Save the River Murray Fund

Annual Report 2013-14

HOUSE OF ASSEMBLY
LAID ON THE TABLE

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1 Introduction

The Save the River Murray Fund was established under the *Waterworks Act 1932* on 24 July 2003. The fund is held by the Minister for Water and the River Murray and administered by the Department of Environment, Water, and Natural Resources (DEWNR) on behalf of the Minister.

The Save the River Murray Levy was introduced on 1 October 2003 under the *Waterworks (Save the River Murray Levy) Amendment Bill*. The Save the River Murray Fund and Levy is now regulated under the *Water Industry Act 2012* which came into operation on 19 April 2012.

The Levy is charged to all SA Water customers across South Australia, both residential and non-residential, whose water supply is connected to the River Murray. The Levy is indexed annually.

The Levy contributes to a programme of works and measures to address the health of the River Murray in South Australia and increasing community demands for a high security of water of acceptable quality for urban and irrigation purposes. The programme, known as the River Murray Improvement Program (RMIP), is integrated within a larger Murray-Darling Basin programme of works and measures, the South Australian River Murray Salinity Strategy and the South Australian Environmental Flows Strategy for the River Murray.

The RMIP contributes to the delivery of three high-level outcomes:

- Improved environmental health of the River Murray system in South Australia;
- High security of water of acceptable quality for irrigation in South Australia at an appropriate price; and
- High security of water quality for domestic water supplies.

It also contributes to a range of targets identified in South Australia's Strategic Plan, including:

- South Australia's water resources are managed within sustainable limits by 2018 (T 75);
- Increase environmental flows in the River Murray by a minimum of 1500 gigalitres by 2018 (T 76); and
- South Australia maintains a positive balance on the Murray-Darling Basin Authority (MDBA) salinity register (T 77).

2 Financial Summary

In 2013-14 a total of $24.592 million was received into the fund and $23.813 million was expended from the fund on works and measures under the RMIP.

After the introduction of the *Water Industry Act 2012*, the Save the River Murray Levy no longer applies to land if its water supply is not connected in any way to the River Murray. The exemption came into effect on 1 July 2013 which resulted in a decrease in levy revenue of $2.0 million from the 2012/13 financial year.

3 Annual Report Framework

The annual report is presented to highlight a range of achievements for the period ended 30 June 2014 in the following key outcome areas:

3.1 Murray-Darling Basin Authority State Contribution

The sharing of River Murray waters is set out in the *Murray-Darling Basin Agreement 2008*. As part of the sharing requirements all states must contribute to the river operations for water supply and other purposes. The State's contribution supports the construction, operation and maintenance of the four major storages (Dartmouth, Hume, Menindee Lakes and Lake Victoria), a large number of river control structures such as locks and barrages, and salinity mitigation works over 2,500 kilometres along the length of the river. South Australia contributed $26.445 million to the MDBA in 2013-14, of which $8.831 million was sourced from the Save the River Murray Fund.

Key benefits to South Australia in 2013-14 included:

- Delivery of good quality River Murray water supply to South Australia to meet critical human water needs, environmental outcomes, irrigation, domestic and industrial use;
- Salinity levels maintained at agreed minimum levels through the operation and maintenance of salt interception schemes;
- Completion of construction works to improve Hume Dam's capacity to handle extreme floods and earthquakes; and
- Completion of construction of the Murtho Salt Interception Scheme and the Chowilla Creek environmental regulator.

3.2 Water Acquisition for Environmental Flows

Funds from the Save the River Murray Levy allowed the State to acquire water for environmental flows. In 2013-14, $550,000 was used to purchase 8.111 gigalitres (GL) of allocation to meet South Australia's Environmental Provision obligations under the *Implementation Plan for Augmentation of the Adelaide Desalination Plant*. This water contributed to South Australia's planned environmental watering requirements with this water being applied to environmental assets, including River Murray wetlands and the Lower Lakes, Coorong and Murray Mouth.

