



## Legislative Council

30/10/2002

### Murray-Darling Basin Amendment Bill Hansard - Extract

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#### Second Reading

**The Hon. MICHAEL EGAN** (Treasurer, Minister for State Development, and Vice-President of the Executive Council) [3.34 p.m.]: I move:

That this bill be now read a second time.

I seek leave to have the second reading speech incorporated in *Hansard*.

#### Leave granted.

Corporatisation of the former Snowy Mountains Hydro-Electric Authority took place on the 28th June 2002.

As part of the arrangements for corporatisation, the NSW, Victorian and Commonwealth Governments agreed to provide increased releases of water from the Snowy Scheme to improve the environmental condition of the Snowy River below Jindabyne.

The Governments agreed to provide up to 21% of the original average flow in the Snowy River progressively over a 10 year period.

The water released from the Snowy Scheme to provide this increased flow will be offset by water savings in the irrigation areas to the west of the Snowy Scheme.

The NSW and Victorian Governments have committed \$300 million over ten years to achieve these water savings through capital works in diversions from the River Murray and in the Murrumbidgee and Goulburn-Murray river systems.

There will be no impact on irrigation farming in the Murrumbidgee and Murray Valleys because the water savings will be found by reducing inefficiencies in the supply of water for irrigation, such as by reducing evaporation and leakage in irrigation channels.

In the future, it may be possible to release additional water from the Snowy Scheme equivalent to up to 7% of flows to achieve a maximum of 28% average flows in the Snowy River.

This will require the implementation of an additional major capital works program to achieve water savings in the southern Murray-Darling Basin beyond those required to offset the 21% average flows in the Snowy River.

Under the original legislation establishing the Snowy Scheme, the former Snowy Mountains Hydro-electric Authority was given powers to do all things necessary within a defined geographical area to construct, maintain and operate the Snowy Mountains Scheme.

The governance of the former Authority was via the Snowy Mountains Council, a group with membership representing both the power and water interests of the NSW, Victorian and Commonwealth Governments.

One of the consequences of corporatisation is that the Snowy Scheme is now subject to the NSW legal and regulatory regime.

NSW has issued the *Snowy Water Licence* to the corporatised company Snowy Hydro Ltd. The water licence is the main statutory instrument which regulates the collection, diversion, storage, use and release of water by the company.

Water released to the west from the Snowy Scheme actually contributes to delivering the water entitlements of Victoria and South Australia under the *Murray-Darling Basin Act*.

In the process of negotiating Snowy corporatisation, the other States were understandably concerned that their influence over the releases from the Snowy Scheme would disappear.

They were particularly concerned that their water entitlements could be reduced should NSW decide unilaterally to change the *Snowy Water Licence*.

To allay these fears, the NSW, Victorian and South Australian Premiers and the Prime Minister signed the *Murray-Darling Amending Agreement*.

The Agreement contains provisions that would cause the water sharing accounts kept by the Murray Darling Basin Commission to be altered if the NSW government acted unilaterally to change the *Snowy Water Licence* so as to reduce the water entitlements of Victoria and South Australia.

The Commission would alter the water accounts to make the changes by NSW neutral in relation to the water entitlements of the other States.

The purpose of the Bill before us today is to amend the NSW *Murray-Darling Basin Act* to include the Agreement signed by the Premiers and Prime Minister.

In addition to the provisions protecting the water entitlements of Victoria and South Australia, the Agreement also includes the benchmark definition of the required annual water releases from the Snowy Scheme to the Murray Valley.

For the first time, this gives irrigation farmers in the Murray Valley certainty in relation to the volume of water which will be released each year from the Snowy Scheme.

Provisions in the *Snowy Water Licence* provide equivalent certainty to farmers in the Murrumbidgee Valley.

Prior to Snowy corporatisation, water releases from the Snowy Scheme were determined each year by the Snowy Mountains Council and there was no certainty as to the volumes which would be released.

This Bill ensures that the water operations of the Snowy Scheme will be governed by NSW laws and regulations while protecting the water entitlements of Victoria and South Australia and providing certainty in relation to water releases for irrigation farming.

I commend the Bill to the House.