

WATER FOR NO GOOD PRIVATISATION

Issue Date
31 December 2009

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Government of South Australia

Office for Water Security Submission

"Water for No Good Privatisation"

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Date	Issue	Application	Author	Description of Revision
31 st December 2009	1.0	Word 2003 SP1	John Caldecott	First issue of submission to Office of Water Security in response to Water Industry Act Discussion Paper
31 st December 2009	1.1	Word 2003 SP1	John Caldecott	Blank Page added between Appendix A and B.

About the Author

John Caldecott grew up in Port Pirie and moved to Henley Beach in 1970 to complete an Electrical Engineering degree at SAIT, now University of SA. For a significant part of his career John worked for electronics and software engineering Defence companies in South Australia. Since establishing Consultants in Quality Pty Ltd in 2001, John has been a self-employed independent consultant specialising in providing strategic advice in regard to quality systems, quality assurance and quality control strategies, methods and techniques.

In December of 2009 John was elected as President of Friends of Gulf St Vincent and was instrumental in forming a coalition of community organisations to stage the successful Community Water Summit in March 2009. This committee also arranged to bring Maude Barlow, the International Water Activist to Adelaide in April of 2009. The Community Water Summit went on to form the Water Action Coalition of which John is currently Convenor.

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1 EXECUTIVE SUMMARY

The Office of Water Security (OWS) Water for Good: Water Industry Act Discussion Paper is breath taking for its single minded focus on creating a water industry at the expense of South Australia's environment, society and economy. Also evident is its lack of honesty about what the OWS supports i.e. the privatisation of not only water services but of water itself. Such a position calls into question its independence and whether it is acting in the interest of financial markets or in the public interest.

There is a complete lack of analysis in its proposals whether from an environmental, social or economic perspective. The Discussion Paper ignores and as such takes no responsibility for the current state of the disasters of the River Murray below Lock 1 and Adelaide Coastal Waters. Accordingly the Discussion Paper lacks any credibility that the OWS and the South Australian Government care about the unique environmental heritage of South Australia, its communities and the economic impact of its decisions and plans to privatise public water infrastructure and of water itself.

The changes being proposed are a radical pro-market intervention into what is, and should remain as, public infrastructure with water held in public trust for the common good. All candidates for the forthcoming state election need to declare where they stand on water privatisation of water services and of water itself.

Any decision to proceed needs to be predicated by a rigorous environmental, economic and social analysis of the kind that can only be determined by an independent Public Commission of Inquiry, as has been advocated by the [Water Action Coalition](#) and a referendum to determine whether South Australians support the privatisation of water and water services.

A summary of the key findings are drawn from the review documented in Appendix A and are as follows:

- a. Water Industry Act is intended to justify the OWS continued existence.
- b. Water for Good Plan contains actions that are not supported by current legislation and when the Crown's Disclaimer it taken into account raises questions about the robustness of OWS documents as documents of the South Australian Government.
- c. The submission closing date of the last day of the year for 2009 does not engender public confidence in the public consultation process being followed by the OWS.
- d. No sound reasons are provided to support the idea of reducing the State's reliance on the River Murray given that South Australia's share of diversions for water use is significantly less than the Murray-Darling Basin (MDB) states of New South Wales and Victoria. The only conclusion this reviewer can think of is that such an idea is required to justify new additional sources of water such as the Adelaide Desalination Plant as foundation industry suppliers to support the new privatised water infrastructure envisaged by the proposed Water Industry Act.
- e. How can the public or government for that matter have any confidence in the documents prepared by the OWS when they carry a disclaimer underwritten by the Crown which absolves the OWS from any responsibility to be open and honest with the public of South Australia about the true intentions of Water for Good.

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- f. The concept of the Water Industry Act providing "broad direction on many matters and enable details to be established through other measures" is unacceptable. All requirements need to be part of legislation to ensure public scrutiny by Parliament.
 - g. Proposals to establish OWS water plans are ludicrous when there are already a number of plans in place. Plans are by definition intentions to meet requirements and as such they should not contain any requirements that need to be part of legislation to avoid public scrutiny by Parliament.
 - h. Proposals to establish a number of independent bodies to further fragment management processes underscores just how complex and expensive the proposed Water Industry Act would be and need to be rejected. Critically such arrangements are designed to limit the power of government and limit the public interest in favour of market interest.
 - i. The discussion paper fails to understand the difference between public infrastructure established and operated for the common good vs. the interests of the proposed third party private operators whose primary motivation is to make profit for their shareholders. Allowing third party access to the public's infrastructure represents a conflict of interest.

The Discussion Paper is based upon a water reform process that was initiated well before the Global Financial Crisis (GFC). To continue the water reform process is foolhardy to the extreme as the post-GFC environment will require all public infrastructure to be owned and operated by the Government to minimise costs on society and the economy to ensure competitiveness.

Also glaring obvious is the non-interest in the Murray River, Lower Lakes and Coorong or any recommendations as to what the Government should be doing. Many in the community (Appendix C) support the call for a National State of Emergency Commission to take over the management of the MDB and a complementary National Public Commission of Inquiry to determine the required long term corrective action for the MDB. The Government, the OWS and NRM Boards are strangely quiet about such proposals.