3.3 River Murray Operations

The role of the River Murray Operations Program is to work collaboratively with local, State and interstate jurisdictions in running the South Australia River Murray to optimise outcomes for today's competing needs while maintaining River health for future generations.

Funding for the high-level management of the River Murray Operations Program ensured that products and services were delivered and important risks managed.

During 2013-14 the River Murray Operations Program administrated the high volume of routine business associated with running all aspects of River Murray management, and provided advice and information to the community and to all levels of the South Australian and the Australian Governments.

3.3.1 Riverine Recovery Project Infrastructure Operations and Maintenance

The Riverine Recovery Project (RRP) is a component project of the *Murray Futures Programme* that aims to achieve measurable long-term improvements in the health of the River Murray in South Australia. The RRP takes a holistic approach to river management by contributing to the establishment of a *New Functional River* that can be scaled according to the volume of water available with the aim of re-establishing a resilient and functional ecosystem.

The RRP aims to improve ecological outcomes for floodplains and wetlands, use environmental water more effectively, provide social benefits and deliver up to 15 GL of evaporative water savings to the Australian Government to help protect or restore environmental assets in the Murray-Darling Basin.

During 2013-14 substantial infrastructure has been constructed and adopted under the RRP and is now managed by the Department of Environment, Water and Natural Resources (DEWNR) River Murray Infrastructure Operations Unit. A Management Action Database has been developed and will be operated and maintained under the Save the River Murray Fund.

Regulator – Yabby Creek Katarapko

3.3.2 Water Resource Operations

During 2013-14 DEWNR Water Resource Operations managed the River Murray in South Australia in accordance with *South Australia's River Murray Annual Operating Plan 2013-14,* which is consistent with, and ensures the requirements are fulfilled under the:

- *Murray-Darling Basin Agreement 2008 (Cth)*;
- *Water Act 2007 (Cth)- Basin Plan 2012*;
- Murray-Darling Basin Authority's River Murray Annual Operating Plan 2013-14; and
- Murray-Darling Basin Authority's Objectives and Outcomes for River Operations in the River Murray System.

Water Resource Operations optimised the delivery and management of River Murray bulk water supplies to, and within, South Australia to accommodate the needs of all water users within system constraints. Water was provided for critical human water needs, irrigation, environment, carryover, industrial, stock and domestic and recreation purposes.

Major achievements included:

- barrage release at greater than 2 GL per day for nearly half the year;
- facilitated delivery of over 600 GL of environmental water;
- improved Lake Albert salinity by approximately 900 EC;
- maintained salinity and other water quality parameters below identified thresholds;
- maintained the River Murray water level in the Barrages weir pool above 0.4 metres Australian height datum (AHD); and
- deferred and stored a portion of South Australia's Entitlement Flow for critical human water needs and private carryover purposes, for use in future dry years.

3.3.3 Drainage Disposal Basin

DEWNR operates and maintains 17 drainage disposal basins and related pipelines, pumps and caissons in the Riverland area. Ongoing operation and maintenance of each disposal basin has continued during the year, including routine maintenance and pest control work, such as rabbit and weed control. With the improvement in water use efficiencies on properties under irrigation, flows to many of the disposal basins have reduced, resulting in improved water quality and higher biodiversity values. For example, Disher Creek near Renmark has become a valuable refuge for the critically endangered fish species, Murray hardyhead (Creterocephalus fluviatilis).

Saline groundwater from Salt Interception Schemes between Loxton and the South Australian border is pumped and evaporated at the Noora Drainage Basin. Significant work was undertaken at the Noora Drainage Basin during 2013-14 to maintain fire breaks, fences and gates, and continue the weed control programme. These actions will help native plantings to establish and survive competition from other plants.

3.3.4 Lower Murray Levee Banks

A series of levee banks are maintained in the Lower Murray region between Mannum and Wellington. These structures help to define the River channel and deliver water by gravity to low-lying irrigation areas along the floodplains. DEWNR maintains 67 kilometres of levee, which have the additional function of protecting prime agricultural land from inundation at normal or above normal River operating water levels.

