

The Secretary

Senate Standing Committee on Rural and Regional Affairs and Transport
Parliament House
Canberra ACT 2600

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29th September 2008

Subject:

27th August 2008 Senate Inquiry into the Urgent Provision of Water to the Coorong and Lower Lakes:

- a. Water management in the Coorong and Lower Lakes for inquiry and report by 30 September 2008.
- b. The implications for the long-term sustainable management of the Murray Darling Basin system for inquiry and report by 4 December 2008.
- c. Emergency Water (Murray-Darling Basin Rescue) Bill 2008 for inquiry and report by 30 September 2008.

Executive Summary

This Senate Inquiry was initiated by newly elected Senator Sarah Hanson Young of the Greens with the support of Senator Nick Xenophon and the Liberal Opposition in the lead up to the Adelaide Hills Mayo by-election held on 6th September 2008 which was narrowly won by Jamie Briggs of the Liberal Party with 53% of the vote. The haste with which this inquiry was called and its duration is not befitting of the Murray Darling river system given its ecological, social and economic significance to not only Australia but the world. The Greens announced on Sunday 28th September 2008 that the Murray Darling Basin Commission told the inquiry on Friday 26th September 2008 that there were 1,500 GL available for sale held in various storages in the Southern Basin.

This is preposterous as why is it just now that a living river system has to buy back the water it needs to survive and how is it that governments are having to just now buy back river water that was originally made available to irrigators as a service, just as water is made available to property owners in towns and cities, it was never sold in the first place and neither should it be as it would be economic madness. As we are witnessing in financial markets around the world, markets have a role in society but they are but one possible solution. Markets need to be used and managed very carefully by Governments otherwise the public ends up paying for the mess as we are currently witnessing overseas and here in Australia. To conduct this market experiment on one of the world's unique river systems given its environmental, social and economic implications defies belief.

Since 1994 the water reform movement has been working to unbundle water from land and convert it into a water share, a water property right that can be traded on markets. There may be a limited role for markets but as we are witnessing with the unfolding disaster of the Lower Lakes and the Coorong, markets only care about economic efficiency or making money for their owners. Markets fail dismally at issues of effectiveness whether it be for public policy matters of the environment, society, economy, community or caring about the whole, in this case the Murray Darling river system.

The Murray Darling deserves a State of Emergency and Royal Commission with the full support of the Commonwealth and the Murray Darling Basin States for it is not only ecosystems that are suffering but irrigators and communities in towns and city that depend on the Murray Darling. The purpose of the State of Emergency is to carry out short term remedial action for the remainder of the drought while the Royal Commission conducts a full and comprehensive public Commission of Inquiry to identify systemic root causes to then determine the required long-term corrective actions for sustainable management without fear or favour of vested interests. Any river water directed for use by the State of Emergency for purposes other than what would have been ordinarily allocated and used by an irrigator needs to be fairly compensated for it does not need to be purchased.

Senate Inquiry into the Lower Lakes & Coorong

The Senate Inquiry into the Lower Lakes & Coorong is a welcomed initiative and, like many, I was unaware initially that the Senate committee will also be reviewing Senator Nick Xenophon's Emergency Water (Murray-Darling Basin Rescue) Bill 2008. Although this Bill reflects the growing realisation that a State of Emergency must be declared, sadly it advocates the continuation of water reform, more correctly termed water privatisation. The national water market established by the Australian Government's Water Act 2007 does not allow for the operation of a set of rational priorities to address the critical human needs of Australians for food and water and to ensure the ecological health of the Murray Darling as exemplified by the state of the Lower Lakes and the Coorong before other users. There is simply not enough water to go around for the Murray Darling to be exploited as a resource for global markets and as an experiment to convert living river water into a commodity for trading on markets as well as meeting its domestic and environmental needs given the significant range of variability of its flows.

National Water Commission chairman Ken Matthews was quoted in *The Australian* 3rd September 2008 as saying "there were no national guidelines for dealing with over-allocation "Under current conditions, many significant water-dependent ecosystems are under threat," he said." This is preposterous; moreover, it is COAG, and not the Senate that should be immediately calling for a State of Emergency as under the Australian Constitution the States control the allocation of water, it is time they got it right and if they are not capable they should resign.

A State of Emergency Board must be formed without delay, consisting of Commissioners who are independent of the existing or planned management arrangements and bestowed with the powers of Royal Commissioners. The operation of the water market must be suspended and water allocated appropriately, based upon a set of rational priorities, placing domestic and environmental needs ahead of those of global markets. It is reprehensible that a national experiment in economic rationalism is being undertaken without obtaining the prior consent of the Australian electorate via referendum, particularly at a time when the Murray-Darling Basin is collapsing as a result of severe drought, compounded by endemic mismanagement, over-allocation and exploitation.

Also welcomed in the Bill is the recognition of the need for an inquiry into taxation schemes detrimental to the management of Basin water resources, however again it does not go far enough. In addition to demanding that COAG calls upon the Prime Minister to declare a State of Emergency, the Australian Government needs to establish the first ever comprehensive public Commission of Inquiry into the Murray-Darling Basin, in order that Commonwealth and State Governments and the water reform movement can be brought to account for their failure to appropriately manage the Murray-Darling Basin, as intended by our founding fathers when drafting section 100 of the Australian Constitution.

The Role of Government

Since 1994 the Council of Australian Governments (COAG) has been planning to privatise the waters of the Murray-Darling. Of course, had the term "privatisation" been used, that would have alarmed the electorate. Instead, the idiom chosen by government, political parties and the media is "water reform". At a COAG meeting held on the 25th June 2004, the Premiers, except for the West Australian Premier Geoff Gallop, signed the National Water Initiative Agreement. *The Weekend Australian* 26-27th June 2004 reported the South Australian Premier as saying 'The rescue of the River Murray started today' and the Deputy Prime Minister John Anderson as saying 'We now have the world's best water management framework'.

Submission by John E. Caldecott

29th September 2008

COAG's water reforms were supposed to save the environment of the Murray Darling: in this they have failed conspicuously; moreover, irrigators, conservation groups and the media have all done their bit to turn the Murray-Darling Basin into a free-trade market where the Murray-Darling no longer owns its own water - and neither does the Australian people, anybody from around the world can now own Australian river water. Conservation groups were bought on board by the promise that the environment would be looked after by the new "water market" and irrigators were enticed by the opportunity to sell their "free" unbundled water on the open market, ignoring the fact that thereafter they would have to pay market prices for water if they wanted it back or to get around water allocations too low to be economically viable.

The people by the way, and I count myself as one of them, continued to be confused by the ever-changing terminology: property rights, water rights, water security, water certainty, etc. Neither COAG nor the media pointed out that what in fact was planned was privatisation of the waters of the Murray Darling river system. Australians have been misled by their governments on a grand scale.

Political Leadership

As far as I am aware, the only political leader that used the "privatisation" word when referring to the Murray-Darling was former Victorian Premier Steve Bracks in 2006 & 2007, when John Howard moved to take national control of rivers and the Murray-Darling Basin. However Steve Bracks and his Water Minister John Thwaites suddenly resigned on 27th July 2007 and the term disappeared from Murray-Darling political discourse. No State Government has sort permission from the electorate via a referendum to appropriate river water to the market for free as I expected when COAG first announced its plans.

Of course there was the ill-fated attempt by the Commonwealth, New South Wales and Victorian Governments to privatise the Snowy Mountain Scheme, including its waters, in 2006, but this was pulled at the 11th hour by the politically-savvy, then-Prime Minister of Australia, John Howard who I believe did not want to jeopardise the Australian Government's Water Act 2007. The Snowy Mountains Authority continues to promote the privatisation agenda, believing the political landscape is right for a renewed push (*The Australian* 2nd August 2008).

National Water Market is New

This water market is very new: The Howard Government Water Act 2007 was passed on 10th October 2007, whilst it controlled both houses of Parliament, to take effect on 3rd March 2008. This Act contains substantial sections dealing with the new water market as does the Murray-Darling Basin Commission Agreement that was updated in 2006. The Murray-Darling Basin states have been unbundling river water from a property holding ever since to create tradeable water rights and this process is in various stages of completion.

The Victorian Government issued an Order to its "Water Act 1989" on 19th June 2007 to convert water rights and take and use licenses in declared water systems as unbundled entitlements to take effect on 1 July 2007. There is no strategic focus to ensure that the needs of the Murray-Darling and domestic users are given priority over those of exporters or to ensure the appropriate use of water, particularly in times of drought.

Those that advocate the removal of caps from irrigation districts need to think carefully for if a 10% cap applied and water was only traded out of an irrigation district, within five years it would only be left with 50% of its original allocation. Those that remain are left with an increasing economic burden to pay for any water infrastructure established to serve that irrigation district.

