharing of water savings on a 50:50 basis between irrigators and the Commonwealth Government leading to greater water security and increased environmental flows.²⁸

1.21 Notwithstanding the fact that the first stage of its infrastructure upgrades was entirely state government funded, non-Government Senators believe the Victorian Government was guilty of continuing the culture of misallocating water resources – a culture that has caused so many of the problems in the Basin – when on 17 June 2007, five months after the release of the national plan, it determined that savings will be 'shared equally with irrigators, the environment and Melbourne'.²⁹

1.22 Despite the doubts that hang over the savings estimations of the Victorian Government, non-Government Senators hope for the sake of the Basin that they ultimately prove to be correct or, even better, an underestimation. However, even if they are correct, we believe the 75 gegalitres (or 75 billion litres) annually would be better shared with the environment and local irrigation communities than piped to a distant urban centre.

Effectiveness of EPBC Act approval conditions

1.23 The majority report places much weight on the assurances of the Victorian Government and conditions imposed by the Commonwealth Government through its approval of the construction of the Sugarloaf Pipeline under the *Environment Protection and Biodiversity Conservation Act 1999* (EPBC Act) to guarantee that water sent to Melbourne will come from savings and will be no more than one third of those savings, claiming that:

²⁸ National Plan for Water Security, The Hon John Howard MP, Prime Minister, 25 January 2007.

²⁹ Victorian Government, *Our Water Our Future: The next stage of the government's water plan*, http://www.ourwater.vic.gov.au/_data/assets/pdf_file/0015/366/The-Next-Stage-of-the-Governments-Water-Plan-2007.pdf, p. 4, (accessed 3 March 2009).

The Victorian and Commonwealth governments have both taken steps to guarantee that any water extracted by the pipeline will come from savings generated by the NVIRP, and that only one third of savings will be allowed to go to Melbourne.³⁰

1.24 This statement by the majority is wrong. Evidence provided to the committee by the Department of the Environment, Water Heritage and the Arts (DEWHA) makes it clear that not only is there no requirement in their conditions for no more than one third of savings to be extracted for Melbourne, but that effectively no verification of any of Victoria's claims has been undertaken by the Commonwealth:

That is Victoria's plan to find savings to put down this pipeline, but we have not checked their demonstration, they have not proven it and they have not put anything to us to say that that is 225. There is nothing in here that says it is one-third, as well.³¹

1.25 Non-Government Senators are very concerned that despite claims to the contrary, there is nothing in the Commonwealth conditions attached to this project to prevent 100 per cent of the savings going to Melbourne if no more than 75 gegalitres is ultimately saved in any one year.

1.26 Other conditions imposed on the project under the EPBC Act provide the Commonwealth with extensive powers to investigate the veracity of savings claims made by the Victorian Government. They provide for the first annual report on compliance with the conditions, including that savings be taken from EPBC Act-compliant water savings, to be provided by August this year, which must include independent audits of savings and extractions and may be further audited by DEWHA³².

1.27 Non-Government Senators were concerned to learn that no agreement between Victoria and the Commonwealth has yet been reached on who will undertake the independent audit and that no initial benchmarking of data has been planned or undertaken³³. These revelations strengthen the call in this report for an independent audit of all aspects of this project that utilises the full powers of the Commonwealth under the EPBC Act.

Use of environmental water in 2010/11

1.28 Additional concerns highlighted to the inquiry centred on the extraction of water via the Sugarloaf Pipeline for Melbourne prior to the achievement of any

³⁰ Majority Report, paragraph 1.36.

³¹ Ms Catherine Skippington, Assistant Secretary, DEWHA, *Proof Committee Hansard*, 15 April 2009, p. 7.

³² DEWHA, *Approval Decision: Sugarloaf Pipeline Project, Goulburn River to Sugarloaf Reservoir, Victoria (EPBC/3960)*, conditions attached to the approval, 12 September 2008, <http://www.environment.gov.au/epbc/notices/assessments/2008/3960/decision.pdf>, viewed 7 May 2009.

³³ Ms Catherine Skippington, Assistant Secretary, DEWHA, *Proof Committee Hansard*, 15 April 2009, pp 8-9.

savings under the NVIRP. Various submitters contended that the Victorian Government plans to use water that should be allocated to meet other environmental commitments during 2010/11 to meet its demands for Melbourne:

The implications of this action will be, if the plans go ahead as proposed, in 2010, 75 gegalitres of water will go to Melbourne, regardless of the savings that are actually achieved. In fact the government intends to deliver that 75 gegalitres by borrowing from commitments that have been made to the Living Murray program, from savings resulting from earlier projects under Central Goulburn projects 1, 2, 3 and 4 and, as I understand it, from the Lake Mokoan decommissioning ... The other borrowing the government is doing is from environmental reserves.³⁴

1.29 Non-Government Senators note that the bill would require water secured under environmental programs such as the Living Murray Initiative to be allocated to those programs as soon as it becomes available rather than being 'borrowed' for other purposes by State Governments:

The Water Amendment (Saving the Goulburn and Murray Rivers) Bill 2008 in essence will protect 94.6 GL of environmental water (Living Murray Initiative and Water for Rivers Programs) from non-environmental use. Currently the Victorian Governments intends to use this water as 'start-up' water for the North South Pipeline.³⁵

Conclusion

1.30 Very little evidence was presented to this inquiry to support the construction of the Sugarloaf Pipeline or to establish why this bill should not pass. Non-Government Senators feel the evidence that was presented weighed heavily against the construction of the pipeline and in favour of passage of the bill to stop new extractions for new purposes outside of the already overstretched Murray-Darling Basin.