A programme of maintenance has continued during 2013-14 involving weed and pest animal control, and regular inspections.

Remedial bank reinforcement and height raising work was conducted in an ongoing programme of works at Cowirra, Pompoota, Burdett and Mobilong. This programme of work will continue during 2014-15.

The general public can make use of levees for recreational purposes such as fishing, walking and cycling.

Cowirra Levee Bank

3.3.5 Salt Interception Schemes

Salt Interception Schemes (SIS) are a critical tool in managing the impacts of salinity in the River Murray. These schemes prevent large volumes of saline groundwater from flowing into the River, with potentially serious implications for water quality. South Australia has six fully operational SIS, including the partially completed Pike SIS. Each SIS is constructed as part of a Joint Works programme under the Murray-Darling Basin Authority with operations and maintenance costs shared by state jurisdications on the basis of groundwater modelling, investment and benefit provided. The Murtho SIS is now being commissioned following some delays in completing the construction works after extended periods of above average River Murray flows.

3.3.6 River Murray Waste Disposal Stations

There are 13 River Vessel Waste Disposal Stations situated along the River Murray in South Australia, which accept River vessel sewage and general waste free of charge. A station upgrade programme continued during 2013-14 to meet increased houseboat traffic, accept black and grey water and solid waste, and to modernise ageing facilities nearing the end of their useful life. Remediation of the station facilities at Mannum and Swan Reach was completed in June 2014 and involved the total refurbishment of both sites. During these works, an opportunity was also taken to replace a poorly-performing pump at Morgan River Vessel Waste Disposal Station.

Mannum Waste Disposal Station

Swan Reach Waste Disposal Station

3.4 Implementation of Water Allocation Plans

The Save the River Murray Fund supports the effective administration of water allocation plans and water licensing, which provides for the social, environmental and economic needs of water users to be met and ensures the long term sustainability and security of water resources.

Implementation of the existing water allocation plans within the Murray-Darling Basin in South Australia and the management of the *Natural Resources Management Act 2004* and the *River Murray Act 2003* continued to be significant Government programmes in 2013–14. The primary focus for 2013–14 were the provision of efficient water licensing and trade administration, water use monitoring and reporting and the provision of support to the SA Murray-Darling Basin (SAMDB) Natural Resources Management (NRM) Board in its amendment and preparation of water allocation plans (WAP).

3.4.1 River Murray Prescribed Watercourse Water Allocation Plan

DEWNR, in partnership with the SAMDB NRM Board, aims to facilitate the needs of rural business whilst ensuring effective and sustainable management of the River Murray through implementation of the WAP principles. The sustainable management of the River Murray and an effective and prosperous water trade market ensure that water is available for critical human needs and water use developments.

The administration of Site Use and Works approvals for water users ensures compliance with the principles of the WAP. The principles of the WAP aim to minimise the impacts of taking and using water from the River Murray Prescribed watercourse. The effective management of Site Use and Works approvals facilitates new development and efficient irrigation practices whilst effectively limiting the impacts on the resource and the environment.

The reading of the River Murray water meters for the 2013-14 water use year has been completed by DEWNR officers and contactors. This has assisted the State to meet its obligations to report, evaluate and regulate consumptive use from the River Murray. Licensed water use meters were read four times during 2013-14 and provided timely and accurate data to manage storages, infrastructure and releases in the river. Information collected from the meter readings provides licensees with their annual consumption and assists irrigators to manage on-farm water usage.

A targeted compliance strategy was undertaken during 2013-14 in the Lower Murray Reclaimed Irrigation Area, where 68 meter directives were sent to individual licensees to address outstanding meter issues.. An initiative to move to an online transaction and processing environment (SmartForms) for all River Murray Prescribed Watercourse water licensing application forms is now into its second year. The uptake of this technology continues to grow, with a significant rise in the number of applications and transactions in 2013-14 being lodged online.