Murray-Darling Exploitation

Not only has the Murray-Darling been over-allocated and mismanaged but COAG's focus on privatisation, for the benefit of the free market has turned the Murray-Darling into a wild west grab for not land but water, with state governments setting up the new market as fast as they can. This has led to Governments buying-back water for the river, existing irrigators trying to address the impact of non-viable water allocations, the arrival of new market-players and, in the final analysis, leading to a dramatic increase in the price of water during this time of drought. State governments are trying to auction water, farmers are stealing water and there have been massive water diversions, legal and illegal. State governments are appropriating water for free so that irrigators can turn around and sell it to private investors or back to governments.

Australia is in the midst of one of the worst droughts of the last 100 years, yet some states are callously planning to exacerbate the situation and have built or are building new pipe line infrastructure to add to the volumes diverted from the system. At the same time, the South Australian and Victorian Governments have announced large desalination plants to hide their mismanagement of water resources and the privatisation of the Murray Darling. The Australian Government, not to be left out, has offered tax incentives for new irrigation projects to be established by large corporate irrigation companies. As for the Murray-Darling system itself, rivers are no longer rivers, some storages are experiencing significant salt problems and the environment of the Murray-Darling is being sacrificed: as illustrated by the current, pitiful state of the Lower Lakes and the Coorong.

Storm Water – Adelaide Perspective

Western Adelaide Coastal Resident's Association (WACRA) is to be congratulated on an excellent evening that was attended by approximately 70 people on 20th September 2008 to discuss recycling storm water in metropolitan Adelaide. The presenter was Colin Pitman, Director of City Projects for the City of Salisbury here in South Australia. Since 1988 the City of Salisbury has created 53 wetlands using 320 Hectares of land at a cost exceeding \$16 million to establish 9 Aquifer Storage and Recharge (ASR) schemes and 1 Aquifer Storage Transfer and Recharge (ASTR) scheme. Information about these schemes is available from the City of Salisbury website.

These schemes are expected to produce a recycled water yield of more than 20,000 million litres (20 GL) per year by 2010 using captured stormwater. In an average year Adelaide uses approximately 80 GL from the River Murray as part of a total water consumption of approximately 220 GL. Against this Adelaide discharges into the sea approximately 170 GL of stormwater and 70 GL of wastewater per annum.

According to Colin Pitman if 60% of Adelaide's stormwater was recycled, then 102 GL of stormwater would be produced across Adelaide, for approximately \$300 million compared to the South Australian Government proposed 50 GL desalination plant at Port Stanvac in Gulf of St. Vincent that is expected to cost \$1,100 million (\$1.1 Billion) for the private sector to design and build, not including the cost of the private sector to operate and maintain. All that the South Australian Government is providing is public finance - make no mistake this is a virtual privatisation.

In addition the South Australian Government supported by the Commonwealth is determined to create not only an environmental disaster in the Lower Lakes and Coorong but spread it around to include the Gulf of St Vincent and Spencers Gulf where BHP Billiton is planning to build a 46 GL desalination plant at Pt Lowly, site of the unique Giant Cuttlefish habitat, to service the expansion of the Olympic Dam Uranium Mine at Roxby Downs. It needs to be remembered the both desalination plants will be capable of being expanded. South Australia's Gulfs are themselves unique bioregions formed by inverse estuaries and are not open ocean bioregions. As a consequence there are unique marine life that only exists in these gulfs having evolved over thousands of years to survive in the unique conditions of salinity and temperature that exists in these Gulfs. To conduct an experiment to as to what will be the impact of the large scale discharge of concentrated brine into these Gulfs is fool hardy to the extreme.

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One of the significant areas in Adelaide's western suburbs that could be used as wetlands to recycle stormwater is the former Cheltenham racecourse which was sold for around \$85 million by the South Australian Jockey Club to developers with the consent of the South Australian Government in November of 2007. When responding to a question about the potential water production capacity if the whole of Cheltenham Park was used as a wetland area Colin Pitman said "if we could get water there, of the order of 20 to 30 GL or over 30% of Adelaide's consumption". He further stated this isn't going to happen as a wetland of only 5 to 6 hectares is planned for Cheltenham Park.

By way of comparison; Adelaide's Kangaroo Creek Reservoir has a storage capacity of 19.2 GL and a water surface area of 103 Hectares. Who in their right mind would drain Kangaroo Creek Reservoir to build houses and yet this is exactly what is being planned for Cheltenham Park right in the heart of the western suburbs of Adelaide. The South Australian Government supported by the opposition and Commonwealth Government would rather build a 50 GL desalination plant (which may be doubled in size) which is going to add a further 50 GL to the 220 GL of storm and waste water going into the Gulf of St Vincent each year.

Compare this with the scenario of building an underground "Kangaroo Creek Reservoir" at Cheltenham Park that will significantly reduce the amount of stormwater going into the Gulf of St Vincent and considerably expand the water resource options for Adelaide. What we are witnessing is political intransigence that led to the State Bank debacle that indebted South Australians for decades except this time we are not only talking about economic but water and environmental resources. I do not believe that former Premiers of South Australia Sir Thomas Playford and Don Dunstan would be making the same mistakes as the public of South Australia are currently witnessing.

The Wentworth Group of Concerned Scientists in their recent Submission "Senate Inquiry into the Urgent Provision of Water to the Coorong and Lower Lakes" have called for the Commonwealth to establish a "Commission of Inquiry to assess the scientific and engineering options for securing the long-term health of the Coorong and the Lower Lakes". They further state "The health of the Murray estuary has been the constitutional responsibility of the South Australian government, and it should have commissioned such an assessment some time ago when it became evident that the Coorong and Lower Lakes were in trouble."

The South Australian Government has failed to call a State of Emergency into the Murray and failed to secure the future of the Lower Lakes how can South Australians trust this government to make the right decisions on water or anything else for that matter? There needs to be a Royal Commission into water resourcing not only for Adelaide but South Australia that includes the impact of the national water (privatisation) market and the plans by the South Australian Government to cede constitutional powers to the Commonwealth for the Murray. Any diminishment of responsibility by the South Australian Government needs to result in a commensurate reduction in salaries paid to the executive level of government and to all members of parliament.

Time for Real Action – State of Emergency

The grounds for declaring a State of Emergency in the Murray-Darling Basin continue to build day by day; it should have already been called. The Murray-Darling is being privatised right before our eyes. As governments continue to be preoccupied with the creation of a water market that will only drive up prices and inflation to the benefit of a few, the ecology of the rivers is being hung out to dry. The mismanagement and over-allocation is astounding, whilst the inaction of governments is nothing short of scandalous.

The operation of the water market must be suspended and water managed for the remainder of the drought in the manner our founding fathers intended when drafting Section 100 of the Australian Constitution. The Australian government must support the State of Emergency with all available resources.

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Professor Wayne Meyer (Professor of Natural Resources Science, The University of Adelaide) proposed an excellent starting point to define the scope for such a State of Emergency for the Adelaide *Advertiser* "Save The Murray" feature on 31st July 2008. COAG needs to redeem itself and the Murray-Darling Basin States, supported by the Australian Government needs to immediately establish a State of Emergency.

Time for Government Accountability – Royal Commission

Fair Water Use (Australia) and others have argued that the Murray-Darling is not being used “reasonably”, as defined in Section 100 of the Australian Constitution. It is time for the first ever public Commission of Inquiry to be held into the Murray-Darling Basin, to bring the responsible governments and the water reform movement to public account.

There is a need to ascertain the truth and to determine the systemic causes and consequences of the neglect, mismanagement, over-allocation and this unsanctioned drive for market-based water reform, before making long term changes to the governance of the Murray-Darling Basin. To that end, the Federal Government needs to show leadership and call a public Commission of Inquiry, a Royal Commission.

Role for Australians – Time for Action

Australians concerned about this state of affairs irrespective of their political alignment will have to rally together and do all we can to force governments, who are in a state of denial about privatisation of the Murray Darling, and declare a State of Emergency and empanel a Royal Commission. The privatisation of the Murray Darling must be stopped if the Murray Darling is to be saved, inappropriate desalination plants or pipeline projects are built and it is time to do it right. Political parties are well advised to sever their connections with free trade market fundamentalists and enunciate water policies in keeping with the needs and values of Australians - before we are dispossessed of our country, its finite resources and unique environment.

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PDF Attachments:

State of Emergency Draft Scope	Fair Water Use_SOE-Scope-1_Draft4Sept08.PDF
Royal Commission Draft Terms of Reference	Fair Water Use_RC TOR-1_Draft4Sept08.PDF
"National Water Market – Privatisation of the Murray Darling" dated 7 th September 2008 (To be published in Spring Edition of Australian Options Magazine 2008.)	AO_National Water Market - Privatisation of Murray Darling_7Sept08.PDF

References & Further Information

1 September 2008 Allocations Remain at 0% Across Northern Victoria

Goulburn-Murray Water 1 September 2008

"All of the regulated water systems in northern Victoria remained at 0% allocation today as Goulburn-Murray Water (G-MW) released its latest allocation announcement.

