

**SENATE RURAL & REGIONAL AFFAIRS & TRANSPORT
REFERENCES COMMITTEE**

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Inquiry into the management of the Murray Darling Basin

Friday, 23 November 2012

**Committee Room 2S3 – Parliament House
CANBERRA**

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Australian Senate
Committee Secretary
Standing Committee on Rural and Regional
Affairs and Transport, References Committee
PO Box 6100
Parliament House
Canberra ACT 2600
23 November, 2012

*Inquiry into the Management of the Murray-Darling Basin
Public Hearing – Friday, 23 November 2012*

The recent announcement confirming that a volume of water released from Hume Dam coupled with the flow in the Kiewa River for environmental flows will result in a flow of 40,000ML/day at Doctor's Point, which is just above Albury. Now that this figure has been confirmed it is of extreme importance that our concerns are strongly heard and taken notice of.

Although the volume of 40,000ML/day may not be implemented for a few years, that is of little comfort for our members, (flood plain land holders between Lake Hume and Lake Mulwala), as it holds farming families to ransom. Given the uncertainty of timing, how could people sell their farms, plan for the future or calculate stocking rates? The emotional stress on families effected will be huge.

How will the 40,000ML/day effect flood plain land owners?

There will be varied impacts on properties, many will experience inundation of pastures, others will not have access to areas of their property. Uncertainty in silage and hay making stock management will become very difficult. The real difficulty will be that we do not know how often and when these flows will take place. This will result in farm planning being impossible.

Agistment for stock may not be available locally; hence transport costs would be high.

Pastures

Pastures under water in the Spring for long periods of time will result in pastures being totally wiped out for 7 – 8 months. All that will grow will be weeds resulting in a further burden for land owners.

Access

Many bridges, approaches and crossings will be under water denying access to land and stock. It has been suggested that bridges could be raised; this would, even if possible not address the access problem as mostly the adjacent land leading to the bridges will be under water.

Increased Flood Danger

If an environmental flow was being operated cutting off access to stock and we received a massive fall of rain in the catchment resulting in increased releases of water from Hume and Dartmouth Dams we could witness great stock losses.

Land Degradation

The flood plain land between Hume and Mulwala Lakes has always been regarded as very highly productive farm land. The environmental flows in this reach of river will cause much degradation with increased bank erosion and the loss of old red gum trees through water logging, many of which will simply topple over. Fence life will be shortened considerably when under water for long periods of time. Higher water tables could also alter pasture composition resulting in lower production.

Compensation

Immediately, not in three or five years time.

Our issues have to be addressed now as people's lives are on hold. Take an elderly couple wishing to sell the farm in order to be able to finance going into a retirement living situation, or if people need to leave the farm due to health reasons. What do they do?

There are properties that will have to be acquired by Government as they will become unviable and unmanageable.

For others compensation must be paid now as it is quite clear properties will be devalued and hence unable to be sold for their real value, as people will not buy a property with the environmental flow uncertainty hanging over it.

The Murray River Action Group has taken the initiative in the interest of our members and employed a Certified Practising Valuer to conduct a case study in order to assess compensation payable for the acquisition of an implied easement for flood purposes resulting from an increased daily flow of 40,000 Mega litres within the Murray River between Hume Dam and Lake Mulwala.

It would appear that properties will be devalued by one third. On the case study results we would estimate compensation to be in the vicinity of \$53 million. That figure does not take into account the properties that will have to be acquired. This will significantly increase that figure. There will also be costs to be paid by Government of consulting assessors and legal fees.

The processes for these settlements have to be commenced now in order to allow people to have future security.

We wish to draw to your attention that ours is a small reach of river in the whole picture as farmers below Lake Mulwala will experience similar impacts on their properties. This will apply right across the southern part of the Murray Darling Basin. We also draw your attention to the fact: That every litre of water allocated for downstream, firstly has to traverse through our reach of the river, as beyond Lake Mulwala an amount of river water is diverted.

One could question if the \$200 million put on the table for compensation and infrastructure will go anywhere near the total cost.

Final Comment

As the benefits of these environmental flows at the lower end of the Murray have not been substantiated adequately, we question if the benefits will outweigh the enormity of the degradation and agricultural loss of food production, also the social and economic loss to so many rural communities across the southern basin.

The Purchase of water by the Commonwealth Water Holder before the logistics of how these volumes of water could be delivered through the restricted channel capacities was very poor business management.