During the 2012-13 water use year 55 online forms were lodged. In the 2013-14 water use year 678 were lodged.

Service standards for processing allocation and entitlement trade applications in the Murray-Darling Basin have been developed as part of Council of Australian Governments (COAG) water reforms to improve the operation of water trade market. DEWNR achieved the following water trade performance against these service standards for the 2013-14 year:

- 100 per cent of the 545 interstate trades were processed within the required 20 business days – the standard is 90 per cent.
- 99.81 per cent of the 533 intrastate trades were processed within the required 10 business days – the standard is 90 per cent.
- 99.72 percent of the 352 entitlement trades were processed within the required 20 business days – the standard is 90 per cent.

3.4.2 Angas Bremer/Mallee/Noora/Marne Saunders/Peake Roby Sherlock

State legislation and National policy agendas require all water allocations to be expressed as a volume and all water use to be measured to ensure compliance with annual volumetric limits. The volumetric conversion of 183 water licences in the Mallee Prescribed Wells Area from Irrigation Equivalents (haIE) to a volume (kL) was completed during 2013-14.

The WAP for the Mallee Prescribed Wells Area was reviewed and amended following extensive community consultation and was subsequently adopted in May 2012. The WAP provided the framework for converting area-based irrigation allocations to volumetric, and issuing first-time volumetric allocations in areas added to the prescribed wells area. Water licences with volumetric allocations have now been issued to all 213 commercial water users in the Mallee Prescribed Wells Area.

DEWNR, in partnership with the SAMDB NRM Board, continues to deliver programmes that ensure effective implementation of WAPs for the Noora Prescribed Wells Area, Marne Saunders Prescribed Water Resources Area and the Peake, Roby and Sherlock Prescribed Wells Area. These programmes focus on trade administration, water use monitoring and reporting, and compliance and enforcement, to ensure the protection of these water resources.

3.4.3 Improved Water Management of Eastern Mounty Lofty Ranges

The Eastern Mount Lofty Ranges WAP was adopted by the Honourable Ian Hunter MLC, Minister for Sustainability, Environment and Conservation on 17 December 2013 under the *Natural Resources Management Act 2004*. The WAP, developed by the SAMDB NRM Board in consultation with the local community and industry, guides the sustainable management of the region's water resources through consideration of the likely risks to the resource and consequences of managing these risks through the policies in the WAP. Current risks to the resource are dealt with through the allocation, transfer, permits and monitoring principles within the WAP, while future risks and consequences will be managed through regular monitoring of the resource.

DEWNR commenced issuing licences to existing users in the Eastern Mount Lofty Ranges in November 2013. There are 960 water licences to be issued to existing users in this region.

Water licences are being issued to these existing users in a staged rollout, commencing with issuing proposed licence packages. This process gives water licence applicants the opportunity to request an amendment to their licence prior to the licence being issued.

As at 30 June 2014, proposed licence packages have been sent to 811 existing users and 612 licences have been issued.

An Implementation Plan has been developed for the Eastern Mount Lofty Ranges to ensure the implementation of the WAP is appropriately resourced and delivered and that the provisions of the WAP are correctly interpreted.

3.5 State Water Resource Monitoring in the Murray-Darling Basin

The objective of the State Water Resource Monitoring in the Murray-Darling Basin is to provide ongoing accurate and timely monitoring data on River Murray flows, salinity and other water quality parameters in the Murray-Darling Basin within South Australia. During 2013-14, 18 surface water sites and 135 groundwater sites were monitored for water level and a further 121 groundwater sites were sampled for salinity. This enabled timely, reliable data to be available to support the following:

- Scientific advice on prevailing conditions of water availability and quality;
- Management of the salt interception schemes within South Australia;
- Programmed delivery of environmental flow; and
- Water allocation planning for irrigated horticulture and other industrial users.

Funding supported field staff to undertake the monitoring and the maintenance of the monitoring assets, and included the associated administrative and support costs. This programme links closely with the monitoring that is undertaken to support river operations and salt interception schemes, which is funded by the MDBA.