<http://www.g-mwater.com.au/news/media-releases/media-releases-2008/allocations20080901.html>

Australian Dam Levels Monitor

Australian Water Resources Observation Network

<http://wron.net.au/teasers.html>

Bourke Mayor fears water buybacks could be economically disastrous

Meg Strang *ABC Rural* 18th August 2008

"The mayor of the Bourke Shire Council, Wayne O'Malley, fears the push to save the Lower Lakes in South Australia could destroy the economic prosperity of many communities that live along the Murray Darling system, including the town of Bourke, which has relied for decades on irrigation to generate economic activity. The Fair Water Use group says the Government should force irrigators along the upper Darling to sell the water they have in storage to save the Coorong and the Lower Lakes in South Australia."

<http://www.abc.net.au/rural/content/2008/s2339179.htm?site=local>

Bracks attacks Commonwealth river plan

The Daily Telegraph 29th December 2006

"Victorian Premier Steve Bracks has dismissed calls for the Federal Government to take control of the nation's rivers, saying it is a backdoor bid to privatise Australia's water. "If some ministers, not all ministers, want to take over, I know what their motivation is," he said. "Their motivation has been revealed in the past – it's to privatise water. "They tried before we came into Government. We stopped it. I know they will try again." Agriculture Minister Peter McGauran today said control of Australia's major rivers should be handed to the Commonwealth."

<http://www.news.com.au/dailytelegraph/story/0,22049,20986434-5001028,00.html>

Brumby in stoush with states over water

Jewel Topsfield *The Age* 27th September 2008

"The states are at war again over water, with Premier John Brumby lashing out at South Australia and NSW for pushing up water prices for farmers and failing to do enough to save the Murray River. The public stoush erupted after Mr Brumby attacked a plan announced by the South Australian Government this week to buy up to \$67 million of water on the open market to keep citrus and vines alive in the Riverland."

<http://www.theage.com.au/national/brumby-in-stoush-with-states-over-water-20080926-4ovo.html>

Cabinet leak reveals win for farmers

Royce Millar and Jo Chandler *The Age* 23 August 2008

"Water, water everywhere, but not a drop for the river Photo: Angela Wylie. A leaked template for the management of Victoria's stressed northern rivers promises no substantial increase in environmental flows despite warnings of the possible devastation of river red gum forests, bird breeding cycles and wetlands. The "Cabinet in Confidence" draft obtained by *The Age* suggests the State Government is set to ignore pleas from water experts and environmental groups for it to guarantee an amount of water to fix the river flows as a first priority. After contemplating worst-case scenarios, including the loss of 70% of inflows into the Loddon and Campaspe Rivers by mid-century, the working draft for The Northern Region Sustainable Water Strategy essentially attempts to wring more water out of the existing troubled regime."

<http://www.theage.com.au/national/cabinet-leak-reveals-win-for-farmers-20080822-40dy.html>

Call for water reform by Penny Wong

Ben Packham *Herald Sun* 22 August 2008

"Water Minister Penny Wong has sympathised with Victorian farmers, as Queenslanders draw record levels of water from the Murray-Darling Basin. Figures show Queensland irrigators diverted more than 1000 gigalitres from the Murray-Darling last year, while many Victorian farmers received only 36 per cent of their allocation. "No doubt this is upsetting for those of us who live downstream, for farmers and communities who are struggling with low water allocations," Senator Wong said. She called for water reforms regarding the basin, including the purchase of unwanted water allocations. Queensland farmers can take and store as much water as they want from the basin."

<http://www.news.com.au/heraldsun/story/0,21985,24220756-5010020,00.html>

Calls for Murray-Darling reform support

The Age 25th September 2008

"Labor has called for coalition support for laws that will herald in an new era of cooperation between governments aimed at saving the Murray-Darling Basin. Federal Environment Minister Peter Garrett on Thursday introduced a bill that seeks to implement an agreement reached between the commonwealth and state and territory governments aimed at rescuing Australia's greatest river system. The legislation would give effect to an agreement signed by Prime Minister Kevin Rudd and the premiers of NSW, Victoria, Queensland and South Australia, and the ACT chief minister, at the Council of Australian Governments (COAG) meeting in July this year."

<http://news.theage.com.au/national/calls-for-murraydarling-reform-support-20080925-4o1c.html>

Characterisation of water resources

"A key part of Australian Water Resources Assessment 2000 was the collation of data on the characteristics of Australia's surface and groundwater resources. Australia has excellent information on its surface water availability as a result of a long period of strategic investment, fostered and encouraged through previous Commonwealth initiatives such as the Australian Water Resources Council. These data were collated to make them accessible as input to analysis of natural resource management issues such as river, wetland or estuary management, catchment hydrology or the catchment scale assessment of land use change options. These land use change options and an assessment of their impacts on our natural resources in total will be needed for salinity management as Australia moves towards implementing targets under the National Action Plan."

http://www.anra.gov.au/topics/water/pubs/national/water_availability.html

Columbia Accident Investigation Board Releases Final Report

26th August 2003

The report into the Columbia Space Shuttle Disaster (February 1, 2003) consists of 11 chapters grouped into three main sections, was the result of a seven-month-long investigation by the Columbia Accident Investigation Board (CAIB) 13 board members, more than 120 investigators, 400 NASA and contractor employees, and more than 25,000 searchers who recovered Columbia's debris.

http://caib.nasa.gov/news/press_releases/pr030826.html

Coorong was estuarine, says paleo-ecologist

Jarrold Watt ABC Rural 21st August 2008

"Professor Peter Gell is a paleo-ecologist who has spent years studying the the ancient history of the Coorong, and concludes that to save this unique ecosystem, the ocean must be let back in. The barrages must be opened. "We discovered surprisingly that in fact the fresh water getting into the system wasn't that coming from the River Murray, because the typical River Murray phytoplankton just wasn't evident in the record. So it must have been the upper south east which must have been the major freshwater input to keep it below sealevel."

<http://www.abc.net.au/rural/content/2008/s2342450.htm>

Corporations could control state's water capital

Peter Ker *The Age* 5 September 2008

"Private companies may win control of Victoria's existing public water assets as part of the deal to build the new desalination plant at Wonthaggi. Water Minister Tim Holding yesterday refused to rule out speculation that existing assets - beyond the desalination plant - could shift into private hands as part of the complex deal. Reports this week speculated that such assets could be offered as sweeteners instead of a contract that ties the Government to buying water in years of good rainfall."

<http://www.theage.com.au/environment/corporations-could-control-states-water-capital-20080904-49xx.html>

'Disgraceful' water licence may earn \$100m

Greg Roberts *The Australian* 22nd August 2008

"A State plan to issue a water licence to the Cubbie Group that could be worth as much as \$100million to the giant cotton station has been embraced by the Rudd Government. The federal Opposition said the move was disgraceful. Queensland Water Minister Craig Wallace said plans were proceeding to convert Cubbie's water allocations -- which allow the property to store more than the capacity of Sydney Harbour -- to a tradeable licence. About 25 per cent of the record 1.014 million megalitres diverted from the Murray-Darling system to Queensland irrigators in 2007-08 went to Cubbie storages. Mr Wallace said the Resource Operation Plan for the Condamine-Balonne catchment was being finalised in partnership with Cubbie and other stakeholders. The plan included issuing tradeable water licences to irrigators. Cubbie, which has been trying to raise \$200 million from overseas investors after a succession of losses in recent years, would get a licence for 94,655 megalitres, which could be sold for as much as \$1000 a megalitre."

"Mr Wallace said the Bligh Government had not advised Senator Wong about whether the Cubbie Group, which is headed by former state Labor treasurer Keith de Lacy, should be included in allocation buybacks. NSW Liberal senator Bill Heffernan said it was disgraceful that Queensland was proceeding with the licences plan. "Australian taxpayers ought to be alert to the fact that licences are about to be issued, which will then have to be bought back at their expense," Senator Heffernan said."

<http://www.theaustralian.news.com.au/story/0,25197,24221540-5013169,00.html>

Don Dunstan

Wikipedia

http://en.wikipedia.org/wiki/Don_Dunstan

Emergency Water (Murray-Darling Basin Rescue) Bill 2008

Bill - C2008B00197

Brief Description: A Bill for an Act to provide for emergency measures to ensure the environmental and economic sustainability of the Murray-Darling Basin, and for related purposes

<http://fedlaw.gov.au/ComLaw/Legislation/Bills1.nsf/0/2706C5A4AE38BDF3CA2574B300174DB0?OpenDocument>

Ending Australia's water torture

Ian H Douglas *ABC Online* 16th September 2008

"In the midst of the cacophony of political lambasting, parochial foot-stamping and media static engendered by the crisis currently affecting the Murray-Darling Basin, there has been scant voicing of what many view as the underlying anthropogenic cause of its plight: the 1994 decision of the Council of Australian Governments "to implement a strategic framework to achieve an efficient and sustainable water industry", emphasising "the adoption of pricing regimes based on the principles of consumption-based pricing"; in effect, the establishment of an open water market."

