

South Australian Department of Environment and Heritage
A Long-Term Plan for the Coorong, Lower Lakes and Murray Mouth

"Long Term Plan - High Risk of Sub-Optimisation"

By

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EXECUTIVE SUMMARY

The Lower Lakes and Coorong has been a natural part of the River Murray for thousands of years. Evaporation from these Lakes is part of the natural water cycle. Water is not a resource or commodity, but a natural resource to be nurtured and respected. The water cycle is too complex for the market to manage as it is primarily motivated by profit. The continuing construction of blocking dams in the Lower Lakes is destroying our environmental inheritance, the public amenity and utility of our water ways. It is time, once and for all, we stood together to demand a fair share of the River Murray for South Australia under all climate scenarios. We don't need increased obstruction to natural flows; we need better management and prioritisation of the entire Murray-Darling Basin (MDB).

I believe the core issue to be the clandestine privatisation of water. Rather than seeking to determine public opinion on this policy, successive federal and state governments have simply referred to the change as "water reform" and promised to save the environment by buying back water in the new national water market. The chief reason is to give irrigators a soft landing when the proposed MDBA Basin Plan is established. Parliament has been misled and South Australians have been deceived by a process initiated by the Council of Australian Governments (COAG) in 1994. I believe it has become the biggest scandal and disaster of our time. In South Australia the scale exceeds that of the State Bank Disaster in terms of its economic, social and environmental significance.

State governments are responsible for water licensing and setting allocations. They have also been responsible for setting up the new water market. Markets need demand and they also need water. One way of creating demand is to unnecessarily reduce allocations. One way to obtain water is to cut off areas deemed of no real economic value, such as the Lower Lakes, and use pipelines to supply the water from further upstream.

The drought has provided the perfect cover to establish the new water market to create this demand or what economists call water scarcity. Water to the Lower Lakes was cut-off in early 2007. South Australian irrigators can purchase as much water as they need, provided they have the financial resources to do so and can access it. Of course this also means that the State Government did not act in their and our best interests in slashing allocations when water was clearly still available. It is also clear this action was used in part to facilitate the creation of the new water market. The South Australian government has since used these low flows to justify their actions in the Lower Lakes and to build the Adelaide Desalination Plant. Adelaide coastal waters are not being saved. The Lower Lakes and Coorong are not being saved. The new privatised water market has been allowed to flourish. If this is not fraud I don't know what is.

Historically, water allocations have been set in response to lack of available water. The operation of the new water market in the MDB has exposed that there is water, and as much as you can afford to buy. This is the reality of water privatisation. On the very day that International water activist, Maude Barlow, gave her speech in Sydney on 1st April 2009 at the Australian Water Summit, American investors purchased 10 GL of high reliability water for \$20 million which they plan to lease back to farmers. This is totally unacceptable. In December 2008 when annual water diversions from the MDB were a low 3,913 GL, the National Water Commission proudly announced, in its first market report, that over 2,515 GL of water was traded of which 1,594 GL was temporary water. According to a recent report from a water-broker quoted in *The Australian* in early October 2009, 1,800 GL of temporary water was traded in 2008/09 in the southern part of the MDB. These figures do not add up.

In the eleven years since 1996/97, the total volume of water diverted was approximately 97,824 GL and South Australia's share of this diversion was a meagre 6% or an average of 549 GL/year, for a total of 6,037 GL. There are 65 major storages and over 600,000 private dams in the MDB, capable of diverting one and half times the average flow of every river in the basin and 25,560 km of irrigation supply and drainage channels. Clearly there are too many man-made channels. Just the channel and pipe loss has been estimated to amount to 1,238 GL by the CSIRO which is approximately two-thirds of South Australia's minimum flow entitlement without counting the water required to fill the channels and pipes. As a point of principle, the storage capacity of the basin should be managed as a whole to enable an emergency, such as South Australia is currently experiencing, to be managed without abandoning our environmental heritage that has survived droughts over thousands of years. Water must be prioritised to meet Australian needs first before it is made available to those targetting overseas markets.

Of course it is not only the irrigators of South Australia who have been deceived by this government; the people of Adelaide have also been deceived into acceptance of a desalination plant they do not need. The billions of dollars involved could have been better spent on water conservation projects. Adelaide coastal waters do not need an additional source of pollution; it is already an environmental disaster as a result of years of pollution from wastewater nutrients and stormwater turbidity. The priority for the South Australian and all other state governments should be water conservation, maximising the recycling of stormwater and wastewater, and thereby also preserving coastal waters and our Gulfs. There is a significant economic upside to this approach and now is the time to do it.

These same governments have allowed the unbundling of water licences from property so water can be traded; licences which were originally granted free of charge. Water has been turned into a commodity to be traded on world financial markets. State governments have guaranteed the transfer of water that is bought and sold. It can also be carried-over for use in future years. Public reservoirs have been turned into water banks for the private sector. Here in South Australia water is very simply privatised by the signature of the Minister when water allocation plans are approved, without a whimper from Parliament. The public has made and continues to make substantial investments in the infrastructure of the Murray-Darling Basin. It should not be used to give irrigators and global financial markets a free ride who now look at our rivers as rivers of gold. Have Australian governments learnt nothing from the Great Financial Crisis of this decade?

The Rann Labor Government does not deserve to be re-elected as a result of its mismanagement of South Australia's water and its environment; a disaster with considerable social, economic and environmental implications. South Australians must demand both a National State of Emergency Commission, to take over the short-term management of the MDB, and a National Public Commission of Inquiry into its management to properly inform the proposed MDBA Basin Plan and plans such as this plan which is the subject of this submission. To do otherwise will lead to a high risk of sub-optimisation with dire consequences for the Murray below Lock 1, The Lower Lakes and the Coorong. There are many questions to be answered; the public has been kept in the dark for too long. The water market should be

immediately suspended during the emergency and irrigators paid just compensation for any water diverted to meet higher order priorities. The findings of the recent High Court decision of *ICM Agriculture vs. the Commonwealth* confirm that water is a natural resource the common property of Australians. Put simply, Australian domestic water needs must take priority over water to be used for export markets and, above all, the river must be allowed to flow to the sea; it should not be required to pay for the water it needs to survive.

The Parliament of South Australia should also empanel a Public Commission of Inquiry into the management of water and the environment of this state. Laws must be amended to ensure Governments uphold the "public trust doctrine" to protect the public's right to the utility and amenity of our waterways, both freshwater and marine. A referendum should also be called, to define whether South Australians wish their water to be privatised or alternatively held in public trust for the common good, as intended by our founding fathers, in drafting the Australian Constitution, and specifically section 100. South Australians deserve to know where our politicians and their political parties stand on these issues, particularly whether they support the privatisation of the nation's water – and we must know before the next election.