The Government and Opposition parties are well advised to reject the proposal by the OWS for a Water Industry Act and conduct wide ranging inquiries into the problems facing South Australia not only from the national water reform agenda but caused by mismanagement and poor decision making. The Terms of Reference proposed by the Water Action Coalition to support the motion moved by the Hon Mark Parnell MLC in South Australia's Legislative Council on 3rd December 2009 needs to be taken seriously by the major parties if they are to be credible future governments.

On the 21st December 2009 The Hon. Michael Kirby AC CMG launched in The Mortlock Library of the State Library SA a book by Shaun Berg "Coming to Terms – Aboriginal Title in South Australia". This is a book about the consequences of the South Australian Parliament ignoring the rights of South Australia's original aboriginal inhabitants. Water Reform has the potential of dispossessing all South Australians of their common water title held in trust for the common good in favour of private ownership, an issue that will affect all South Australians. For the South Australian Parliament to repeat the mistakes of the past over water reform for the benefit of a few would be extremely foolish.

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2 REFERENCES

2.1 Documents & Publications of Interest

	Identification	Issue	Title
[1]	ISBN 1 921125 20 9	CSIRO 2007	Adelaide Coastal Waters Study http://www.clw.csiro.au/acws/
[2]	ISBN 978 0 9596627 8 8	RSSA 2008	Natural History of Gulf St Vincent http://www.adelaide.edu.au/rssa/pub/
[3]	Sustainable Focus Pty Ltd	Sept 2008	Report on Sustainable Water: Options for Adelaide http://markparnell.org.au/campaign.php?campaign=25
[4]	ISBN 0-646-45013-1	2005	Water Proofing Adelaide Strategy http://www.waterproofingadelaide.sa.gov.au/WPA/Publications/
[5]	ISBN 978-0-642-71992-8	10 October 2008	Senate Committee Report Rural and Regional Affairs and Transport: Water management in the Coorong and Lower Lakes http://www.aph.gov.au/senate/committee/rrat_ctte/low_erlakes_coorong/index.htm
[6]	Hansard Report Parliament of South Australia	8 th October 2008	Environment, Resources and Development Committee: Desalination Inquiry http://www.parliament.sa.gov.au/Committees/Standing/HA/EnvironmentResourcesandDevelopmentCommittee/EnvironmentResourcesandDevelopmentCommittee.htm
[7]	61st Report Coastal Development Inquiry	20 th November 2007	Environment, Resources and Development Committee: Coastal Development Inquiry http://www.parliament.sa.gov.au/Committees/Standing/HA/EnvironmentResourcesandDevelopmentCommittee/EnvironmentResourcesandDevelopmentCommittee.htm
[8]	Waterlines Occasional Paper No 9	October 2008	Emerging Trends In Desalination: A Review UNESCO Centre for Membrane Science and Technology University of New South Wales http://www.nwc.gov.au/www/html/893-emerging-trends-in-desalination-a-review-.asp?intSiteID=1
[9]		2005	Water Proofing Adelaide: A thirst for change 2005 – 2025 http://www.waterproofingadelaide.sa.gov.au/WPA/
[10]		15 th October 2008	The University of Adelaide Water Wednesday http://water.adelaide.edu.au/events/
[11]		2004	A Fresh History of the Lakes: Wellington to the Murray Mouth, 1800s to 1935 by Terry Sim and Kerri Muller. PDF can be downloaded from Goolwa to Wellington Local Action Planning group http://www.gwlap.org.au/publications.php

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	Identification	Issue	Title
[12]	ISBN 1 876562 86 2	July 2005	“Audit of contemporary and historical quality and quantity data of stormwater discharging into the marine environment, and field work programme”. ACWS Technical Report No.3 http://www.clw.csiro.au/acws/
[13]		5 th Sept 2003	California Water Desalination Task Force Draft Issue Papers: Management Practices for Feedwater Intakes and Concentrate Disposal (9/5/03) http://www.owue.water.ca.gov/recycle/desal/Docs/IssuePapers.htm
[14]	WAC-D-001	Draft 0.1b 1/12/2009	South Australian Public Commission of Inquiry Water and Environment management Terms of Reference http://www.civictrust.net.au/PublicInquiryToR.pdf
[15]	CiQ-FWUA-001	2.0 18/11/2009	National Public Commission of Inquiry into the Governance and Management of the Murray-Darling Basin http://www.fairwateruse.com.au/
[16]	CiQ-FWUA-002	2.0 18/11/2009	National State of Emergency Commission of the Murray-Darling Basin http://www.fairwateruse.com.au/

2.2 Definitions And Acronyms

2.2.1 Definitions

Term	Description
Gigalitre (GL)	One gigalitre is 1,000 ML or 1 billion litres and represents a volume of water one square kilometre by one metre deep. When full, the Hope Valley reservoir holds about 2.8 GL and the Happy Valley Reservoir holds 11 GL.
Hectare	Equivalent to an area of 10,000 m ² or 2.471 acres
WORD	Microsoft® Word 97, or later, the preferred word processing application.