<http://www.abc.net.au/news/stories/2008/09/16/2365509.htm>

Farmers defend their right to Murray water

Padraic Murphy *The Australian* 26 August 2008

"After five long years of drought, in which the expensive water rights he'd paid for were virtually useless, St George grain farmer Scott Armstrong is unapologetic about taking water from the Balonne River in western Queensland. Mr Armstrong pays \$130,000 a year for water on his grain and cotton farm, a business that this year has produced a crop for the first time in five years. "At the end of the day, if there's water there that I've paid for, then I'll take it," Mr Armstrong said. "We have to keep the business going. In bad years, we pay for water that we don't take, so why not take what we've paid for when we can?" Queensland farmers are quick to stress that while they took water out of the upper catchments of the Murray-Darling system last year, this followed several years of drought when they couldn't take anything."

<http://www.theaustralian.news.com.au/story/0,25197,24240758-5013169,00.html>

Fresh move to privatise Snowy Mountains Hydro scheme

Ean Higgins, Imre Salusinszky *The Weekend Australian* 2 August 2008

"The head of the Snowy Mountains Hydro-Electric Scheme has launched a new campaign to privatise the authority in a move that could reignite a fierce battle between the Hydro and farmers, environmentalists and unions. Snowy Hydro chief executive Terry Charlton has warned of the "undeniable truth" that there is no other option than private sector investment for the electricity producer if it wants to raise about \$800 million to upgrade and expand. In a company newsletter, Mr Charlton has floated a new plan to get around opposition to outright sale of the Snowy project: keeping "iconic" assets such as turbines and tunnels in public hands, but leasing them to the private sector to operate. It is understood Mr Charlton has decided that a confluence of developments means the political landscape now favours another bid for privatisation. In particular, he was encouraged when the draft report released in June by the Rudd Government's climate change guru, Ross Garnaut, found that continuing public ownership of the Hydro could restrict the development of the national electricity market."

<http://www.theaustralian.news.com.au/story/0,25197,24115382-2702,00.html>

Funding model for desalination plant announced

Mike Rann *Premier of South Australia* 3 April 2008

<http://www.ministers.sa.gov.au/news.php?id=2958&print=1>

Garrett's options fast drying up

Bill Phillips *The Canberra Times* 8th September 2008

"The impending crisis at the mouth of the Murray River in South Australia will no doubt be keeping the Attorney-General's Department in Canberra busy providing advice to Water and Environment Ministers Penny Wong and Peter Garrett on their respective legal responsibilities. Expert opinion is that unless this declared Wetland of International Importance receives serious water by this coming summer there is a strong possibility it will go into ecological free fall and be irreversibly damaged. Efforts to find, acquire and deliver the water needed in time seem doomed to fail, so the fate of this critical site rests in the hands of the weather patterns. We are told consideration is being given to flooding the freshwater lakes part of the Coorong system with sea water to prevent them drying to such a level they become an acid bath. This proposed drastic action is a sad consequence of the "head in the sand" attitude by successive federal governments and the Murray-Darling Basin Ministerial Council to this long-forecast problem."

<http://www.canberratimes.com.au/news/opinion/editorial/general/garretts-options-fast-drying-up/1265800.aspx>

Govt invests \$4b into mortgage market

The Age 26th September 2008

"The federal government will invest an initial \$4 billion to boost competition in the mortgage market, which has been stifled by the global credit crunch. Through the government's asset manager - the Australian Office of Financial Management (AOFM) - banks and non-bank lenders will be able to tender their mortgage-backed securities, rather than waiting for financial markets return to normal. "We need to have a competitive mortgage market so that people out there who are under financial pressure can get a fair go," Treasurer Wayne Swan said in announcing the move."

<http://news.theage.com.au/national/govt-invests-4b-into-mortgage-market-20080926-4opu.html>

How do governments manage Australia's water resources? (selected quotes)

"Water resource management is a State and Territory responsibility. In 1994, in recognition of the national significance of sustainable water resource management, the Council of Australian Governments initiated the National Water Reform Framework. Based a set of key principles the reform specifically aims to make provision of water for the environment. Establishing environmental water provisions is an area of developing science that requires a multi-disciplinary approach and is at various stages of implementation and sophistication across Australia."

"The National Water Reform process is linked to a series of tranche payments. All States and Territories must demonstrate progress against the objectives and key result areas of the Reform Framework. All State and Territory water management agencies are working towards meeting these requirements through legislation, planning and assessment processes (e.g. stream-flow management plans, stressed rivers programs, riparian vegetation management and nutrient management strategies). In June 1999 the National Competition Council completed the second tranche assessment of governments' progress with implementing National Competition Policy and related reforms. NCC publications including the first and second tranche assessment material, as well as the NCP agreements, are available from the National Competition Council."

<http://www.anra.gov.au/topics/water/management/index.html>

Introduction to water use and allocation

"Australia's population of 18.3 million people uses about 24,000 GL (ˆ000 ML) of water each year for agricultural, pastoral, industrial, commercial and urban purposes. Of the 24,000 GL of water used, about 19,100 GL or 80% is sourced from surface water and 5,000 GL or 20% from groundwater sources. The gross value of irrigated agriculture is estimated at \$7254 million (Australian Bureau of Statistics 2000). Australia has one of the highest per capita consumption of water in the world at 1.31 ML/person/year, most of it used in agriculture (18,000 GL - 75%). In a typical Australian household each person used around 350 L/day in 1996/97, with gardening responsible for up to half, while flushing toilets used about a quarter of this amount. People from Asia, Africa and Latin America use 50-100 L/day; people from the USA use 400-500L/day. Urban water use in several of the State capitals (while variable) declined over the 1990s. Industrial use is not large and is falling as industries become more water efficient-in some cases achieved indirectly because of energy efficiency gains (AATSE/IAE 1999)."

<http://www.anra.gov.au/topics/water/allocation/index.html>

Market Privatisation of the Murray-Darling

John E. Caldecott 15th August 2008

As the people rallying in large numbers over recent weeks in South Australia are being correctly informed, the root-cause of the problem with the Murray Darling Basin (MDB) is neither drought nor climate change: it is man-made. The MDB is being mismanaged and water has been over-allocated by governments. The member governments of the Council of Australian Governments (COAG) are behaving as if there is no crisis, no drought, no disaster evolving in the Lower Lakes and the Coorong and it is business as usual.

<http://www.fairwateruse.com.au/content/blogcategory/903/55/>

Market Privatisation of the Murray-Darling:

State of Emergency Scope & Terms of Reference for Royal Commission

Since paper "Market Privatisation of the Murray-Darling" was published on *Fair Water Use (Australia)* web site, a proposed scope for a State of Emergency has been developed including a proposed Terms of Reference for a Royal Commission and these have been posted on Fair Water Use (Australia) web site:

http://www.fairwateruse.com.au/component/option,com_frontpage/Itemid,1/

Submission by John E. Caldecott

29th September 2008

Murray has enough water for lower lakes: Greens

ABC On-line 28th September 2008 (selected quotes)

"The Greens say new information received from the Murray-Darling Basin Commission shows there is enough water in the system to immediately give South Australia's lower lakes and the Coorong about 60 gigalitres of water. The party says the commission told a Senate Inquiry into the River Murray on Friday that water available for sale is being held in a variety of locations in the southern basin. Greens Senator Sarah Hanson-Young says the Federal Government should foot the bill to avert ecological disaster. "The Government has done a water audit," she said. "We're waiting for the results of that water audit." The information the commission gave us on Friday is that there's approximately 1,500 gigalitres out there in the southern part of the basin, which if we were to go and purchase it or acquire it we could. "Sixty gigalitres is all we need out of that." Independent Senator Nick Xenophon says he believes there is enough water available that could be returned to the system. "We had the Government telling us it was all too late, in effect, whereas this inquiry has really been very valuable in getting to the truth in finding out where the water is," he said.

<http://www.abc.net.au/news/stories/2008/09/28/2376278.htm>

Natural History of Gulf St Vincent

Editors: S. Bryars, S.A. Shepherd, I.R. Kirkegaard and P. Harbison.

Published Royal Society of South Australia Inc 2008

<http://www.adelaide.edu.au/rssa/pub/>

Olympic Dam EIS Project (Selected quotes 28/9/08)

Water Supply

The Olympic Dam mining and processing operations currently use on average 35 megalitres per day of water. This water is piped from two wellfields in the Great Artesian Basin. The proposed expansion may require up to an additional 125 megalitres per day. To meet that potential demand BHP Billiton examined a range of water supply options including:

- additional water from the Great Artesian Basin
- water from local saline aquifers
- the purchase of River Murray water licenses
- partially treated effluent from Adelaide.

