

South East Drainage Community Panel Report

March 15th 2015

How Should We Pay For Maintaining Our Largest Local Infrastructure Asset – The South East Drainage Network?

The State Government Will Commit \$2.2M pa

Do we want to spend more than that, and if so, how do we fairly share this cost across the region?

Executive Summary

The Community Panel concluded that the South East Drainage Network provides benefits not just to landholders or even the wider South East community but to the whole State.

The Community Panel rejects any notion that the South East Community be directly charged to fund the ongoing maintenance and operation of the Drainage Network.

The South East Drainage Network is a State owned asset and the State Government should fully fund its ongoing maintenance and operation.

The Community panel recognises that the State Government has sole responsibility under the South East Water Conservation and Drainage Act 1992 to adequately resource and effectively manage the South East Drainage Network to ensure sustainable landscapes for the benefit of both the Environment and Agriculture.

The Community Panel understands that the State Government has a number of financial responsibilities. The panel strongly recommends the state government acknowledge and respect the current, long standing, productive and environmentally important drainage infrastructure and allocate annual funding accordingly.

The Community Panel received 36 written submissions with many detailed and emphatic points made. The panel has considered all and taken these into account in its deliberations.

Recommendations

1. The Community Panel recommends that the State Government should pay for the ongoing maintenance of the South East Drainage Network from State Appropriation. The panel specifically opposes the introduction of a regional based levy.

- The drainage network is a state owned asset and maintenance should be state funded, as is the case with all other state owned bridge infrastructure around the State where maintenance is state funded.
- Maintenance and operation is a State Government responsibility under the South Eastern Water Conservation and Drainage Act 1992.
- Evidence provided by expert witnesses and community submissions determines there is no justification for localised taxing.

- Individual landholders who have been disadvantaged by the drainage network and who were forced to contribute to that construction will not pay another levy
- It is clear to the community panel that the state government has money available for other state projects. Funding the drainage network maintenance should be of equal importance. Examples of other state government spending are:
 - Adelaide Oval Upgrade
 - Torrens Foot Bridge
 - Extension of tramway
 - O Bahn extension in the East End
 - Redevelopment of Torrens Art Precinct
 - Casino upgrade
 - Torrens river front upgrade
 - Shift of OzMinerals office from Melbourne to Adelaide
- The benefits to the whole state of maintaining the drainage infrastructure are significant. The whole state benefits from food production, environmental conservation, industry and tourism from the South East Region. “The South East region contributed 21.6% of Gross State Product for agriculture, forestry and fishing.” (Ref. SELGA Submission 27)
- The environmental benefits of the SE Flow Restoration Project have state and national significance.
- The Community Panel recognises that there has been a change in emphasis in managing the drainage network for agricultural to environmental objectives.
- The pine forests of the SE, we were told by this State Government were an asset of the state located in the south east. As such the government told the South East people that they were entitled to sell the trees for the benefit of the state. Similarly the drainage system is a state asset located in the South East to be maintained by the state. The vast area of land on which the aforementioned pine forests grow, has been leased by this government to a foreign company for the preposterous sum of \$1 per year, for over 100 years. If this land had been leased at commercial rates, then there would be double the money required to provide a ‘gold plated’ drainage system maintained and operated to the highest standards.

2. The Community Panel recommends that \$2.2m is not enough for acceptable maintenance of the South East Drainage Network. The panel recommends funding be set at the OECD Industry Standard which is 3% of capital value.

- The Community Panel identified that successive State Governments over the last two decades have underfunded drainage maintenance and operations, causing significant deterioration of the drainage infrastructure. This has led to reduced environmental outcomes from the drainage system and higher ongoing maintenance, replacement and operational costs.

- The 3% funding ratio will provide a long term commitment to adequate funding to ensure the system is properly maintained.

3. The Community Panel recommends that the State Government credits the value of South East water which will be delivered to the Coorong via the SE Flows Restoration project, in line with the market value of the Murray River Water market prices and allocates the savings/funds directly for the maintenance of the South East Drainage Network.

- Under the SA Water recovery target, 42GL needs to be recovered or offset by 2019.
- The South East Drainage Network currently via Upper South East drainage scheme facilitates 26 GL of environmental flows for Coorong sustainability.
- The SE Flows Restoration project is predicted to deliver an additional 26GL per annum; with current commercial values this provides a significant saving to the state to meet its obligations set out in the MDBA Plan.
- This credit should be utilised as an offset for the benefit of the South East Drainage Network as it takes into account the Sustainable Diversion Limits targets, as set out in the Murray Darling Basin Plan specifically the South East Flows Restoration Project, and utilises this associated funding for the benefit of the South East Drainage Networks.