2.2.2 Acronyms

Acronym	Description
ACWS	Adelaide Coastal Waters Study 2007
CSIRO	Commonwealth Scientific and Industrial Research Organisation
ERDC	Environment, Resources and Development Committee Parliament of South Australia
GSV	Gulf St Vincent
OWS	Office Water Security (South Australian Government)
WAC	Water Action Coalition http://civictrust.net.au/page25.htm

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Acronym	Description
WPA	Water Proofing Adelaide

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A. DETAILED REVIEW – WATER INDUSTRY ACT DISCUSSION PAPER

Table 1. Detailed Review – Water Industry Act Discussion Paper

Ref	Reference	Findings / Questions	Recommendations	Remark (s) / Supporting Reference
A.	Page 5 Preface Purpose of Discussion Paper	Proposed Water Industry Act appears to be legislation proposed by the OWS to justify its continued existence.	The changes being proposed are radical changes that will change the character of public water infrastructure, of water itself and public accountability. Such changes should be informed by a Royal Commission such as has been proposed by the Water Action Coalition .	http://www.waterforgood.sa.gov.au/ Website contains no information as to the specific legislation that the OWS is responsible for. Further it is not clear under what Act of Parliament the Independent Commissioner has been appointed including staff of the OWS to ensure parliamentary and public accountability.
B.		Water for Good Plan contains actions that by its own admission are not supported by current legislation – this is outrageous and underscores Ref A that the Water for Good Plan was developed by an office that is has no legislative responsibility.	This admission in itself suggests that the plan was a means to an end instead of being the outcome of a comprehensive public inquiry to identify the root causes of the problems facing South Australia and required changes that need to be made to the governance of water in South Australia. Further the Disclaimer contained within the Plan in Brief gives the public no confidence as to the accountability of the OWS.	Water for Good in Brief Disclaimer The Crown in right of the State of South Australia and its employees do not warrant or make any representation regarding the use, or results of use of the information contained herein as to its correctness, accuracy, reliability, currency or otherwise. The Crown in right of the State of South Australia and its employees expressly disclaim all liability or responsibility to any person using the information or advice.
C.	Page 5 Submissions and Page 7 Section 1. Introduction	Requesting submissions with a closing date of 31 st December 2009 is cause for considerable public concern given the festive and end of year character of December. Clearly this date has been chosen to minimise public scrutiny.	Legislative changes need to be made that prevents calls for public submissions being allowed to take place in months such as December when many organisations are closing down for the year.	“Release a discussion paper for consultation during 2009 outlining proposed new legislation: introduce new legislation in 2010”. Water for Good Action 83

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D.	Page 7 Section 1. Introduction 2 nd Para	<p>"a reduction in the State's reliance on the River Murray"</p> <p>Underpins the actions of Water for Good particularly in justifying desalination which is dependent upon the uncertainty of technology and power supply.</p> <p>However there is no such justification for such an objective given that South Australia's share of diversions from the Murray-Darling Basin (MDB) is approximately 6%. The findings of the CSIRO 2008 Sustainability Yields Project for the Murray Region released in July 2008 found there was no risk to the water supply to residents of South Australia who rely upon the River Murray from Climate Change out to 2030. Further for most of this decade SA has operated within its cap from the River Murray.</p>	<p>A Royal Commission Ref A must be held to examine the decisions made by the South Australian Government to justify the Adelaide Desalination Plant, its management of water resources for the City of Adelaide, including stormwater and wastewater, and the cutting off of the River Murray below Lock 1 to justify the building of the blocking dams in the Lower Lakes.</p> <p>Instead of embarking upon what is evolving as a State Bank debacle by sanctioning the building of a very expensive Adelaide Desalination Plant, to both build and operate, with its considerable environmental baggage, the State could have embarked upon a comprehensive stormwater and wastewater recycling plan to save Adelaide Coastal Waters from pollution and use the conserved water for industry, irrigation and domestic use, as allowed by current technology.</p>	<p>Presentation of Results from the Murray Region: CSIRO Murray-Darling Basin Sustainable Yields Project (14th July 2008):</p> <p>Slide 21 "Adelaide and SA rural town water supply would be unaffected under this or any 2030 climate scenario"</p> <p>Slide 25 "The modelling indicates that levels in the Lower Lakes would not fall below mean sea level under any 2030 climate scenario, although minimal lake areas would be lower than under the historical climate in very dry years"</p> <p>http://www.csiro.au/resources/MurrayPresentation.html</p> <p>Murray Darling Basin Commission Murray Darling Drought Update Issue 15: September 2008. Average and total diversions estimated from Figure 5. Basin-wide diversions for the years 1991-98 to 2007-08.</p> <p>http://www.mdbc.gov.au/_data/page/1366/Drought_Update_Issue_15_-_September_2008.pdf</p>
E.	Page 8 "Included in Water for Good ..."	<p>"These reforms will recognise the developing water supply and wastewater service industry"</p> <p>Clearly the intent of the Water Industry Act is to entrench privatisation of public infrastructure for water which this discussion paper fails to inform the public about and which the Disclaimer underwritten by the Crown absolves the OWS from being open and honest with the public of South Australia about the true intentions of Water for Good.</p>	<p>In addition to the call for a Royal Commission Ref A there must be a referendum as to whether the public of South Australia supports the privatisation of Water Services in South Australia given the profound consequences on the competitiveness of the South Australian economy. To repeat electricity privatisation for water would be an act of economic madness.</p>	<p>As a result of Electricity Privatisation, South Australia has the most expensive power in South Australia. To repeat such a folly would severely economically weaken society and the economy that depend upon high quality and low cost public infrastructure.</p>
F.		<p>"regulatory framework to promote efficiency, public safety and effective environmental protection"</p> <p>Use of the word "promote" does not engender confidence that the proposed regulatory framework is serious about efficiency, public safety and environmental protection.</p>	<p>If the OWS was serious about these areas, then the Adelaide Desalination Plant would never have been sanctioned given the endangered nature of Adelaide Coastal Waters from Wastewater and Stormwater pollution. Regard for Environmental Protection must be built into decision making and not be after the event environmental monitoring.</p>	<p>CSIRO Adelaide Coastal Water Study 2008</p> <p>http://www.csiro.au/solutions/AdelaideCoastalWaters.html</p>