1.31 Numerous clear alternatives exist to provide water security for Melbourne and these should be pursued by both the Victorian and Commonwealth Governments. The water savings projects proposed under NVIRP should not be abandoned, but clarity as to their savings potential should be sought and any such savings should be shared exclusively between local irrigation communities, to maximise food supply and economic opportunities, and environmental flows, to maximise river health.

³⁴ Dr Bill Sykes MP, *Victorian Parliament Hansard*, 28 October 2008, cited by Mr Peter Murray, *submission 15*, p. 2.

³⁵ Plug the Pipe, *submission 30*, p. 3.

Recommendation 3

1.32 Construction of the Sugarloaf Pipeline should cease forthwith and be abandoned in favour of alternative water security strategies for Melbourne and the return of all water savings under NVIRP to irrigators or the environment.

**Senator Simon Birmingham
Senator for South Australia**

**Senator the Hon Ron Boswell
Senator for Queensland**

**Senator Mary Jo Fisher
Senator for South Australia**

**Senator Scott Ludlam
Senator for Western Australia**

**Senator Fiona Nash
Senator for New South Wales**

**Senator Rachel Siewert
Senator for Western Australia**

**Senator the Hon Judith Troeth
Senator for Victoria**

**Senator Nick Xenophon
Senator for South Australia**

Appendix 1

Submissions and Tabled Documents

Submissions

- 1 Mr Bill Wells
- 2 Mr David T Bath
- 3 Ms Lyn Barnes
- 4 Mr Stephen and Mrs Mary Cannon
- 5 Acheron Valley Watch
- 6 Ms Mary J Chandler
- 7 Mrs Jan Beer
- 8 Dr Malcolm Calder
- 9 Mr Martin Southwood
- 10 Mr Tom Reynolds
- 11 Mr Thomas Goode
- 12 Mr John V Whyte
- 13 Ms Maria Riedl
- 14 Mr Edwin Adamson
- 15 Mr Peter Murray
- 16 Ms Ellen Hogan
- 17 Warby Range Landcare & Rabbit Control Group
- 18 Ms Christiane Jaeger
- 19 Dr Diane Bell
- 20 Healesville Environment Watch Inc
- 21 Alexandrina Council
- 22 Councillor Judi Harris
- 23 Mr Craig Ingram MLA
- 24 Ms Anne Reynolds
- 25 Meningie Narrung Lakes Irrigators
- 26 Northern Victorian Irrigators Inc
- 27 Mr David Tipping
- 28 Mr Tiff Rayner, Mr Fred Neal and Mr Kevin Dineen
- 29 Upper Catchment Water Committee of North East Victoria
- 30 Plug the Pipe
- 31 Mr Tim and Mrs Adele Betts

- 32** The Hon. Karlene Maywald MP, Minister for the River Murray, Minister for Water Security, Government of South Australia
- 33** Mr John E Caldecott
- 34** Name Withheld

Tabled Documents

Total Channel Control System Pilot On CG2 Channel, Tatura – Pilot Management Board Report of Findings – Associated with the Pilot Objectives – December 2004 tabled by Plug the Pipe, Shepparton, 14 April 2009

W84 – Recovering Water for the Environment – 'The Shepparton Irrigation Area' Total Channel Control Project – Pre-feasibility assessment – Final Report prepared for the Murray-Darling Basin Commission – 26 February 2006 tabled by Plug the Pipe, Shepparton, 14 April 2009

Final Report – Total Channel Control System CG2 Pilot Economic Evaluation, prepared for Goulburn-Murray Water, 27 August 2004 tabled by Plug the Pipe, Shepparton, 14 April 2009

Presentation by Dr Malcolm Calder tabled by Dr Malcolm Calder, Shepparton, 14 April 2009

Appendix 2

Public hearings

Tuesday, 14 April 2009 – Shepparton

Northern Victorian Irrigators Inc

Mr Dudley Bryant, President

Mr Barry Croke, Committee Member

Mr Garry Duke, Committee Member

Plug the Pipe

Mr Christopher Harrison, Member

Mr Frank Niglia, Member

Mr Kenneth Pattison, Member

Warby Ranges Landcare and Rabbit Control Group

Mr Ken Gaudion, Life Member

Mr Michael Reid, Member

Dr Malcolm Calder (Private Capacity)

Acheron Valley Watch Inc

Dr Rita Seethaler, Chairperson

Wednesday, 15 April 2009 – Canberra

Department of the Environment, Water, Heritage and the Arts

Ms Catherine Skippington, Assistant Secretary, Environment Assessment Branch, Approvals and Wildlife Division