4. The Community Panel recommends that the SEWCD Board must maintain all its water management works in a good state of safety, cleanliness, and repair and in an efficient working order, as prescribed by the SE Water and Conservation Drainage Act of 1992.

- The panel considers that under the current inadequate funding system, the intent of the Act is not being sufficiently met.
- The level of funding available for monitoring, maintenance and capital replacement of the SEWCD Board's Assets remains below the level required.

5. The Community Panel recommends that the government source sufficient annual funding for the drains from better planned budgeting and fairer apportionment of annual budgets without adding levies or increasing existing taxes.

- The South East ratepayers currently contribute \$4.913 million (2015/16) through water and land based levies annually in levies to the South East Natural Resources Management Board, which is spent on managing land and water resources in the South East.

- The Panel suggests that the Government investigate cost sharing from other Government Departments which derive a direct benefit from the maintenance of an effective drainage network.
- The Panel expects the State Government to explore every possible option to obtain funds from other Federal and State Departments and government grants to help increase the budget of the SE Drainage Board.

6. The Panel recommends that the State Government should only accept funding for future capital drainage works with a provision to adequately fund the maintenance.

7. The Community Panel recommends that in consultation with affected stakeholders, the existing Drainage Network be scrutinised/assessed, in order that drain maintenance is appropriately prioritised.

- Some public submissions and panel discussions indicated that a number of drains and associated infrastructure is no longer useful.
- There is a need for an emphasis on hearing the voice of local stakeholders.
- Recharge bores need to be considered as an alternative
- Some submissions pleaded for water to be returned to underground aquifers.

Background

At the time of settlement a large part of the South East was a swamp for many months of the year making communication and access very difficult. The agricultural potential of the land was severely limited by poor accessibility and water logging.

In the 1860s Goyder described the South East thus;

‘My opinion is that from Salt Creek southwards, the area of the South East is equal to 7600 square miles and in every wet season half of that is under water. The depth of the water varies from one to six feet and some of it is never dry. Some swamps extend from four to six miles’ Quoted in “Down the Drain” - Carter and Turner

The imperative to build a drainage system in the lower South East, which was undertaken in various stages over a period of a hundred years was initially to provide:

- (1) ease of transport and communication and
- (2) to open up land which the Crown could sell off for the benefit of the South Australian economy and development of the whole State.

The State Government accepted responsibility for financing the construction and the maintenance of the drainage system in the lower South East.

In the 1970's drainage rates were imposed based on unimproved value on all land titles.

As many landholders argued that they derived no benefit from the drains an attempt was made to assess the benefit (betterment) of the drains to each land title. This led to a number of successful court appeals.

The process of trying to identify beneficiaries of the drainage network proved to be complex, costly and subjective.

In 1980 the Government abandoned the "betterment" concept and abolished drainage rates.

The rationale for this abolition is contained in the Hansard of 2nd of April 1980.

The principal object of this Bill is to abolish drainage rates in respect of the South East, Millicent Council District and the Eight Mile Creek Area. The Government considers that the whole of the South East Area of the State has received some benefit from the drainage systems that have been constructed in various districts over the last 100 years , and that it is difficult to determine the degree of benefit that the drainage has bestowed on any particular rural or business activity . As the State is receiving return from the revenue generated by increased productivity made possible by drainage the Government considers that the maintenance and administration of the system should be financed from state revenue. Consequently the Government has decided to abolish drainage rating in the South-East, effective from the commencement of the 1980 rating year, as it is a selective tax burden levied on a minority of landholders in the area.

And further

The Government considers that drainage administration is now entering a second phase where the drainage scheme should be manipulated to meet changing community need. There is a growing community concern that conservation and utilization programmes should be undertaken, where possible in the drainage system. The Government is responsive to this community concern.

Although the Government accepted full responsibility for the administration and maintenance of the Lower South East Drainage system at this time, the scheme has been

chronically underfunded for at least the last 15 years resulting in a serious deterioration of the infrastructure and a mounting maintenance backlog.

The addition of the Upper South East Drainage scheme to the responsibilities of the SEWCDB without any additional funding to support its maintenance is an unreasonable imposition could lead to the collapse of the whole drainage network.