Desalination and seawater quality

The proposed desalination plant would draw around 290 megalitres of seawater per day from the Upper Spencer Gulf via an intake pipeline. After desalinating the water, around 165 megalitres of seawater would be returned to the Gulf in a more concentrated form. The salinity of the seawater concentrate would be about 70-80 parts per thousand, compared with 38-42 parts per thousand for normal seawater.

<http://www.olympicdameis.com/project/water.htm>

Ongoing fight for the Snowy River

Craig Ingram Independent Member (Victorian Parliament) Gippsland East 16th January 2008

"The NSW Government, along with the Victorian and Federal governments, seem to be teetering on the edge of seizing defeat from the jaws of victory with regards to the flows for the Snowy River. The three governments still have until 2012 to deliver the majority of their commitments on Snowy environmental flows, but the process has been made considerably harder and more complicated by the litany of failings of the NSW and other shareholding governments. There is no doubt that the NSW Government is still smarting from the failure of their attempt to privatise Snowy Hydro Limited."

"The Snowy water savings targets have been compromised by the competing Commonwealth and State programs for the Murray River, including the National Water Initiative, the Living Murray, the Riverbank Program, the North South Pipeline and more recently, the National Water Plan. If governments expect to provide effective leadership in meeting our water management challenges, then they need to immediately get all of these programs working together."

http://www.craigingram.com/comments/ongoing_fight_for_snowy_river.htm

Parafield Stormwater Harvesting Facility

City of Salisbury

<http://cweb.salisbury.sa.gov.au/manifest/servlet/page?pg=16065&stypen=html>

Popular anger puts fat cat CEOs on run

The Age 26th September 2008

"An angry US public and Congress pushed today to snip the rip cord on golden parachutes used by fat cat CEOs to escape Wall Street's mayhem. Democrats in Congress - set to resume emergency talks today with their Republican counterparts on a \$US700 billion (\$840 billion) bailout for the financial industry - insisted that an emergency multi-billion dollar government bailout for the financial industry include restrictions on executive pay. They caught the mood of a nation sickened at watching the titans of finance walk away from Wall Street disasters not only unscathed, but enriched. "The wealthiest people, those... in the best position to pay, are being asked for no sacrifice at all," read a petition to Treasury Secretary Henry Paulson, after three days, had 32,600 signatures."

<http://business.theage.com.au/business/popular-anger-puts-fat-cat-ceos-on-run-20080926-4ofr.html>

Privatisation charge stupid and wrong: PM

Stephanie Peatling Sydney Morning Herald 26th July 2007

"The Prime Minister, John Howard, has denied his plan to take control of the Murray-Darling river system from the states is masking a plan to privatise it.

<http://www.smh.com.au/news/drought/privatisation-charge-stupid-and-wrong-pm/2007/07/25/1185339080576.html>

Privatising Australia's water

Selwyn Johnston On Line Opinion 9th February 2006

"Water is the sleeping element in the privatisation debate. With all the activity previously focused on telecommunications, investors are thinking that any move on water and sewerage is at least ten years away. The reality is different. The potential \$70 billion to be realised through the sale of water assets is becoming too tempting for the state treasurers committed to economic rationalism. Australian Governments are already chipping away at their water systems and at least three have commissioned reports to evaluate the impact of privatisation. Water is one of the most emotive and sensitive issues in the privatisation debate. As a staple of life - far more so than electricity and telephones - any move to privatisation raises concerns that water will become more expensive for low-income households."

<http://www.onlineopinion.com.au/view.asp?article=4136>

Professor Wayne Meyer, Earth and Environmental Sciences

The Advertiser 31st July 2008

"Professor Wayne Meyer, Earth and Environmental Sciences, University of Adelaide believes that governments should declare a state of emergency.

Q: What emergency measures need to be taken in the next year, no matter how severe, to correct the rapid deterioration in the condition of the river?

A: The governments of the Murray Darling Basin need to declare a state of emergency that acknowledges the exceptional drought and water demand that exists in the river system. We need to define and publish the strategic minimum water reserves for drinking water supplies and stock and domestic needs for the next few years. There should be a commitment to provide a minimum flow to maintain a shallow covering of water over the Lower Lakes to minimise the problem of acid mobilisation and increasing salinity. A minimum allocation for irrigation of permanent orchard plantings should be made to assist those orchards and vineyards to survive. At this stage, there should be no allocation for annual crops."

<http://www.news.com.au/adelaidenow/story/0,22606,24107512-5017720,00.html>

Ready to sell after river leaves farm up the creek

Asa Wahlquist, The Australian 16 August 2008

"After 20 years of irrigation farming, the Buster family is selling its Darling River property in northwestern NSW. Dan Buster said yesterday: "The last five years have just been disastrous. We have had three years of no crop, and one year of crop failure. We can't continue." Kevin Rudd this week raised by \$50 million to \$400million the money available to buy back water and properties in the Darling Basin. "We are a willing seller," Mr Buster said. "If the Government is a willing buyer, we are interested, given the right price." Darling Farms has 12,000ha developed for irrigation and is valued at \$70 million. This summer, for the first time in four years, the property was permitted to pump water from the river."

<http://www.theaustralian.news.com.au/story/0,25197,24188487-5013169,00.html>

SA's 'D-grade' water report card

Matt Williams *The Advertiser* 29th September 2008

Greater rebates, incentives and investment in stormwater harvesting are among a raft of changes needed to secure the state's water supplies, experts have warned. Environmentalists, hydrologists and scientists have condemned much of the Rann Government's response to the worsening crisis. They are urging the Government to change its approach on several key areas of water management. In a wide-ranging report card and questionnaire on the Government's performance on water-saving policies, The Advertiser has gathered the views of six prominent water experts on key issues."

<http://www.news.com.au/adelaidenow/story/0,22606,24416992-5006301,00.html>

Submission by John E. Caldecott

29th September 2008

Senate Inquiry into the Urgent Provision of Water to the Coorong and Lower Lakes

Wentworth Group of Concerned Scientists

http://www.wentworthgroup.org/docs/Senate_Submission_Response_to_the_Coorong_Crisis.pdf

Senate Standing Committee on Rural and Regional Affairs and Transport

http://www.aph.gov.au/SEnate/committee/rrat_ctte/index.htm

Inquiry into water management of the Lower Lakes and Coorong

http://www.aph.gov.au/SEnate/committee/rrat_ctte/lowerlakes_coorong/index.htm

Sir Thomas Playford

Wikipedia

http://en.wikipedia.org/wiki/Thomas_Playford_IV

Snowy Hydro should remain in public hands

Craig Ingram Independent Member (Victorian Parliament) Gippsland East 17th December 2007

"The Independent Member for Gippsland East, Craig Ingram, has called on Snowy Hydro Limited (SHL) to stop their constant complaining over their desire to be privatised. "There is nothing worse than a bad sport and Snowy Hydro exhibits all the characteristics of poor sportsmanship," Mr Ingram said. "The people of Australia have rejected SHL's privatisation agenda, the three shareholding governments finally rejected the privatisation, yet Snowy Hydro just doesn't get it. "The Australian public who own the scheme don't want SHL flogged off and no amount of carping, whingeing and whining should convince the shareholders who are the people of Australia that it should be sold. "If Snowy Hydro spent more time worrying about the abysmal way they have treated the Snowy River and other rivers affected by the scheme, and then asked themselves why they have failed to deliver on the government promises and commitments made to the rivers, they may get more sympathy from those living downstream from their dams. "It's time Snowy Hydro executives started acting like the employees of a government business - which they are - and stop pining for that fat cat corporate salaries that a privatised entity may deliver them," Mr Ingram concluded."

http://www.craingram.com/media/snowy_hydro_should_remain_in_public_hands.htm

Snowy privatisation still stirring controversy

Mark Colvin ABC Radio PM 3 May 2006 (selected quotes)

"A month after the Federal Government agreed with the relevant states to sell off the Snowy Hydro scheme, the prospect of privatising one of Australia biggest engineering projects is still stirring political controversy. In New South Wales, the Opposition has joined forces with the Greens and Independents to set up a public inquiry into where the proceeds will go, protection for irrigators and communities who rely on water from the scheme and whether it's in the public interest."

<http://www.abc.net.au/pm/content/2006/s1630067.htm>

The Australian Constitution

Section 100 - Nor abridge right to use water

"The Commonwealth shall not, by any law or regulation of trade or commerce, abridge the right of a State or of the residents therein to the reasonable use of the waters of rivers for conservation or irrigation."

<http://www.comlaw.gov.au/ComLaw/Legislation/ActCompilation1.nsf/frameLodgmentAttachments/DA4C5EE438A954BCCA25728A00001A67>

Thirsty, energy hungry firms listed by EPA

John Ferguson Herald Sun 10 July 2008

"A New hit list exposing the sites of the state's 250 biggest water and energy users has been released today. Melbourne Zoo, Chadstone Shopping Centre, Melbourne University, Crown casino and Foster's are among the biggest power and water consumers. The Brumby Government today published the Mr Bigs of water and energy as part of its campaign to cut consumption across Victoria. The Government's new Environment and Resource Efficiency Plans program will list the 250 companies who, in total, use about 45 per cent of the state's energy and the equivalent water consumption of 1.5 million households."