However, as the situation stands now and the fact that our previous submissions did not influence the final decision to proceed with these high volumes of environmental flows we request that our compensation be addressed as quickly as possible.

Yours faithfully,

Ian Lobban
President

Marie Dunn
Honorary Secretary



National Irrigators' Council

Level 2, NFF House, 14-16 Brisbane Ave
Barton ACT 2600

Ph: 02 6273 3637
ABN: 92133308326

Senate Standing Committees on Environment and Communications

Inquiry into Water Amendment (Water for the Environment Special Account) Bill 2012

Submission by the National Irrigators' Council

November 2012

Introduction

The National Irrigators' Council (NIC) is the peak body representing irrigators in Australia. NIC currently has 32 member organisations covering all MDB states, regions and commodities. Our members represent water entitlements of about 7 million megalitres. While this document has been prepared by the NIC, each member reserves the right to independent policy on issues that directly relate to their areas of operation, expertise, or any other issues that they may deem relevant.

The National Irrigators' Council welcomes the opportunity to provide a submission to the Senate Standing Committees on Environment and Communications inquiry into Water Amendment (Water for the Environment Special Account) Bill 2012.

We are concerned that Parliament would amend the Water Act to facilitate an SDL Adjustment Mechanism, which is linked to the operation of the Water Amendment (Water for the Environment Special Account) Bill 2012, when the details of the Mechanism, contained in the Basin Plan, have not been made public nor shown to stakeholders or Senators.

To have confidence in the SDL Adjustment Mechanism, which underpin the proposed Legislation we must understand the assumptions built into the mechanism's models, including the 'Initial Conditions of Development', that may affect the extent to which works and measures lead to SDL adjustments.

For this reason it is essential that the details of the SDL Adjustment Mechanism be provided to the Parliament, stakeholders and the community before the Water Act is amended.

Until the details in the final Basin Plan have been sighted, along with any Intergovernmental Agreements underpinning the Basin Plan or Regulatory Impact Statement, it is impossible to provide an endorsement to the Committee on the proposed Bill.

The National Irrigators' Council has long argued that water 'buy-backs should be a last resort and that Government should be recovering water for the environment through infrastructure and 'environmental works and measures' which have previously been discussed in the NIC's most recent submission to the Committee. Such recovery from infrastructure will offset the social and economic damage that would otherwise be caused by removing consumptive water from communities.

We are pleased that the Prime Minister and the Government have now acknowledged that large scale general tender water buy-backs do have a negative outcome for communities both in a social and economic sense. This was highlighted in a [joint media](#) release from the Prime Minister and the Minister for Sustainability, Environment, Water, Population and Communities which stated;

"The Gillard Government has today resolved to provide \$1.77 billion over ten years from 2014 to relax key operating constraints and allow an additional 450GL of environmental water to be obtained through projects to ensure there is no social and economic downside for communities."

"That's why we will invest primarily in on-farm efficiency works that generate water savings for the environment and other projects as agreed by states."

Minister for Sustainability, Environment, Water, Population and Communities, the Hon. Tony Burke told [ABC AM Program](#) when interviewed about the Bill that;

"They've also said if you want any additional water you should only be doing it through infrastructure projects. That's exactly the commitment that we're making today".

In relation to the Bill the Minister for Sustainability, Environment, Water, Population and Communities, the Hon. Tony Burke also told [ABC Rural](#);

"None of the money could be used for general tender buyback rounds or anything like that because the authority has reached the very strong conclusion that if you did it through general buybacks you do get downsides for the local communities."

Notwithstanding the fact that we have yet to see the final Basin Plan, Intergovernmental Agreement, or the Regulatory Impact Statement, the National Irrigators' Council believes that there needs to be Amendments made to the Water Amendment (Water for the Environment Special Account) Bill 2012 in order for it to better reflect the Government's stated desire to *'allow an additional 450GL of environmental water to be obtained through projects to ensure there is no social and economic downside for communities'*.

1: Delete clause 86AD 2 (b)

The Federal Minister responsible for the Basin Plan has made it clear that there are 'downsides for local communities' from buybacks and has clearly stated that this Bill is designed to ensure that the any water recovered from Basin communities above 2750 GL/y be refined to on-farm infrastructure, yet clause 86AD 2(b) makes it very clear that large scale water buybacks are still very much on the agenda.