POLICY DRIVERS

There have been significant changes in focus and priorities in the management of the drainage system over the last twenty years.

Commonwealth and State Governments have signed up to The National Water Initiative (NWI) which sets out policies for the management and measurement of water resources.

The MDBA and COAG policies which are binding on the State Government mean that the South East Drainage Network cannot be viewed as principally providing increased productivity to the agricultural community but is vital in meeting the State's environmental and water management objectives which concern the whole state.

CLIMATE CHANGE

It is expected that an increased focus on climate change and its consequences will impact on the management of the drainage system, primary production, wetlands and native vegetation. The drainage system needs to be fully functional, monitored and adaptable to assist in the ongoing challenge of climate change.

ENVIRONMENTAL IMPERATIVES

There has been a general move by Governments to restore the natural environment through the recovery of wetlands, native vegetation biodiversity and endangered species.

The Lower South East alone has some 200 plus wetlands and 38 of these are considered environmentally very significant for threatened species and preservation of biodiversity.

The Upper South East Scheme initially devised to address dry land salinity at a cost of \$24 million morphed into project costing \$49.3 million whose principal objectives were to return significant amounts of water to wetlands and the Coorong.

Land holders in the Upper South East were levied or made some in kind contribution to meet the blow out in costs.

Many people who do not consider that they have derived any benefit from the scheme are very angry. Some have refused to pay and have had a lien placed on their property title.

The Upper South East Reflows Restoration Scheme is currently returning an average of 26 GL of freshwater a year to the Coorong.

The proposed South East flows Restoration Project has the potential to deliver another 26 GL.

The Community Panel considers that the SE Drainage system will assist the State in meeting its targets under the MDB Agreement, as well as providing a significant contribution to the restoration of the environmental health of the Coorong- a RAMSAR site – having significant benefits to the State and Nation.

MANAGEMENT OF THE COORONG LOWER LAKES

Management of the Coorong lower lakes salinity through the drainage system is proving beneficial to the viability of the MDB.

- Freshwater going into the Coorong reduces hyper-salinity (currently 26GL)
- Monitored flows keep salinity levels within the required bands.
- Preservation of 13 key wetlands of extreme significance (apart from 200+ others) are State assets.
- An improved fishing industry is resulting from reflows.
- Irrigators' viability on the River Murray will benefit as their water reductions are lessened – resulting from SE Water being introduced to the system.

As a result of consultation with Aboriginal community representatives, the Community Panel acknowledges the significance of the local Aboriginal cultural connections in the management of the Wetlands through the Drainage Network, and, a desire for ongoing consultation.

IMPACT OF DRAINAGE ON LAND

The management of water in the South East to improve productivity has and will continue to be an objective of the drainage network. However the current practice and infrastructure designed to drain an area may not be the best way to utilise the water resource to improve productivity and enhance wetlands, native vegetation and biodiversity.

The impact of plantation forestry (particularly Blue Gums) has severely lowered the water table in some areas and rather than drain water, some land holders would prefer the water was redirected to recharge the underlying aquifer.

STATE WIDE POLICIES

The South East Drainage Scheme must be seen in the context of broader State objectives: The State Strategic Plan; the State NRM Plan, the State Infra structure Plan as well as its obligations under MDBA, COAG and RAMSAR obligations.

The South East Drainage is not a parochial scheme with parochial benefits but is a vital part of a whole of Government strategic approach and responsibility.

The panel recognises that the State Government has sole responsibility under the act to adequately resource and effectively maintains the SE Drainage Network. This will ensure a sustainable landscape now and into the future to equally benefit the Environment and Agriculture.

THANK YOU AND ACKNOWLEDGEMENTS

The Community Panel would like to thank the cross section of community members who gave their time to prepare written submissions, present Expert Witness sessions and assist members over the months of January, February and March 2015.

The SENRM Board convened and funded the Community Panel on the South East Drainage Network. Staff of Natural Resources South East (Jennifer Schilling and Callena Rawlings and Tim Collins) assisted the Community Panel with background briefings, administrative support and smooth organisational processes. We thank you.

We thank Iain Walker from newDemocracy, Barbara and Brenton Chappell from Simply Speaking challenged, facilitated and encouraged us in their usual tireless manner.

Finally, we thank the Hon. Ian Hunter MLC for supporting this process to be undertaken by local members of the South Eastern Community in such an independent and fair manner.