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G.		"Being an over-arching legislative measure the proposed Water Industry Act will provide broad direction on many matters and enable details to be established through other measures." There is no definition as to what these "other measures" are intended to be or what is meant by "many matters".	Refer Recommendation No. Ref A	

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H.	<p style="text-align: center;">Page 8</p> <p>1.1 Context of Legislative Reform</p>	<p>"These changes have seen:"</p> <p>The context provided is essentially about entrenching the privatisation of water services and of water itself. Again the OWS has been less than honest about its intentions to the public of South Australia.</p>	<p>The need for water to be "carefully managed" underscores the need for water to be managed in the public interest to meet domestic priorities when water is scarce.</p> <p>Wastewater recycling needs to approach that achieved by the Israel which is close to 90%.</p> <p>Lack of recognition that future technology will enable the already high standard of stormwater recycling to achieve potable standards sometime in the future. The imperative for Adelaide is to maximise stormwater harvesting areas for the future by quarantining areas such as Cheltenham Park from development.</p> <p>Use of language such as "water being a tradable commodity" is spin for water privatisation. Again the OWS has failed to be honest with the public of South Australia and such a proposition is not consistent with a recent High Court Ruling ICM Agriculture Pty Ltd v The Commonwealth " It is time for honesty in public affairs by all parties contesting the forthcoming state election to declare their position with respect to water privatisation and the privatisation of water services.</p> <p>Clearly the idea that water needs to be "more cost reflective" is to allow for the extra costs and margins required by the market participants envisaged by OWS in addition to the dividend and GST required by government. The economic folly of pricing up common public infrastructure needs to be fully investigated as the Global Financial Crisis underscores the need for the South Australian economy to be even more cost competitive in the future.</p> <p>Of course if water was in fact traded to its highest value use, Adelaide would not be building the Adelaide Desalination Plant as proved by an American Investment Company that purchased 10 GL of high reliability water for \$20 million in the MDB on 1 April 2009.</p>	<p>ICM Agriculture Pty Ltd v The Commonwealth [2009] HCA 51 (9 December 2009)</p> <p><i>High Court of Australia</i> 9th December 2009</p> <p>http://www.austlii.edu.au/au/cases/cth/HCA/2009/51.html</p> <p>Clause 55 "The second point of interest is that the language of the 1896 Act and the 1912 Act does not disturb the common law notion that water, like light and air, is common property not especially amenable to private ownership and best vested in a sovereign state[55]."</p> <p>Professor Wayne Meyer, School of Earth and Environmental Science University of Adelaide "Finding innovative ways to reduce water use by 30 to 50%"</p> <p>http://water.adelaide.edu.au/events/2008/event5.html</p> <p>Yanks raid Aussie water market - Peter Hunt <i>Weekly Times</i> 1st April 2009</p> <p>http://www.weeklytimesnow.com.au/article/2009/04/01/67451_water.html</p> <p>Water Wednesday - 15 October 2008 Professor Wayne Meyers</p> <p>"Urban water use is relatively small and very high value"</p> <p>"Adelaide's water requirement is small relative to the MDB resource and other current users.</p> <p>Water restrictions in Adelaide will not save the Murray".</p> <p>ABS (1995 – 2001) Profit ranged from \$0 per ML in the Upper Murrumbidgee and Upper Murray to \$832 per ML in the Riverland.</p> <p>http://water.adelaide.edu.au/events/2008/event5.html</p>