<http://www.news.com.au/heraldsun/story/0,21985,23996136-5010020,00.html>

Utilities are wasting our precious water

Tony Cutcliffe The Age 14 December 2007

"According to conventional wisdom, Victoria's government-owned or regulated institutions are frantically conserving water for a growing economy in a record drought. The canard concludes that we need a \$3.1 billion desalination plant. In reality, Victorians are saving lots of water but the responsible utilities waste it faster."

<http://www.theage.com.au/news/opinion/utilities-are-wasting-our-precious-water/2007/12/13/1197135654131.html?page=fullpage#contentSwap1>

Water - Assessment 2000: an overview

Australian Natural Resources Atlas

In 1994 the Council of Australian Governments agreed that action was needed to maximise the net value of the use and existence of the water resource and move to increase financial viability of the water industry. In addition it was needed to stop widespread degradation of natural resources and to minimise unsustainable use of water resources. They agreed to a strategic basis for action-the National Water Reform Framework-with the provision of water for the environment a key principle. Establishing environmental water provisions requires a multidisciplinary approach and is being undertaken with varying levels of sophistication across Australia.

http://www.anra.gov.au/topics/water/pubs/national/water_overview.html

Water resources - Allocation and Use – Victoria (1996/97 compared 1983-84)

<http://www.anra.gov.au/topics/water/allocation/vic/index.html>

Water resources - Allocation and Use - New South Wales

<http://www.anra.gov.au/topics/water/allocation/nsw/index.html>

Water resources - Allocation and Use - South Australia

<http://www.anra.gov.au/topics/water/allocation/sa/index.html>

Water Bill 2007

Bill - C2007B00164

Brief Description: A Bill for an Act to make provision for the management of the water resources of the Murray-Darling Basin, and to make provision for other matters of national interest in relation to water and water information, and for related purposes

<http://www.comlaw.gov.au/ComLaw/Legislation/Bills1.nsf/0/C1987C5F26741061CA25733100832C6E?OpenDocument>

Water plant to guzzle energy

Peter Ker The Age 30 August 2008

"Australia could be using 400 per cent more energy to supply its drinking water by 2030 if the policy trend towards seawater desalination were to continue. The warnings in a soon-to-be released report by the Water Services Association of Australia come after seawater desalination was likened to a petrol-guzzling "six cylinder" family car by one of Australia's top water bureaucrats at a major summit in Melbourne. The WSAA energy report is understood to model several national water-supply scenarios for 2030, with a future based around seawater desalination the most energy-intensive. The report will warn that if desalination became the primary source of supplying around 300 litres per person per day, energy use would rise by 400 per cent above today's levels. During the severe water restrictions of 2007, Melburnians consumed a daily average of 277 litres per person.."

"Speaking at a water summit in Melbourne this week Queensland Government scientist Ted Gardner urged water professionals to carefully consider whether desalination was the best solution. "You have to wonder whether we are building another Ford Falcon. The most sophisticated six-cylinder car that Australia has ever made and nobody wants to buy it. The reason is they believe petrol is too expensive," he said. "If we are going to go for the sophisticated technology in a future when energy costs are going to go a lot higher, I would have to question the wisdom of it."

<http://www.theage.com.au/national/water-plant-to-guzzle-energy-20080829-45r3.html?page=-1>

Water Storage Capacities

SA Water

[http://www.sawater.com.au/SAWater/Education/OurWaterSystems/Water+Storage+\(Reservoirs\).htm](http://www.sawater.com.au/SAWater/Education/OurWaterSystems/Water+Storage+(Reservoirs).htm)

National Water Market - Privatisation of the Murray Darling

For too long the problem with the Murray Darling Basin (MDB) has not been drought or climate change but as the people who are beginning to rally in large numbers over recent weeks in South Australian are being correctly told the crisis is man made; the MDB is being mismanaged and water has been over allocated by governments. *The Australian* 3/9/08 "National Water Commission chairman Ken Matthews said this week there were no national guidelines for dealing with over-allocation "Under current conditions, many significant water-dependent ecosystems are under threat," he said."

The member governments of the Council of Australian Governments (COAG) are behaving as if there is no crisis, no drought, no disaster evolving in the Lower Lakes and the Coorong and it is business as usual; the previous Howard Government's Management Investment Schemes has resulted in corporations buying up scarce water to establish new irrigation projects during the peak of the drought, the Queensland Government in 2007 tried to auction water licenses in the Warrego River until it was stopped by the Howard Government, the NSW Government until very recently 3/7/08 has stood idly by while up stream farmers steal and divert water from the Murray Darling, the Darling is bone dry, the Menindee Lakes has been experiencing significant problems with water quality (salinity) that had significance affects on the citizens of Broken Hill and their plumbing systems in 2004 (ABC TV Stateline South Australia 8/8/2008).

The Brumby Government is planning to pipe 75 GL (1 giga litre = 1 billion litres) of water per year from the Goulburn River to Melbourne and is ignoring calls from its own farmers for a moratorium to be placed on permanent water trade out of the district of origin during what has been a long and protracted drought 4/7/08. It is also planning to build 150 GL desalination plant at Wonthaggi in Bass to alleviate Melbourne's water problems. The South Australian Government is planning to build a 50 GL desalination plant, a weir at Wellington and for the first time in their history cut off the Lower Lakes from freshwater.

Not unsurprising significant opposition by the people who live in these regions is beginning to mount to opposing these plans in South Australia and Victoria. Around 10,000 people attended a rally at Goolwa on one of the coldest Sunday mornings of the year on 10th August 2008 and the numbers attending South Australian rallies are being to grow.

State of Emergency Needs to Called

Also correct is the need for a State of Emergency to be declared across the entire MDB to ensure the viability of the entire river system given the neglect by state and federal governments and to address the consequences of a drought that is far from over. Those who rallied on the steps of the South Australian Parliament on 1/8/2008 were told of the need to be prepared to fight for the Murray Darling as was done to save the Franklin River. For too long the MDB has been treated as reservoirs of water and not as a living natural system of water environments that need conservation.

Royal Commission Required

There is however a desperate need for the systemic causes of the neglect, mismanagement, over allocation and market based water reforms to be investigated and determined before making long term changes to the governance of the MDB and for that the new Federal Government needs to show leadership and call a public Commission of Inquiry, a Royal Commission.

Clearly there are choices that need to be made if there is not enough water to go around particularly in times of drought. These are not choices that can be made by markets or politically independent national bodies established to support those markets; they must be made by government using political processes. The choices that need to be made are the river and domestic needs must rank ahead of export needs i.e. all high security water must be reserved for domestic needs. In terms of domestic needs choices need to be made to give priority to households that depend upon river water and irrigators that provide fruit, vegetables and dairy products to the domestic market i.e. those that put food on the table of Australians where use of river water is justified.

The advocates of reform like the Wentworth Group of Concerned Scientists advocate the use of markets to manage water and to rely on a political independent body – both ideas are ill conceived and result from the idea that governments are incapable and markets are the only ones that can be trusted i.e. the tired privatisation agenda is the only viable solution, water must go to the most efficient (economic) user who can afford to pay, irrespective of the consequences, and because we are in a crisis we must act now.

COAG and the Market Privatisation by Stealth

Those who support water reform have been careful not to use the privatisation word and accordingly the public have not been told the truth by the Council of Australian Governments (COAG) that their water reforms are about enhancing the market privatisation of the waters of the MDB. What was once a license granted by state governments to extract a quantity of water by a property owner from the MDB has been unbundled into a marketable property right that can be owned by anybody with the capital to purchase or a bank to hold as a mortgage.

These licenses were never sold by state governments in the first place and the amount of water that a licensee can access as an allocation is controlled by state governments and needs to be charged for as it should be given the considerable public and continuing investment in the infrastructure of the MDB to recover a fair share of costs of the public infrastructure. It remains unclear to me how Australian governments achieved this monumental theft for markets without firstly gaining the direct approval of the Australian people via a referendum supported by changes to the Australian Constitution, this is truly an economic rationalist experiment on a grand scale.

COAG therefore is not a solution to our problems but one of the causes. It was a COAG meeting in 1994 that decided to establish an open market or free trade in river water instead of immediately addressing the over allocation of water and establish policies for its use such as giving priority to maintaining the health of the river system and putting domestic needs ahead of export markets. COAG meetings are not open to the public or recorded in Hansard when they should be.

Snowy Mountains Scheme Privatisation

Let us not forget that the Howard Government supported by the NSW and Victorian state governments tried to privatise the Snowy Mountain Scheme including its waters in 2006 but John Howard backed down in the face of a massive backlash by farmers, environmentalists and unions. *The Australian* website reported 2/08/08 that "The head of the Snowy Mountains Hydro-Electric Scheme has launched a new campaign to privatise the authority in a move that could reignite a fierce battle between the Hydro and farmers, environmentalists and unions." This is cause for considerable concern for Australians.