3.6 Implementation of the Murray-Darling Basin Plan and Murray-Darling Basin Agreement

The Save the River Murray Fund supports planning, policy and management activities to ensure secure, reliable and good quality River Murray water supplies to South Australia, to deliver environmental flows and to implement the Basin Plan. These include water resource planning and policy, water quality and salinity management, environmental water planning and management, river operations and trade policy, Murray-Darling Basin policy development, Basin Plan reporting and compliance and delivery of the State's river management obligations under the Murray-Darling Basin Agreement.

The implementation of Basin Plan and complementary regional development and environmental projects is guided by the *Murray-Darling Basin Plan: South Australian Implementation Strategy 2013-19*.

To date, South Australia has met all of its requirements for implementing the Basin Plan. In 2013-14 significant work was undertaken to understand and to begin to implement the changes required to State water resource management arrangements to be consistent with the Basin Plan. This work will continue in 2014-15 and addresses complex issues such as the transition to new sustainable diversion limits (SDL) on how much water can be taken from the Basin water resources for consumptive use.

Some key activities and achievements in the implementation of the Basin Plan and Murray-Darling Basin Agreement in 2013-14 are outlined below.

- Development of a five-year programme for preparing Basin Plan compliant water resource plans. Water resource risk assessment for the South Australian Murray Region water resource plan area to inform water resource plan development.

- Progress on environmental water recovery with more than half of the water required to meet South Australia's 183.8 GL environmental water recovery target under the Basin Plan recovered and further water recovery underway.
- Development and submission of projects that provide an opportunity to offset the water recovery target by achieving equivalent environmental outcomes with less water, and subsequently a SDL adjustment.
- Delivery and use of 801 GL of environmental water in South Australia from entitlements held by The Living Murray, Commonwealth Environmental Water Holder (CEWH) and South Australian Government. This water was used to help protect and restore River Murray wetlands and floodplains, including the Coorong, Lower Lakes and Murray Mouth.
- Preparation and submission of the State's annual environmental watering priorities for 2014-15 to the MDBA in May 2014 to help guide decisions about delivery of environmental water.
- Work was undertaken, in collaboration with the MDBA, to identify and address constraints to optimal environmental water delivery in South Australia.
- Delivered project to ensure compliance between South Australia's trading rules and the Basin Plan Water Trading Rules.
- Policy guidelines were developed to guide river operators and environmental water managers in having regard to Basin Plan salinity and water quality targets when managing water flows.
- South Australia participated in a Basin wide review of salinity management and assessment of future salinity risks.
- South Australia managed its salinity impacts maintaining a positive balance on the Basin Salinity Management Strategy (BSMS) Salinity Registers and delivering its salinity management obligations under the Murray-Darling Basin Agreement, including the review and accreditation of several groundwater models.
- Basin Plan related reporting for 2012-13 was delivered to the MDBA and National Water Commission. The National Water Commission assessment indicated that South Australia had met its implementation milestones.

Given the importance of the River Murray to South Australia, implementation of the Basin Plan and of the Murray-Darling Basin Agreement into the future will support positive social, economic and environmental outcomes for the State and help to make sure that upstream states continue to meet their obligations.

3.7 River Murray Act administration

The Save the River Murray Fund supports the administration of the *River Murray Act 2003* (the River Murray Act). The River Murray Act aims to avoid or minimise harm to the River Murray, particularly by minimising adverse impacts of developments and other activities. In 2013-14, the River Murray Act Annual Report and a triennial review were completed and tabled in Parliament. A new River Murray Act Implementation Strategy was completed. The amended Strategy is considered an 'enabling document' that reflects existing strategies, programmes, activities and regional priorities, both within and external to the agency, and considers how these can be implemented and supported by the use of the powers and functions under the River Murray Act. Some 440 authorisations and relevant planning instruments were reviewed in 2013-14, under the River Murray Act referral powers, to ensure that they support and align with a healthy working River Murray.