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I.	Page 10 Planning	<p>"POLICY POSITION 2.1: That the Act formally requires the establishment, maintenance and implementation of a State Water Security Plan."</p> <p>Proposing a further plan is ludicrous and adds to complexity. In addition it removes the scrutiny of Parliament.</p>	<p>There is no justification for the establishment of a State Water for Good Plan when Figure 1 illustrates the wide range of plans that are already planned to be established.</p> <p>In addition Plans enabled by an Act of Parliament need to be approved by Parliament and not by the whim of a Minister or Commissioner. Plans should be intentions to address requirements that should already be in legislation and should not be used to circumvent democratic parliamentary processes. Plans by definition are statements of intent and are not requirements.</p> <p>Again there is weak justification for continuing the water reform process and fragment the public management processes of water further. Again a Royal Commission is required to fully investigate water and environmental management in South Australia to fully inform the public and politicians.</p>	<p>A case in point is Water Allocation Plans that are authorised by the Minister and can provide for the unbundling of water licenses from property to allow them to be traded, in other words privatised without this issue being debated in Parliament. All requirements in these plans need to be returned and included in Legislation to ensure public debate and scrutiny.</p> <p>Water Quality Improvement Plans should be an integral part of SA Water's Responsibility. Water Quality requirements need to be enshrined in legislations for all water bodies of the state with SA Water demonstrating compliance with those requirements independently audited by the EPA and not by third party auditors.</p>
J.	Page 11	<p>"QUESTION 2.1: Of key importance in the preparation of demand and supply plans is that they are integrated with other plans and that no duplication occurs. Comments and suggestions are invited on ways that this might be readily achieved."</p> <p>This is a ludicrous idea that will only add to complexity, the whole approach needs to be simplified and be more democratic to ensure public accountability and scrutiny by Parliament.</p>	<p>Proposing to add a further plan to what is already a complex arrangement as illustrated by Table 2 is further justification for a Royal Commission.</p>	
K.	Page 13	<p>"The Minister for Water Security will keep the Water for Good Plan and RDS Plans under constant review and will report on the implementation of all plans on an annual basis."</p> <p>The Minister for Water Security needs to be responsible for all aspects of water management including applicable legislative requirements. There is no role for OWS.</p>	<p>Refer Ref I there needs to be a separation of legal requirements from plans that should be part of legislation. In addition the Legislative Council needs to establish an independent review committee to oversee water legislation and include any plans.</p>	

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L.	Page 14	<p>"QUESTION 2.2: What other matters should be considered when developing risk points that will initiate consideration of options to meet supply or reduce demand?"</p> <p>The idea of setting water security standards based on risk points is misguided and already evident in South Australia.</p>	<p>What are required are principles of priorities of water use for a number of scenarios such as flood, routine supply, low flows and drought.</p>	<p>Surface water, including groundwater, shall be provided for use in the following order of priority:</p> <ol style="list-style-type: none"> 1. Water required by South Australian river systems and related water courses to ensure their ecological health. 2. Water required by those dependent upon the River Murray for their domestic water supply. 3. Water for use by irrigators to produce foodstuffs for residents of Australia. 4. Water for use by other industries to produce goods and products for domestic use. 5. Water for use by irrigators and industries to produce goods and products for export.
M.				
N.	Page 14 2.3 Independent Planning Process	<p>"POLICY POSITION 2.2: The Act will allow the Minister to establish an independent water planning process if demand and supply forecasts indicate a gap is likely to exist in the foreseeable future."</p> <p>This will lead to further fragmentation of public infrastructure and higher costs. All public water planning needs to subject to public scrutiny and parliamentary process.</p>	<p>All so called independent bodies established by Government must be established under the Public Service Act.</p>	
O.	Page 15	<p>"QUESTION 2.3: What governance arrangements should be established for the independent water planning body?"</p> <p>There is no justification for another independent water planning body. All public water planning needs to subject to public scrutiny and parliamentary process.</p>	<p>Refer Ref N</p>	

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P.	Page 17 3.1 The Case for Economic Regulation	<p>"POLICY POSITION 3.1: Appoint ESCOSA as the independent economic regulator for monopoly suppliers of urban and regional water and wastewater services in South Australia. This will apply to SA Water's potable water and wastewater services in the first instance."</p> <p>The Case for Economic Regulation and competition is a case for privatisation. Public Infrastructure underpins society, the economy and competitive position of all those who depend upon that infrastructure. To suggest it is a monopoly supplier is nonsense. By definition it should not be earning profits except to invest back into infrastructure. Allowing a myriad of suppliers would only result in cost duplication and higher charges. Who is going to taking responsibility in the case of failure due to water quality or financial failure?</p> <p>The idea of Water Industry Regulatory Order as used in Victoria needs to be rejected as all legislative requirements need to be enshrined in legislation and be subject to public scrutiny and parliamentary process.</p>	<p>The corporatisation of SA Water needs to be reversed and it be returned to operating as a public infrastructure for the common good and to minimise costs.</p> <p>Public infrastructure is there to underpin society and the economy that uses water. To drive up the cost of water to facilitate privatisation puts at risk that dependency of the real economy. Let us not forget that public infrastructure represents a substantial investment by the public, the residents and citizens of South Australia and needs to be used for their collective benefit.</p> <p>The National Water Initiative needs to be held to account by a Public Inquiry as it is just an agreement and not enshrined in legislation.</p>	<p>Wherever a state government outsources a function to either the Federal Government or independent body that outsourcing must be reflected in an overall reduction of costs i.e. salaries of politicians and executives must be reduced to match the diminished responsibility.</p>
Q.	Page 19	<p>"QUESTION 3.1: What are the individual activities that should be subject to separate licensing requirements?"</p> <p>Allowing licensed third party access to the public's infrastructure is a radical free market idea that fails to recognise that the source of all water is from a natural resource and is interdependent with ecology.</p>	<p>Water needs to be managed as a water cycle for the common good with regard to interdependent ecosystems. Separating economic objectives from non-economic objectives is nonsense as you can not make independent something which has some many interdependencies such as water.</p>	<p>Clearly the intention of the government is for the operator of the desalination plant to be a licensed third party supplier of water into SA Water's infrastructure. The OWS and the Government need to own up to their privatisation intentions and provide a detailed breakdown of how the Adelaide Desalination Plant will be operated i.e. will it be operated in the public interest with its operation kept to a minimum to keep water charges as low as possible or operated to maximise returns to the government and private operator?</p>
R.	Page 22	<p>QUESTION 3.2: What additional pricing matters should be considered in transitioning to the new regulatory framework?</p> <p>Refer No P</p>	<p>Meter reading charges and account keeping charges should not be allowed and need to be priced into water usage charges. Pricing needs to ensure the maintenance of the competitive position of all users of water not only within Australia but compared to similar economies and reflect the public ownership of that infrastructure.</p>	