The Howard Government also introduced farm-based managed investment schemes which have been labelled as a 'disgrace' by South Australia's Water Security Minister (*The Australian* 25/7/08) for distorting agricultural markets. These schemes are purely self-serving for their investors and where MDB water has been purchased by these corporations they are currently free to use the purchased water to produce products for overseas markets. COAG has used the new water market to expand the irrigation industry during one the most significant droughts in our recent history. Something is seriously wrong when those with money can buy whatever water they need whilst the rest of us including the river system have to go without or put in place expensive desalination plants with their considerable environmental baggage. Australians must control the waters of the MDB for the common good and not corporations, private investors or free trade agreements.

The establishment of a national (politically) independent body, advocated by the water reform movement, is no solution as in whose interest is this body going to serve and how is this body going to be accountable to the people of Australia? Handing control to the Federal Government is also not a solution for as we have seen the federal government can't be trusted to make the right decision let alone represent the people of South Australia with its limited representation in the House of Representatives compared to the eastern states.

Former South Australian Premier Don Dunstan would never have allowed the management of the Murray Darling to allow the Lower Lakes and the Coorong to dry up. He must be turning in his grave given COAG's priority to establish water trading as a management solution. *The Australian* Editorial 5/8/2008 pointed out that 5,300 billion litres (5,300 GL) was diverted from the MDB in 2006-7 for farming, town and other uses was the lowest in a quarter of a century due to the severity of the drought. COAG has failed to ensure the Murray Darling gets a fair share of water to conserve the river as intended by our founding fathers in section 100 of the Australian Constitution.

Federal Government's Competition Policy

The market reform agenda was forced on states by the Commonwealth under the guise of Competition Policy in the mid 90's and none of the parties, including the media, involved in supporting water reform have been brave enough to explain to the Australian people that establishing a market in river water is privatisation. It also explains why progress has been so slow and neither the government nor the reform movement have initiated a public inquiry such as a Royal Commission or sought democratic authority to establish a national water market to implement the privatisation of the water of the Murray Darling. It is being done by stealth by the reform movement without publicly surfacing what is precisely wrong with current policies, management arrangements and governing laws.

In these circumstances a Royal Commission must be held to determine what is wrong with the management of the MDB and its governance and to make recommendations to address the problems even if that requires changing the Australian Constitution.

Apart from the NSW Government's \$105 million RiverBank scheme as far as I am aware state governments have not purchased water from the Murray Darling because clause 100 of the Australian Constitution bestows water rights to the states and the state governments license the use of river water and regulate its use. Why purchase what you own, control and whose flow depends upon the vagaries of the climate? The NSW Government's RiverBank scheme purchase of "water access licenses" underscores the point, why is it purchasing a water access license it granted in the first place?

The Rudd government is the first Australian Government in history to purchase river water in 2008 and presumably is using clause 51 (xxxii) of the Australian Constitution to overcome clause 100 now that a water market is operating between states. The Commonwealth is purchasing water licenses from "willing sellers" within a state and not from state governments. The whole idea of purchasing water from "willing sellers" lacks any strategic focus on the part of governments as to what purpose the water was being used, its reliability (security) and whether it is being used to serve domestic or overseas markets. There is a risk the wrong water is being purchased from "willing sellers". Compensation as part of any structural adjustment of water allocation needs to be looked at on a case by case basis and be jointly funded by state and federal governments.

The Queensland government tried to auction water from the Warrego to the market in 2007, despite the drought, but was eventually stopped by the Howard Government. The selling of water licenses by a state government also needs to be stopped as it is another foundation stone in the market privatisation of the waters of the Murray Darling.

Exporting Water

Professor Randy Stringer of the University of Adelaide recently pointed out in a University of Adelaide Water Wednesday lecture on 2/7/08 that Australia exports a net 4,000 GL of water in agriculture products. This data comes from 2001 figures on page 137 of Farmhand's "Talking Water" report 2004. This begs the question just how much of MDB's water is being used for export that has been either extracted or prevented from flowing into the river systems, it is time Australian knew the precise use of MDB water by all users, again this needs to be a matter addressed by a Royal Commission.

As recently as 28/6/08 Cubbie Station in Queensland announced that it plans to expand to grow food crops and wants to capitalise on world food shortages and high prices. Fair Water Use Australia attributes the water storage capacity of the Cubbie Group to be around 537 GL of MDB water. Just 50 GL of water held by the Cubbie Group would save Adelaide the expense of building a desalination plant! This is an unacceptable outcome of current water policy and clearly a market solution is not going to be the answer as markets can only put their self-interest first, not the collective interests of the rivers and the citizens of Australia as a whole. This can only be done and must be done by governments acting for the will of the people.

Alternative Policies and Strategies

At a time when climate change needs to be taken into account, societies and economies need to be redesigned to ensure goods and services are produced and consumed with the least consumption of resources by the supply chain. This means our food needs to be produced as close as possible to the point of consumption and the needs of local markets must rank ahead of interstate and export markets. It goes without saying that looking after the end to end health of the Murray Darling needs to be an absolute priority and the needs of Australian citizens who directly rely upon that source of water supply and for food.

If the Federal Government truly has the interests of the Australian people and MDB at heart they should be announcing a Royal Commission, an open and transparent public Commission of Inquiry into its supply including water with held from the river (public and private), ground water, what the water is used for (type of crop to meet a domestic or export market), the health and environmental condition of dependent ecosystems, its management including ownership, the impact and consequences of water reform, current governance and propose policies, actions that need to be adopted by governments to address Australia's cyclic weather patterns and the consequences of climate change. Terms of reference for a Royal Commission and State of Emergency scope have been developed for Fair Water Use (Australia) and posted on Fair Water Use's web site.

Given the current state of affairs, COAG need to think carefully and begin the redemption process by declaring a State of Emergency in the MDB. A moratorium must be placed on water trading during this period. The reliance on the water market is not a substitute for effective water policy designed to secure the health and competitive position of Australians given climate change.

Effective water policy includes the states taking control of all water including that withheld from the Murray Darling by private interests and ground water for the remaining duration of the drought and until the Federal Government Royal Commission reports. Emergency measures are established by COAG that focuses the Murray Darling Basin Commission and regional water management bodies to achieve the following:

- Critical domestic needs are put first to focus on sustaining the health and conservation of the Murray Darling system.
- Irrigators are able to meet the needs of Australians for food at an affordable price both now and in the future that enhances Australian's competitive position against imports i.e. like all costs the cost of water needs to be kept as low as possible.
- Reallocating water based upon domestic needs first (high-reliability water) and export use second (low-reliability water) taking into account the inherent variability of Australia's climate.
- Agricultural and industry purposes must be appropriate to the availability of water that takes into account not only economic but environmental impact and climate change.
- All other options for sourcing and effectively using water are thoroughly researched and developed to improve the range of available options in times of severe drought and to ensure appropriate use of water at all times.
- A Drought/Disaster Management Master Plan needs to be established for the MDB that addresses the above principles.

State governments of both political persuasions have been part of the reform movement since the mid-nineties and given the current crisis caused by the current drought have jumped to building expensive desalination plants, pipe line projects as a policy solution without addressing the issue of

mismanagement and over allocation of our rivers, setting fair policies for water use and thoroughly investigate alternative options for water resources, their efficient and effective use.

In Victoria the Bass Shire Council passed a motion on the 18th June 2008 "That this Council, informed by its research and investigation, believes the Government's decision to commit to a desalination plant at Williamson's Beach should be reversed. Council calls on the Premier, Hon. John Brumby MP, and the Victorian State Government, to abandon the decision to construct a desalination plant and to instead hold a comprehensive, open and transparent inquiry into options for Victoria's water supply. Council believes that the outcome of such an inquiry should inform future Government decisions." The best form of a comprehensive, open and transparent inquiry is to hold a Royal Commission.

South Australia also needs to hold a Royal Commission to examine the water resources available to it and whether a desalination plant is justified as an economic and environmentally viable solution for Adelaide given the outcome of a Royal Commission into the MDB.

