

Senate Rural and Regional Affairs and Transport References Committee

Questions on Notice – Monday, 23 April 2012
CANBERRA, ACT

Inquiry into management of the Murray-Darling Basin

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**SENATE RURAL AFFAIRS AND TRANSPORT
REFERENCES COMMITTEE**

Inquiry into the management of the Murray Darling Basin

Public Hearing Monday, 23 April 2012

Questions Taken on Notice – Murray-Darling Basin Authority

1. HANSARD, PG 5

Ms Swirepik: I do not know specifically the year that I can compare it with. The basin is very wet at the moment, so most of the storages across the whole basin are full. For instance, in the Murray for the second year in a row Hume Dam will be full, and every event that comes in above the dam will have to be passed through the dam. The river will be, on a very rare occasion, almost operating with natural pulses going down the river system. The basin in terms of the level of water resources is very wet. Storages are full but in terms of environmental health you need a number of these types of years to build up the resilience of the floodplain ecosystem.

CHAIR: And to fill Eucumbene.

Ms Swirepik: That is right. There are a few storages still which are not complete.

CHAIR: How much is in Eucumbene?

Ms Swirepik: I do not know to take that on notice.

Mr Knowles: More than 80, I think, at the moment.

ANSWER

MDBA does not manage Eucumbene Dam and has found the following information on public websites.

The current capacity of Eucumbene is: 2485 gicalitres

The Active Capacity is: 4366 gicalitres

The Total Capacity is: 4798 gicalitres

2. HANSARD, PG 6-7

Senator NASH: What I would really like, Mr Knowles, if you do not mind, is for the further detail to that question to be placed on notice. I think I have about three minutes left and I have some other things I want to cover. So could you give a brief answer and then take any further information to be supplied on notice.

Mr Knowles: I would argue that this plan provides more certainty because it is a process which specifies a pathway forward which all people can join in with despite their various diametrically opposed views to whatever they might see is a proper outcome. By creating an opportunity for communities, rather than governments alone, to participate in interrogating the modelling, the opportunity to adapt is what in other areas of NRM that I have been involved in communities want. Whilst they might want the certainty of a number, I think what is really at foot here is the desire to take control to a greater degree than might otherwise have been contemplated in some of the earlier work, particularly in the guide.

ANSWER

Firstly, having a Basin Plan in place will itself provide greater certainty for communities and industries in the Basin as it about finding a more effective balance in the use of water in the Basin.

Secondly, while we recognise that there is some uncertainty with an adaptive framework, the framework offers many opportunities that we believe outweigh the risks.

The pathway to 2019 gives states and communities sufficient time to prepare for the plan and adjust. Our socio-economic analysis shows that allowing seven years to adjust to the new water limits keeps the annual rate of economic adjustment below the long-run rate of productivity growth. This means the agricultural output should be higher in 2019 even after moving to the new sustainable limits on water use.

The framework also allows time for the Australian Government to 'bridge the gap', time for the MDBA to determine any potential changes to the proposed sustainable water limits and for Basin states to finalise and consult on their water resource plans before the limits come into effect in 2019.

It provides opportunities and incentives for governments to find ways for their jurisdictions to improve their river operations and become more efficient. This includes completing the review of the current operating rules that limit how efficient we are, working with communities to identify where water can be used more efficiently through environmental flow management and works and measures, and to identify where governments could invest in infrastructure to find water savings. In the northern Basin, it will allow us to implement a work program to examine more closely the environmental outcomes we are seeking to achieve, and the best way to recover water to achieve those outcomes.

The adaptive framework allows any findings to be considered as part of the 2015 review, along with any other new information that might allow us to make changes to the limits we have proposed. This means we have a framework for the entire Basin, time to assess and adjust, and with a framework for greater certainty, we allow Basin states an opportunity to demonstrate

their ability to work together, and with the Australian Government, to improve water use across the Basin.

3. HANSARD, PG 7

Dr Dickson: We have not said we are absolutely certain about job losses. What we have identified is the order of impact. I do not have the figures in my head, but we certainly can get them to you. I think the worst case was around 1,600 overall over the long term, and the best case was something around 800. It all depends on the modelling that you use.

Senator NASH: To clarify: that was 1,600 job losses across the basin?

Dr Dickson: Yes. I am just going from memory. I can get you the figures, but there are all there in the reports.

Senator NASH: I am happy for you take that on notice. ...

ANSWER

The estimate of 1600 job losses in the long term relates to a 0.17% reduction in total Basin employment (estimated at 921,300) when the plan comes into effect in 2019. It assumes that (1) no buy back proceeds are reinvested in the Basin (that is, all buyback proceeds leave the Basin), and (2) that there are no offsetting employment gains from infrastructure investment. It is the worst case estimate of job losses from the Basin Plan.

Senator NASH: Can I very quickly ask on that whether you have taken into account the carbon sinks that have arisen as a result of taxation measures?