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S.	Page 24	<p>QUESTION 3.3: What should form the basis of ESCOSA's Customer Advocacy and Advisory Council?</p> <p>QUESTION 3.4: Which body should be responsible for handling complaints and resolving disputes between licensed entities and customers?</p> <p>This is further evidence that establishing ESCOSA will add to infrastructure costs and add to complexity by the creation of further independent bodies as part of the regulation.</p>	Refer Recommendation Ref. A	
T.	Page 29	<p>POLICY POSITION 4.1: Provide for independent technical regulation of plumbing standards and practices.</p> <p>QUESTION 4.1: Who would be an appropriate technical regulator for plumbing services?</p> <p>This is further evidence that establishing ESCOSA will add to infrastructure costs and add to complexity by the creation of further independent bodies as part of the regulation.</p>	Refer Recommendation Ref. A	
U.	Page 30 & 31	<p>POLICY POSITION 5.3: Provide for statutory recognition of an environmental water reserve through the Natural Resources Management Act 2004.</p> <p>QUESTION 5.1: What other mechanisms can be used to harness community support for environmental water and contribute to the Reserve?</p> <p>The current state of the Murray River below Lock 1 and the condition of the Lower Lakes is a testament of the failure of South Australia Government to manage environmental icon sites and to prevent the continued degradation of Adelaide Coastal Waters.</p>	<p>The Murray River should not have to pay for the water it needs for its environment and nor should it be allowed to be traded to grow market demand.</p> <p>Refer to Ref. L</p> <p>In terms of the River Murray and water courses that flow into the River Murray in South Australia there is a need to establish management regimes that cover the scenarios described in Ref. L and give greater priority to water for Australian needs during low flows and drought.</p>	

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Ref	Reference	Findings / Questions	Recommendations	Remark (s) / Supporting Reference
V.	Page 34 & 35	<p>POLICY POSITION 6.1: Water for Good identifies a number of water related Acts that can be repealed.</p> <p>QUESTION 6.1: Are there any other provisions of the Water Conservation Act that are of relevance and should be retained?</p> <p>As previously identified the OWG has been established for the specific purpose of extending the privatisation of water services and of water itself. Such a radical move needs to be informed by a comprehensive and wide ranging Public Inquiry with the powers of a Royal Commission as have been previously outlined.</p>	<p>In terms of Operational Power all water infrastructure needs to be retained as public infrastructure, providing powers of a government to non-government licensees is not acceptable.</p>	

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B. CALIFORNIA WATER DESALINATION TASK FORCE – MANAGEMENT PRACTICES

The following extract has been taken from "Management Practices for Feedwater Intakes and Concentrate Disposal for Seawater Desalination", one of the issues papers prepared for the Californian Desalination Taskforce [13] prepared in 2003 which reference comprehensive marine environmental laws:

"Regulation of feedwater intakes and concentrate disposal for seawater desalting in California falls under the authority of several agencies including the California Coastal Commission, the U.S. EPA, the U.S. Army Corps of Engineers, the State Water Resources Control Board and State Regional Water Quality Control Boards, federal and state fisheries agencies and numerous others. As a lead regulatory agency of feedwater intakes and ocean discharge, the California Coastal Commission enforces Section 30230 of the California Coastal Act which states:

"Marine Resources shall be maintained, enhanced, and where feasible restored. Special protection shall be given to areas of special biological or economic significance. Uses of the marine environment shall be carried out in a manner that will sustain the biological productivity of coastal waters and that will maintain healthy populations of all species of marine organisms adequate for long-term commercial, recreational, scientific, and educational purposes."

Moreover, Section 30231 of the Coastal Act adds:

"The biological productivity and the quality of coastal waters, streams, wetlands, estuaries, and lakes appropriate to maintain optimum populations of marine organisms and for the protection of human health shall be maintained and, where feasible, restored through, among other means, minimizing adverse effects of waste water discharges and entrainment...."

The regulation of desalting feedwater intakes could also fall under similar conditions of the Clean Water Act Section 316(b) which requires that the

"location, design, construction and capacity of cooling water intake structures reflect the best technology available for minimizing adverse environmental impacts".

