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## War on water demands visionary

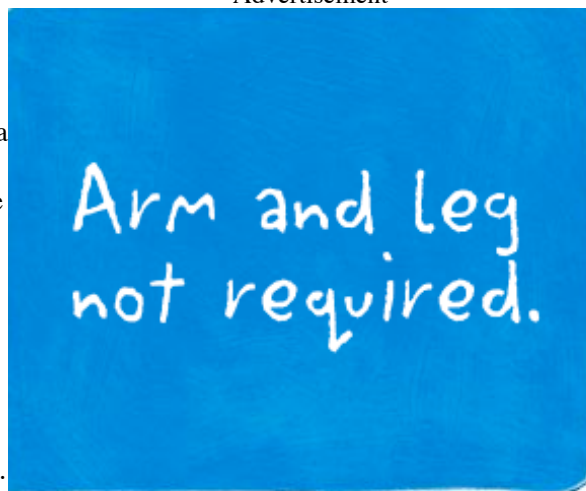
Kenneth Davidson  
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### City slickers lose as dam lies and political ambition erode the Murray water debate.

THE real reason why the Premier of South Australia, Mike Rann, is making a constitutional challenge to free up water from Victoria may be because he will want to be seen to be doing something about this life-and-death issue for South Australia during the state election next March.

Rann's only option is to gain a couple of years by damming the bottom of the Murray River at Wellington. If this desperate plan goes ahead it makes the Coorong and lakes Albert and Alexandrina a salt-water estuary. The dam won't hold back the salt moving upstream that threatens 90 per cent of South Australia's water supply, which is dependent on the lower Murray.

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At present, politicians are obsessing about a 0.5 per cent fall in gross domestic product in the December quarter. What happens if a sizeable proportion of the 20 per cent of GDP contributed to Australia by South Australia is lost permanently because of the loss of potable water for its major cities?

What Mr Rann hopes to achieve is the ability to purchase water on the open market from any location on the Murray-Goulburn Basin without restrictions, which are currently subject to the "4 per cent cap" from any one area in the case of Victoria.

Victoria claims that the Foodbowl Modernisation Project will save 425 gigalitres a year (175 for the river, 175 for irrigators and 75 for Melbourne via the north-south tunnel). It would appear that the South Australian Government has been advised by scientists that these savings are largely illusory. Water flows that now escape measurement are either stolen by irrigators or already end up in the river; water that seeps into the ground from leaky channels eventually seeps into the river and most of the water lost through evaporation can't be saved because Victoria is covering only 5 per cent of the channels.

If South Australia wins the case, which is mainly directed at Victoria, Mr Rann will be able to buy the 400 gigalitres of water each year necessary to flush the lower Murray and send the bill, estimated to be about \$150 million a year at current prices, to the upstream states.

The real losers from this will be capital cities because, instead of growing food, farmers will move into the water-trading business. Food prices will increase because of the rising price of water and decreasing food supplies.

Even if Mr Rann wins his threatened legal challenge, the solution is not viable in the long term based on the trend in rainfall patterns across the Murray-Goulburn Basin.

It is likely that an increasing share of water from the basin will have to be bought at higher and higher prices to provide environmental flows to the mouth of the Murray.

Over the past decade there has been a shift south in the rain band of south-east Australia by 200 to 300 kilometres. North-west Tasmania now receives much of Victoria's rainfall. This, in turn, is causing a rain shadow in central and north-east Tasmania. Fortunately, there are a number of dams in north-west Tasmania, all higher than Melbourne, built by Hydro Tasmania.

The current income generated by this water in electricity production is less than \$30 per megalitre before the 5300 gegalitres of "waste water" runs into the ocean. Even a Goulburn Valley farmer pays \$300 a megalitre for irrigation water. The Tasmanian Government has a proposal from a private consortium to buy this water for \$300 a megalitre to pipe to Melbourne Water for \$1700 a megalitre.

The proposal is that this water from Tasmania would replace the water from the Thomson and Upper Yarra dams, which now supply 400 gegalitres to Melbourne. This water would be freed up to replenish the Murray-Goulburn Basin with the expenditure of \$300 million to build a tunnel 30 kilometres through the Great Divide to the Eildon.

The major impediment to this is the Tasmanian Government, which refuses to sign a memorandum of understanding as a precursor to the expenditure of \$10 million by the consortium on a detailed engineering design.

The main problem seems to be an irrational fear that Tasmania might want the water for its own purposes in the future. This is unlikely. Tasmania now uses 1000 gegalitres a year compared with a measured run-off of 45,000 gegalitres a year, which is nearly double the Australian total usage of 24,000 gegalitres a year.

The \$150 million needed by South Australia (or the plaintiffs) would be enough to cover the interest expense at 12 per cent and capital repayments over 20 years on the Tasmanian pipeline and the tunnel through the Great Divide. At the end of 20 years there would be about a billion dollars a year in profit to be divided up between the states and extra water for the Murray-Goulburn Basin to expand irrigation and grow food for China which, if the world is to tackle global warming, will be far more valuable than current exports of coal and iron ore.

The alternative is water trading as promoted by bureaucrats on behalf of business interests.

There is an opportunity for Prime Minister Kevin Rudd to step in and knock heads together in the national interest, with the nation crying out for inspiring infrastructure projects that are also environmentally sound.

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*This story was found at: <http://business.theage.com.au/business/war-on-water-demands-visionary-20090308-8sfj.html>*