

SUPPLEMENTARY INTERGOVERNMENTAL AGREEMENT ON ADDRESSING WATER OVERALLOCATION AND ACHIEVING ENVIRONMENTAL OBJECTIVES IN THE MURRAY-DARLING BASIN

Between the Commonwealth of Australia and the Governments of New South Wales, Victoria, South Australia, and the Australian Capital Territory

Preamble

1. This Supplementary Agreement acknowledges the Commonwealth Government's contribution of \$500 million to the Murray-Darling Basin Commission (the Commission) in 2005-06 and its intention that the Commission draw on these funds to make a substantial contribution to achieving the objectives of the *Intergovernmental Agreement on Addressing Water Overallocation and Achieving Environmental Objectives in the Murray-Darling Basin* (Living Murray IGA).
2. This Supplementary Agreement does not change the funding commitments of the parties to the Living Murray IGA.
3. This Supplementary Agreement varies the terms and processes of the Living Murray IGA only where explicitly addressed below.

Purpose of Funds

4. The Commonwealth Government has contributed an additional \$500 million to the Commission to allow it to fund over five years from 2006-07:
 - (a) an operating and investment budget which will allow all pre-existing commitments by the Murray-Darling Basin Ministerial Council (Ministerial Council) and Commission to be implemented in a timely manner;
 - (b) an expanded Environmental Works and Measures Program to ensure that best use is made of water recovered under the Living Murray IGA; and
 - (c) accelerated water recovery measures under the Living Murray IGA.
5. The funds available to contribute to Living Murray IGA will be determined by the Ministerial Council and will recognise that the objectives of 4 (a) and (b) are to be met in determining Living Murray IGA funding.

Murray-Darling Basin Commission Investment

6. The Commission will participate in Living Murray Initiative by investing in projects on the Eligible Measures Register, under the direction of Ministerial Council.
7. For the purposes of Clause 41 of the Living Murray IGA the Commission will have access to first call investment opportunities as if they were a party to the Living Murray IGA. Its notional Living Murray Initiative budget will be \$200 million for the purposes of adjusting the sharing of investment opportunities among the parties under this Clause.

Reporting

8. The Ministerial Council has agreed that the funds and attributable interest earnings contributed by the Commonwealth Government and any others provided by State and

Territory partner governments will each be earmarked in the Commission's financial accounts and reports.

9. The use of these funds in Living Murray Initiative investments will be separately identified.

Review of Agreement

10. In addition to the review after three years envisaged at Clause 81 of the Living Murray IGA the Parties agree to an additional review when 500 gegalitres of water is recovered for the Living Murray Initiative.

Living Murray Business Plan

11. The Ministerial Council will revise the Living Murray Business Plan as soon as possible to account for the Commission's new role as a proponent and funder of projects under the Living Murray Initiative and the increased scope for investment in water recovery projects.

Commonwealth Government able to engage in Contracts with Water Entitlement Holders

12. Once listed on the Eligible Measures Register, the Commonwealth Government may make investments in water recovery projects without requiring the project by project consent of jurisdictions in which water is to be recovered. This will occur initially via contracts with individual water entitlement holders through the 'water through efficiency measures tender'.

Ownership of Water Entitlements acquired under Living Murray Initiative Projects

13. Where the Commonwealth Government is the project proponent, it may choose the entity to hold a water entitlement or licence for recovered water, including using an Commonwealth Government entity for this purpose. The States will co-operate in facilitating appropriate registration of these entitlements, as they would for any other entity holding the same entitlements.
14. Water held for or by the Commonwealth Government that is acquired under the Living Murray IGA will be provided and managed in accordance with the environmental watering plans under Clause 58 of the Living Murray IGA.
15. The Commonwealth Government entity will pay the same charges and fees associated with the ownership of these water entitlements as would a State-owned entity holding the same entitlements.

Flexibility in meeting Living Murray Initiative Obligations

16. Contracts with water entitlement holders providing the Parties with 99-year options over the use of that water for the purposes of the Living Murray Initiative will be considered to meet the requirements of 'permanently secured' under Clause 29 and credited against volumetric targets in accordance with Clause 49 of the Living Murray IGA.

Signed for and on behalf of each of the parties by:

The Honourable John Winston Howard MP)
Prime Minister of the Commonwealth of Australia)

The Honourable Morris Iemma MP)
Premier of New South Wales)

The Honourable Steve Bracks MP)
Premier of Victoria)

The Honourable Mike Rann MP)
Premier of South Australia)

Jon Stanhope MLA)
Chief Minister of the Australian Capital Territory)

14 July 2006