Although Section 316(b) was originally intended for power plants, comparable regulations for entrainment and impingement of marine life may also apply to seawater desalting intakes. The US Army Corps of Engineers also holds an important regulatory role by issuing Section 10 (Rivers and Harbors Act) and 404 (Clean Water Act) permits pertaining to offshore intakes and waste discharge pipelines."

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C. AUSTRALIAN WATER NETWORK MEDIA RELEASE 21/4/2009

MEDIA RELEASE: Tuesday 21st April 2009

Murray Darling Basin (MDB) has been mismanaged and requires an immediate Rescue.

The Australian Water Network fully supports the Open Letter to the Prime Minister of Australia Kevin Rudd prepared by Ian Douglas of Fair Water Use (Australia)¹ on the 7th April 2009 and the call for an immediate State of Emergency and Royal Commission based on community terms of reference posted by Fair Water (Use Australia).

Since 1997 MDB average inflows have been 5,700 GL/year vs. previous average inflows of 11,600 GL/year². MDB diversions for consumptive use during this period of time have averaged 8,893 GL/year. The total volume of water diverted is approximately 97,824 GL and South Australia's share of this water was a meagre 6% or an average of 549 GL/year³ for a total of 6,037 GL. There are 65 major storages and 600,000 private dams in the MDB capable of diverting one and half times the average flow of every river in the basin⁴ and 25,560 km of irrigation supply and drainage channels⁵.

For the Murray Darling Basin Authority (MDBA) head Rob Freeman⁶ (Former CEO of the SA Department of Water, Land and Biodiversity Conservation) to question whether there is enough water to supply the South Australian urban and industry users in the year ahead is an admission that the MDBA and its predecessor the Murray Darling Basin Commission has failed to effectively manage the most critical resource to South Australians during a protracted drought.

According to statistics published by the Australian Bureau of Statistics for pastures and crops irrigated in the Murray-Darling Basin for 2006-07⁷, there is a continuing failure to prioritise water use based on critical Australian domestic needs vs. using water for export crops during the worst drought in recorded history. Of the 4,458 GL of water used for irrigation in the MDB in 2006-07, the ABS estimates that 1,058 GL of water was used for rice and cotton, 534 GL used for grapevines, 1,093 GL used for pasture and 690 GL for cereal crops.

In 2007-08 despite diversions being the lowest in the last eleven years and amounting to just 3,913 GL, the first market report of the National Water Commission reported that an extraordinary 921GL of permanent water access entitlement and 1594 GL of temporary water allocation was traded⁸ in that year.

The management of the resource by Australian governments and their agencies is an international disgrace. There has been a systemic failure to effectively adapt to the drought as it evolved and minimise environmental, social and economic consequences. It seems if you have the money, water is not a problem as demonstrated by the lawns of two Canberra schools, one public and the other private⁹. Effective water sharing plans are required immediately and not in 2014. Not only is the environment being abandoned and disadvantaged by existing water sharing arrangements but irrigation communities built by families over generations are being abandoned in favour of corporate irrigation farms offered tax incentives by the Federal government¹⁰.

Compounding the management malaise has been the water reform agenda to secretly privatise water in Australia without telling and asking the permission of the Australian people. The water market itself lacks any strategic focus. The process works by state governments allowing the unbundling of water licenses from property and then by allowing those licenses to be traded on the free market as a free gift from the government¹¹ without reference to Parliament and the people.

Water privatisation is no longer a Secret

In the depth of the most protracted drought in recorded history, an American investment company has recently purchased a permanent entitlement of 10 GL of high security water¹² for \$20 million – an action that has enraged Australians. In an ironic twist the purchase makes redundant the \$1.4 Billion 50 GL/year Adelaide Desalination Plant with estimated annual operating costs of over \$100 million. What is already a very bad environmental idea for a Gulf not open to the ocean is also a very bad economic idea.

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The money saved would be better spent on stormwater harvesting and recycling waste water for industry use. This would save the endangered Adelaide Coastal Waters in the Gulf of St Vincent where 9,000 hectares of old growth seagrass has already been wiped out¹³.

Maude Barlow Senior Advisor on Water to the President of the United Nations General Assembly at the Australian Water Summit on 1st April 2009¹⁴ exploded the secret onto the world stage and called on the Australian Government to "declare its water to be a public trust. It is time for the national government to re-instate the public ownership of water."

Australian politicians to a man and women have been strangely silent, a clear sign democracy and section 100 of the Australian Constitution¹⁵ have both been compromised. They are too embarrassed to own up. Make no mistake communities across Australia will be holding politicians accountable at the next election who have dispossessed them of their public water rights and their environments.

The Lower Lakes and Coorong is a National Disgrace and Responsibility

The remedial action being planned by the South Australian Government to address specific problems in the Lower Murray, Lower Lakes and Coorong created by the mismanagement of the Basin defies belief and current science¹⁶. The actions planned fail to identify and addresses the systemic causes that has resulted in the current state of affairs.