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7th September 2008

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**Murray Darling Basin
State of Emergency - Scope**

ID	Purpose	Suggested Text	Reference / Remarks
1.	Introduction	The Council of Australian Governments shall declare a State of Emergency for the remaining duration of the drought and take urgent remedial actions aimed at restoring the ecological health of the Murray-Darling river system, including the Coorong.	The Murray Darling Basin States and the Australian Government must demonstrate a constructive and collaborative approach to governance and management during the State of Emergency.
2.	Authority	A special act of Parliament shall be gazetted by the Commonwealth with legislative support from the Murray-Darling Basin member States and Territory, for the duration of the State of Emergency, that acknowledges the exceptional drought and excessive and unsustainable water demand that exists in the system. The Commonwealth will, under section 100 of the Australian Constitution, use its vested powers to empanel a State of Emergency Board and address the following issues, utilising the administrative mechanisms currently in place to manage the Murray-Darling Basin:	<p>Section 100 - Nor abridge right to use water</p> <p>The Commonwealth shall not, by any law or regulation of trade or commerce, abridge the right of a State or of the residents therein to the reasonable use of the waters of rivers for conservation or irrigation.</p>
3.	Moratorium	A moratorium will be placed on all water trading whilst the State of Emergency exists, including the provision or granting of any new water allocation licenses by the States.	The State of Emergency will require determination and prioritisation of actions to be taken for the remaining duration of the drought to best protect the interests of Australian residents and the ecology of the Murray-Darling Basin.
4.	Priorities	The State of Emergency Board shall make available surface and ground water within the Murray-Darling Basin, in the following order of priority:	
5.	Domestic needs	i) Provision of water for domestic use by those who depend upon the Murray Darling for their water supply.	
6.	Survivability of the Murray Darling ecosystem	ii) Restoration and maintenance of the ecological health of the Murray-Darling river system and specifically those strategic areas agreed by experts as requiring conservation and those subject to international treaty obligations.	
7.	Commercial: domestic market	iii) Provision of water for irrigators providing fruit, nuts and vegetables for domestic markets. iv) Provision of water for other industry sectors, including the dairy and wine industries supplying domestic markets where no other viable alternatives are available.	
8.	Commercial: permanent plantings (domestic and export markets)	v) Provision of a minimum allocation for irrigation of mature permanent orchard plantings and vineyards that are assessed as being capable of surviving the drought and the impact of projected reductions of inflows into the Murray-Darling as a result of climate change.	
9.	Other commercial: export markets	vi) Allocations for irrigation of annual crops for export and other industries supplying export markets shall only be made once water has been allocated as prioritised in (i) to (v) above and will be determined with reference to the volume of available water remaining.	
10.	Appropriateness of water use	vii) The appropriateness of use of Murray-Darling water for specific commercial purposes will be determined by an assessment process that takes into account principles (i) to (vi) defined above and also efficiency of water use, quantity of water used and the impact on groundwater reserves and the ecology of the Murray-Darling river system.	

**Murray Darling Basin
State of Emergency - Scope**

ID	Purpose	Suggested Text	Reference / Remarks
11.	Report	At the conclusion of the State of Emergency, the State of Emergency Board shall produce a report detailing actions taken, findings, observations and recommendations for the future.	
12.	Regard for Murray Darling Royal Commission	The State of Emergency Board shall have regard for the Murray Darling Royal Commission with which it shall fully cooperate and share any information uncovered during the State of Emergency.	
13.	Special Provisions	<p>The State of Emergency Board shall be made up of seven Commissioners, a Chairman and a Commissioner appointed by each of the following members of COAG:</p> <ul style="list-style-type: none"> - Commonwealth - Queensland - New South Wales - Victoria - South Australia - Australian Capital Territory <p>Any eminent person or expert engaged by the Commissioners shall have placed on the public record a detailed statement of their support and involvement in water reform and of their competency in the area engaged by the Commissioners.</p> <p>The Commonwealth shall be prepared to use the full scope of its resources to assist with the State of Emergency including use of the Defence force as required.</p> <p>The Commonwealth and the States shall share the responsibility for reasonable compensation of water users as a result of the withholding of water that, in the absence of drought, would ordinarily have been made available.</p>	

**Murray Darling Basin
Commission of Inquiry – Terms of Reference**

ID	Purpose	Suggested Text	Reference / Remarks
1.	Introduction	<p>The Murray Darling Commission of Inquiry (Royal Commission) shall be established by the Commonwealth of Australia to conduct a full and open inquiry into the management and governance of the Murray-Darling Basin, to determine compliance with section 100 of the Australian Constitution and the need to apply reasonable measures to restore and protect the ecological health of the Murray-Darling river system at all times, including during drought.</p> <p>The inquiry will determine whether changes should be made by the Commonwealth, the States of Queensland, New South Wales, Victoria and South Australia and The Australian Capital Territory with respect to the governance (constitutions, laws, regulations, orders, agreements and treaties), management structure and practices (including, but not limited to, allocation, water trading and regional arrangements) and ascertain whether these practices are consistent with section 100 of The Australian Constitution and the long-term ecological survival of the Murray-Darling river system.</p>	<p>Section 100 - Nor abridge right to use water</p> <p>The Commonwealth shall not, by any law or regulation of trade or commerce, abridge the right of a State or of the residents therein to the reasonable use of the waters of rivers for conservation or irrigation.</p>
2.	Royal Commissions Act 1902	Under the authority of the Royal Commissions Act 1902, a Commissioners Board of Inquiry shall be established to inquire into and report within 12 months of its establishment on the following matters concerning the Murray-Darling Basin:	
3.	Government	1. Current management and governance structure, with specific reference to the responsibilities of the Commonwealth, the States of Queensland, New South Wales, Victoria and South Australia and The Australian Capital Territory	
4.	Water Privatisation	2. The legal status and consequences of the establishment of the water market and the privatisation of the waters of the Murray-Darling Basin by the Council of Australian Governments and as enacted by the Commonwealth, the States of Queensland, New South Wales, Victoria and South Australia and The Australian Capital Territory	
5.	Ecological Health	<p>3. The ecological health of the Murray-Darling Basin and trends in and effects of extraction, diversion and quality of Murray-Darling water, both surface and ground water, over the last 30 years.</p> <p>4. Drafting of guidelines defining the actions required to restore and protect the ecological health of the river system at all times, including during drought, and to define the processes whereby a Murray-Darling Basin Disaster Management Plan will implement an orderly reduction in the volumes of surface and ground water extracted from and diverted within the Murray-Darling Basin.</p>	
6.	Water Use	<p>5. Determine trends of use of surface and ground water of the Murray-Darling Basin over the past 30 years, with specific regard for volumes utilised for irrigation (including determination of crop types, irrigation techniques and intended markets), by other industries and that supplied for critical human needs. Reference will be made to the cost of water, the economic return achieved by water users, water wastage by users and water losses.</p> <p>6. An assessment shall be made of the efficiency and effectiveness of water use by irrigators, industry and communities, towns and cities, and plans to improve efficiency and effectiveness.</p>	
7.	Climate Change	7. An assessment shall be made of the likely impacts of climate change on the availability of surface and ground water in the Murray-Darling Basin and policies that governments of Australia should consider to ensure compliance with Clause 100 of the Australian Constitution, with respect to the “reasonable” use of water, by minimising the utilisation and wastage of resources by all categories of user.	

**Murray Darling Basin
Commission of Inquiry – Terms of Reference**

ID	Purpose	Suggested Text	Reference / Remarks
8.	Recommendations	8. The Commission will recommend any changes it deems necessary as a result of its inquiry, including those that specifically address paragraphs 1 to 7 as detailed in the special provisions.	
9.	Regard for Murray-Darling State of Emergency	The Commissioners Board of Inquiry shall have regard for the State of Emergency, declared by the States of Queensland, New South Wales, Victoria and South Australia and The Australian Capital Territory with the full support of the Commonwealth, to carry out short term remedial action aimed at restoring the ecological health of the Murray-Darling river system.	
10.	Regard for State Royal Commissions	It is recognised any COAG member State may call its own Royal Commission to inquire into water management and governance. The Commissioners Board of Inquiry shall have regard for such Royal Commissions insofar as they relate to the Murray-Darling Basin.	Recognition of plans for desalination and pipeline projects.
11.	Special Provisions Commissioners Board of Inquiry	<p>The Commissioners Board of Inquiry shall comprise a Chairman and a Commissioner for each of the following areas:</p> <ul style="list-style-type: none"> - Government - Water Privatisation - Ecosystem - Water Use - Climate Change. <p>Any eminent person or expert engaged by the Commissioners shall have placed on the public record a detailed statement of their support and involvement in water reform and of their competency in the area engaged by the Commissioners.</p> <p>Draft reports shall be issued at no less than three monthly intervals until the work of the Commission of Inquiry is completed.</p> <p>Separate reports shall detail findings and recommendations in relation to the restoration and protection of significant ecosystems of the Murray-Darling Basin, such as the Lower Lakes and the Coorong. These reports shall be completed within six months of the commencement of the Commission of Inquiry.</p> <p>A separate report shall detail the findings and recommendations in relation to the waters of the Snowy Mountain scheme.</p>	
12.	Special Provisions Priority of Water Use	<p>Murray-Darling water, including groundwater, shall be provided for use in the following order of priority:</p> <ul style="list-style-type: none"> A. Water required by the Murray-Darling river system to ensure its ecological conservation. B. Water required by residents who are dependent upon the Murray-Darling for their water supply. C. Water for use by irrigators to produce food and drink for residents of the States. D. Water for use by other industries to produce goods and products for domestic use. E. Water for use by irrigators and industries to produce goods and products for export. 	