

WATER FOR FODDER STAGE 1 REVIEW—TERMS OF REFERENCE

1. Background

The Australian Government has reached an agreement with the State of South Australia (the State) to produce up to 100 gigalitres of water from the Adelaide Desalination Plant at the actual marginal cost of production; and to transfer water allocations from entitlements held by the State in the Murray-Darling Basin to irrigators in the Southern Murray-Darling Basin (the Basin) under its *Water for Fodder* program. The *Water for Fodder* program forms part of the Australian Government's drought response package to improve the resilience of farmers and rural communities during this current drought.

2. Purpose

A key component of the agreement reached between the Australian and South Australian Governments was that a gateway review of Round 1 (40GL) of the Water for Fodder program would be undertaken to inform whether Round 2 (60GL) was able to proceed, either as intended or in a modified form.

3. Key evaluation questions

As outlined in the Agreement between the Australian and South Australian Governments, the review will focus on the implementation of Round 1, water availability in the Basin, South Australia's water security and allocations and the risk exposure of water dependent agricultural sectors across the Basin. In order to respond to these items, the following four lines of inquiry will be investigated:

- water availability
- risk exposure of water dependent agricultural sectors across the Basin
- the appropriateness of the current eligibility requirements
- possible improvements to the administration of the program.

The Australian and South Australian Governments will engage a consultant to determine matters related to water availability and the risk exposure of water dependent agricultural sectors across the Basin.

3.a. *Water availability*

- Does South Australia have sufficient metropolitan water security to enable Round 2 to proceed as intended?
- If not, does South Australia have sufficient water security to enable Round 2 to proceed with a volume lower than 60GL, or to split the delivery of the 60GL over the 2020-21 and 2021-22 water years?

In order to answer these questions, the consultant may examine:

- What are the current and projected storage levels across the Murray-Darling Basin in 2019-20 and 2020-21?
- What are the current and projected future water allocations across the Murray-Darling Basin in 2019-20 and 2020-21?

- What are the current and projected future soil moisture levels across the Murray-Darling Basin in 2019-20 and 2020-21?
- What are the current and projected future water prices across the Murray-Darling Basin in 2019-20 and 2020-21?
- Will South Australia's metropolitan water security be compromised if an additional 60GL from Metropolitan Adelaide's River Murray Water Allocation is traded onto the market across the 2020-21 water year?
- Does projected unmet demand for water for major irrigated commodity sectors in the Southern Murray-Darling Basin during the 2020-21 water year present a risk to the ability of fodder-reliant sectors to gain water at a reasonable cost in order to produce fodder?

3.b. Risk exposure of water-dependent agricultural sectors across the Basin

- What is the projected demand for product in each major irrigated commodity sector¹ in the Southern Murray-Darling Basin during the 2020-21 water year?
- What is the consequence for each major irrigated commodity sector¹ in the Southern Murray-Darling Basin of there being insufficient water during the 2020-21 water year?
- What sectors are at greatest risk (in terms of continued sustainability) due to there being insufficient water during the 2020-21 water year?

3.c. The appropriateness of the current eligibility requirements

3.d. Possible improvements to the administration of the program.

The last two lines of inquiry are explored by the Department of Agriculture, Water and the Environment, informed by a public survey and targeted consultations with key stakeholders listed at **Attachment A**.

The South Australian Government will contribute to these lines of inquiry by providing feedback from their administration of the water transfer, and payment processes.

4. Scope

- The review will respond to the key evaluation questions outlined above and provide relevant summary recommendations.
- Any additional scope will be agreed by the Australian and South Australian Governments in consultation with the appointed consultant.

5. Roles and responsibilities

- The Australian and South Australian Governments will be jointly responsible for the overall management of the parts of the review regarding water availability.
- The consultant will be procured and paid for in full by the Australian Government; however the South Australian Government will be consulted on the appropriate consultant.
- The successful consultant will be responsible for undertaking the review for 3.a. and 3.b. consistent with this terms of reference for the agreed price.

- The Department of Agriculture, Water and the Environment, will be responsible for undertaking the review for 3.c. and 3.d., including the public survey and targeted consultations with key stakeholders.

6. Reporting requirements

The consultant will report to:

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A/g Director, Purchase and Northern Infrastructure Section, Water Recovery Branch

Ph: ██████████ Mob: ██████████

Email: ██████████

Department of Agriculture, Water and the Environment

18 Marcus Clarke Street, Canberra ACT 2601, GPO Box 858 Canberra ACT 2601 Australia

7. Timeline and milestones

Milestone	Due Date
Commencement of Review	23 March 2020
Provision of Draft Report for 3.a. and 3.b. by consultant	COB - 30 March 2020
Provision of Final Report for 3.a. and 3.b. by consultant	COB - 6 April 2020
Provision of Draft Report for 3.c. and 3.d. by Australian Government to South Australian Government for final acceptance	6 April 2020
Acceptance of Final Report by the Australian and South Australian Governments	14 April 2020

8. Any specific requirements

The final reports will be published by the Australian Government in consultation with the South Australian Government at an agreed time.

Attachment A to the terms of reference—Stakeholder list

Australian Water Brokers Association
Central Irrigation Trust
Coleambally Irrigation Co-operative
Goulburn-Murray Water
Lower Murray Water
Murray Irrigation
Murrumbidgee Irrigation
National Irrigators' Council
NSW Irrigators' Council
Australian Dairy Farmers Limited
National Farmers' Federation
NSW Farmers Association
Primary Producers SA (PPSA)
Australian Fodder Industry Association (AFIA)
Victorian Farmers Federation
Rural Financial Counselling Service NSW - Southern Region
Rural Financial Counselling Service Victoria - North Western Region
Rural Financial Counselling Service Victoria - North Easter Region
Moir Private Irrigation District
West Corurgan Private Irrigation District
Western Murray Irrigation
Renmark Irrigation Trust
NSW Government
Victoria Government

¹ For the purposes of this review, the major commodity sectors are: fodder, perennial tree crops, wine grapes, rice and cotton