The largest research project ever carried out by the CSIRO's Murray-Darling Basin Sustainable Yields Project investigated the likely impact of climate change on surface and groundwater yields. This project was carried out with the full cooperation and scrutiny of federal and state government agencies. The following conclusions documented in the stakeholder presentation for the Murray region¹⁷ support the community case of gross mismanagement for which the South Australian government shares a significant part of the responsibility for failing to adapt to the drought and to demand a viable share of the water resource as allowed for under section 100 of the Constitution:

- " Adelaide and SA rural town water supply would be unaffected under this or any 2030 climate scenario"
- "The modelling indicates that levels in the Lower Lakes would not fall below mean sea level under any 2030 climate scenario, although minimal lake areas would be lower than under the historical climate in very dry years."

CSIRO has reported that some southern areas of the basin are experiencing a once in a 300 year drought¹⁸ This is not cause for panic but sound management practices of the resource are required.

Critically the full report Water Availability in the Murray states the following on pages 57 and 107¹⁹:

Page 57 - "The combined impact of future climate change and development on end-of-system flows is large, because in terms of average diversion volumes, current water sharing arrangements protect consumptive water users from much of the impact of reductions in surface water availability."

Page 107 - "Importantly, during low flow periods, levels in the Lower Lakes are very sensitive to South Australian irrigation allocations. The current modelling of South Australian irrigation allocations in MSM (Monthly Simulation Model) does not adequately reflect actual low flow irrigation allocations and so is not well suited to assessing short-term management options for the Lower Lakes."

The South Australian Government has failed to demand better water sharing arrangements for the MDB during the drought. It has failed to place a moratorium on growing demand for River Murray water. Instead it has allowed itself to be captured by the economic ideas of a water market and unconstrained growth. The Hon Karlene Maywald stated at the recent Australian Water Summit in Sydney "We are investing over \$3 billion dollars in water infrastructure at the moment." In common with most states of the MDB public funds on water infrastructure could be much better spent and targetted particularly on stormwater harvesting and waste water recycling.

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¹ Australia's Water is Neither a Political nor a Corporate Resource – Open Letter to the Prime Minister of Australia by Ian Douglas of Fair Water (Australia). http://www.fairwateruse.com.au/component/option.com_frontpage/Itemid,1/

² South Australia Water Security – Presentation 1st April 2009 Australian Water Summit by Hon Karlene Maywald MP Minister for the River Murray, Minister for Water Security

³ Murray Darling Basin Commission Murray Darling Drought Update Issue 15: September 2008. Average and total diversions estimated from Figure 5. Basin-wide diversions for the years 1991-98 to 2007-08.

http://www.mdbc.gov.au/data/page/1366/Drought_Update_Issue_15_-_September_2008.pdf

⁴ TAR-RU The Story of Lake Victoria - MDBC 1st January 2003 – Quote from former CEO of the MDBC Don Blackmore

http://publication.mdbc.gov.au/product_info.php?products_id=179&osCsid=70d19167c9d599f9af3ca2d911b2a4f3

⁵ Professor Wayne Meyer, School of Earth and Environmental Science University of Adelaide "Finding innovative ways to reduce water use by 30 to 50%" <http://water.adelaide.edu.au/events/2008/event5.html>

⁶ Murray too low to meet basic needs - Asa Wahlquist 14th April 2009

<http://www.theaustralian.news.com.au/story/0,25197,25330834-2702,00.html>

⁷ Australian Bureau of Statistics 4618.0 - Water Use on Australian Farms, 2006-07

<http://www.abs.gov.au/AUSSTATS/abs@.nsf/DetailsPage/4618.02006-07?OpenDocument>

⁸ Major findings of the National Water Commission Australian Water Markets Report 2007-2008

<http://www.nwc.gov.au/www/html/956-first-national-water-markets-report---17-dec-08.asp>

⁹ [Google Maps - Melrose High School & Marist College in Pearce Canberra](#)

¹⁰ Australia's Dry Run – Robert Draper National Geographic April 2009.

<http://ngm.nationalgeographic.com/2009/04/murray-darling/draper-text>

¹¹ John E. Caldecott: Market Privatisation of the Murray-Darling

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

¹² Yanks raid Aussie water market - Peter Hunt *Weekly Times* 1st April 2009

http://www.weeklytimesnow.com.au/article/2009/04/01/67451_water.html

There's Summit about our water - Editorial *Weekly Times* 1st April 2009

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¹³ Community Water Summit – Alan Scott Auditorium University of SA 14th March 2009

<http://www.saveourgulf.org.au/watersummit.htm>

¹⁴ Notes for Opening Keynote Australian Water Summit 1st April 2009

http://www.canadians.org/about/Maude_Barlow/UN/KEYNOTE-AWS2009.pdf

¹⁵ Commonwealth of Australia The Australian Constitution "Section 100 - Nor abridge right to use water"

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

¹⁶ Public comment sought on the proposed blocking banks in the Goolwa Channel and tributaries, SA

<http://www.environment.gov.au/epbc/notices/assessments/lower-lakes.html>

¹⁷ Presentation of Results from the Murray Region: CSIRO Murray-Darling Basin Sustainable Yields Project

<http://www.csiro.au/resources/MurrayPresentation.html>

¹⁸ Presentation of Results of Water Availability in the MDB <http://www.csiro.au/resources/MDBSY-final-report-presentation.html>

¹⁹ Murray region: CSIRO Murray-Darling Basin Sustainable Yields Project

<http://www.csiro.au/org/MurrayOverviewMDBSY.html>