To date the vast majority of the 1577 GL/y of water recovered since 2009 has been recovered through large scale indiscriminate and non-strategic buybacks. Many people have forgotten or didn't realised that 959 GL/y of water was recovered from Basin communities from 2004 – 2009. Much of the water recovered during this period was also purchased.

Given the social and economic damage that water buy backs inflict on communities it is the NIC's position that all further buy-backs cease and all further water be recovered through infrastructure and environmental works and measures which have no negative third party impacts. If the buy-backs are part of an infrastructure project and it has the support of local communities and can be proven to have no detrimental social and economic impacts then provision could be made to consider the proposal.

The NIC strongly supports the concept of recovering the equivalent of 650 GL/y of water through environmental works and measures, however, we note that if the 650 GL/y environmental works and measures fail to materialise then any remaining 'gap' will be recovered through general tender buybacks, which the Government has clearly stated will have 'downsides for local communities.'

This means that Basin communities are potentially facing a further 1173 GL/y of buybacks just recover 2750 GL/y, on top of that because of clause 86AD 2 (b) they are potentially facing another 450 GL/y of buybacks.

Whilst the Government has said that it intends to ensure that Sustainable Diversion Limit Adjustment Mechanism will ensure that water recovered above 2750 GL/y can only be done with no social and economic pain for communities, the Basin Plan has yet to be finalised and we cannot tell if this sentiment will be adequately addressed in the Basin Plan. Either way the Clause should be removed.

2: Amend clause 86 AD 4 and

Clause 86AD 4 should be deleted and replaced with an amendment to allow the funding outlined in the Bill can be used for all water recovery, not just the 'upward' movement above the water recovery target in the Basin Plan which almost certainly be 2750 GL/y.

This would ensure that there is sufficient funding available to guarantee there are no more water buy-backs because as the Government has clearly enunciated buy-backs cause 'downsides for local communities'.

The funding in the Bill would still be available for the 'upward movement' above 2750 GL/y if what Governments at both a State and Federal level are saying will occur actually happens. There is currently a high level of confusion in the community with Governments on one hand saying that large general tender buy-backs are having a downside for local communities and infrastructure

works can be done in a way which allows environmental *'water to be obtained through projects to ensure there is no social and economic downside for communities'* then the Government should be willing to legislate to ensure that all further environmental water be recovered through infrastructure and environmental works and measures.

The over-riding objective for Governments in recovering water for environmental purposes should be to do it in a way which does not have social and economic *'downsides for local communities.'*

3: Insert a clause which ensures all projects funded by this Bill are subjected to a 'no detriment' economic and social impact test before being approved.

Despite the Government's stated intentions *'that the additional 450GL of environmental water to be obtained through projects funded by this Bill to ensure there is no social and economic downside for communities'* there is nothing in the Bill which specifically guarantees the *'upward movement'* will not cause social and economic downsides for communities.

The Bill should be amended so that it specifically states that all projects funded under the provisions of this Bill are subjected to a *'no detriment'* economic and social impact test before being approved.

4: Amend Clause 86AA 3 (a) to guarantee that there are no third party impacts as a result of removing or relaxing of physical or regulatory 'constraints'.

There are concerns that the potential third party impacts caused by removing or relaxing physical and regulatory constraints are not well understood and have not been adequately addressed in the Bill.

Third party impacts include but are not limited to the flooding of private property, homes and infrastructure. Other potential third party impacts could include altering or killing key environmental assets including wetlands because they are constantly inundated, or bank erosion caused by constant high flows.

Conclusion

While the National Irrigators Council is supportive of the principle of additional funding for on-farm works, it is impossible for the NIC to provide an endorsement of the proposed Bill until we have seen the final Basin Plan, the water recovery strategy document, the Intergovernmental Agreement, the regulatory impact statement and other key documents.

However, NIC Members have now raised a number of issues with the Bill, and hopes that these concerned will be addressed before the Bill enters the Senate.

Irrigators support the development of a Basin Plan and the principle that some water must be returned to the environment to ensure sustainable extraction into the future. We believe that the principles behind the National Water Initiative (NWI), which was signed off by all Basin States and the Commonwealth Government in 2004, should remain the driver for water reform. That process sought to achieve economically efficient water use and investment that maximises the economic, social and environmental value of Australia's water resources.

The National Irrigators' Council would be willing to appear at any public hearing the Senate Standing Committee's on Environment and Communications are holding to expand on any of the topics discussed in this submission.