Dr McLeod: I do not quite understand your question, Senator. I am sorry.

Senator NASH: There is a particular piece of legislation that allows for taxation arrangements to be put in place in the creation of a carbon sink. I wondered whether you had taken that into account, given that that would increase the forestry.

Dr Dickson: Any interceptions that have been identified as of now as a result of those schemes would have been included in the interceptions. Projections about the future fall into the same sort of camp.

Senator NASH: Would you mind providing the committee on notice a list of those current interception activities that you have taken into account and at what figure.

Dr Dickson: We can provide the report.

Dr McLeod: We can provide that. The information is in the planning list summary. It is there in the Basin Plan itself in schedule 1, but it is also set out in more detail in the planning and summary. But we can provide that as a question on notice.

ANSWER

Interceptions by commercial plantations and runoff dams have been taken into account in developing the baseline diversion limits for the proposed Basin Plan. Runoff dams include farms dam used for irrigation purposes and farms dams under basic rights (e.g. farm dams used for stock and domestic purposes). The Authority's current best estimate of the impact of commercial plantations and runoff dams on surface water yield (runoff) is 2720 GL/y. This is comprised of 2384 GL/y for runoff dams and 336 GL/y for commercial plantations.

It is worth noting that floodplain harvesting, which is considered an interception activity, is included in river system models where there are significant diversions (i.e. in most of the larger models in the northern Basin). Consequently floodplain harvesting is combined with the Authority's estimates of watercourse diversions.

Regarding concerns that new taxation measures for carbon sinks will increase the amount of plantations, the licensing regime for plantations is a matter of Basin States, and the Authority expects that due consideration will be given in the approval process to the growth of the industry against the need to licence the interceptions. Further, the water resource plans developed by the Basin States for accreditation by the Murray-Darling Basin Authority will be required to restrict the total of all forms of take including interceptions to a sustainable diversion limit. The Basin States will need to outline the appropriate monitoring arrangements and measures dealing with any potential increases in interceptions including where and when intense forestry activities may occur over the next several years.

5. HANSARD, PG 12-13

Senator XENOPHON: Mr Knowles, I know we are running out of time, but could you take this on notice—and I might speak to Dr Dickson afterwards because I just want to give you some notice, for when you come back tomorrow, about a couple of issues arising out of the Mildura hearings. Isn't the market to some extent altered, distorted or skewed by virtue of the efficiency fund, that \$5.8 billion fund, because those who can get it get to keep half the water, so that in effect affects the market?

Mr Knowles: It may, but, equally, isn't the market distorted by the four per cent cap on trade rules? Isn't the market distorted by the—

Senator XENOPHON: No, I was not asking about that. You acknowledge that the market could be distorted by virtue of the—

Mr Knowles: I think it is fair to acknowledge that we are not working in a pure market. Every state boundary creates a range of artificial barriers, one of which is access to funding because of efficiency. The caps on trade and restraints to trade that have been endemic and historic in New South Wales and Victoria are another obvious market barrier. Wherever you go, you can identify market impurity, for want of a better term. That is why we are advocating quite clearly—and I think it is in every state's interests to do so—active participation in the rules review identified by the Windsor inquiry to deal with as many of those issues as are practically possible.

ANSWER

The Sustainable Rural Water Use and Infrastructure Program (SRWUIP) is a national program that invests in rural water use and management and efficiency. The majority of its funding is provided within the Murray-Darling Basin on programs such as the On-Farm Irrigation Efficiency Program which is open to irrigators across the Southern Connected Basin, the Private Irrigation Infrastructure Operators Program in NSW, Private Irrigation Infrastructure Program in SA and the Northern Victoria Irrigation Renewal Stage 2 project.

No market distortions are occurring as a direct result of the SRWUIP program being available for irrigators to participate in. Irrigators make decisions based on their business needs and the program gives them another option. Irrigators can decide whether it is efficient to invest in infrastructure themselves and use resulting water savings for other purposes (such as expanding their irrigation operations or trading in the water market) or participate in the Commonwealth SRWUIP program.

QUESTION ON NOTICE

Senate Rural and Regional Affairs and Transport Reference Committee

Monday, 23 April 2012

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Senator Xenophon: Could you take on notice what Mr McKenzie said about Lindsay Island – that there were more efficient ways of dealing with it? Could you let the Committee know whether you have looked at that specific issue and whether Mr McKenzie’s quite strong claims have been investigated in the context of a more efficient way to protect that environmental asset?

CSIRO response:

CSIRO has not specifically investigated ways of using infrastructure to more efficiently water floodplains on Lindsay Island. This question is best directed to the Murray-Darling Basin Authority, which has responsibility for ‘The Living Murray’, a river restoration program that is focused on six icon sites, one of which is the Chowilla Floodplain and Lindsay-Wallpolla Islands.