4 PROGRAMME STATEMENT

DEPARTMENT FOR ENVIRONMENT, WATER AND NATURAL RESOURCES

SAVE THE RIVER MURRAY FUND

PROGRAMME STATEMENT FOR THE PERIOD ENDED 30 JUNE 2014

	Note	**2014** **$'000**	2013 $'000
Funds held at 1 July		**3,624**	1,949
RECEIPTS	**1**		
Levy Revenue		24,592	
Recurrent Appropriation			26,600
Total Receipts		**24,592**	26,600
EXPENDITURE			
Implementation of River Murray Prescribed Watercourse Water Allocation Plan		1,582	1,866
River Murray Act- Review, policy development and administration		409	436
MDBA State Contribution		8,831	9,508
Environmental Water Management Programme		446	432
Murray-Darling Basin Hydro-ecological Modelling		515	504
Improved Water Management of Eastern Mount Lofty Ranges		650	650
Investing in River Murray Ecology		90	137
Drainage Disposal Basins Management		163	175
River Murray Waste Disposal Stations		513	565
Salinity Policy and Registers Modelling		648	408
Water Acquisition for Environmental Flows			
-Environmental Water Purchase		4,724	3,600
Lower Murray Levee Banks		195	195
Murray-Darling Basin Policy		347	825
River Murray Operations and Trade Policy		488	527
MDB Intergovernmental Relations		366	388
Hazard Management Programme		437	605
Implementation of MDB WAP Angas Bremer / Mallee / Noora / Marne Saunders / Peake Roby Sherlock		580	409
River Murray Operations		1,002	1,021
Water Planning Policy		174	479
Salt Interception Schemes - Operations & Maintenance		291	328
Riverine Recovery Infrastructure Operations & Maintenance		315	181
State Water Resource Monitoring in the Murray Darling Basin		459	457
Ngarrindjeri Funding Agreement		-	22
Water Quality Improvement and Acid Soil Investigation		300	493
Communication and legal costs associated with the Murray Darling Basin Plan		-	145

Premier's Murray Darling Basin Plan Taskforce	-	567
River Murray Compliance and Investigation Programme	178	-
Management Action Database Operations	110	-
Total Payments	**23,813**	24,925
Net Change in Funds	**779**	1,675
Funds held at 30 June	**4,403**	3,624

NOTES TO AND FORMING PART OF THE PROGRAMME STATEMENT

Fund Purpose and Funding

1 The "Save the River Murray Fund" (The Fund) is established under the *Water Industry Act 2012*. The major purpose of The Fund is to provide funds for programmes and measures to improve and promote the environmental health of the River Murray or ensure the adequacy, security and quality of the State's water supply from the River Murray. The Fund contributes to the State's contribution to the Murray-Darling Basin Authority and may be used to provide rebates (including administration costs) in particular cases.

Revenue collected from the Save the River Murray levy was paid into the Fund through the provision of appropriation from the Consolidated Account in 2012-13. Due to the introduction of the Water Industry Act 2012 the process changed and levy revenue was received directly from SA Water in 2013-14. Exemptions under the new Act resulted in a decrease in levy revenue collected in 2013-14. The fund is not interest bearing.

(a) Goods and Services Tax (GST)
Generally transactions through The Fund are included under the grouping provisions of the GST Legislation. Under grouping provisions, the Department of Environment, Water and Natural Resources (DEWNR) is responsible for the collection of GST on sales and payment of GST on purchases. The department received and paid these monies to the Australia Tax Office.

2 Save the River Murray Contributions Fund

A separate fund, Save the River Murray Contributions Fund, has been established to receive contributions where there is no obligation to pay the Save the River Murray Levy. The separate fund was created because the legislation that established the Save the River Murray Fund only provided for revenue to be received from the Save the River Murray Levy.

The funds received in the Save the River Murray Contributions Fund will be applied for the same purpose as the Save the River Murray Fund. The balance of funds held in the Save the River Murray Contributions Fund at 30 June 2014 was $4,415.

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Water and Natural Resources