

9 November 2012

Committee Secretary
Senate Standing Committees on Environment and Communications
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Dear Senator Cameron

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

The National Farmers' Federation (NFF) welcomes the opportunity to make a submission on the Inquiry into the above Bill.

The NFF understands that the Bill will provide for a lowering of the reduction amount from 2,750GL where savings are made before take but to increase the reduction above 2,750GL where the savings are after take. The movement in either direction is limited to 5% of the total SDL.

The NFF provides qualified support for this movement on the basis that water entitlements (or the equivalent effect) recovered under the Water for the Future Restoring the Balance and Rural Water Use and Infrastructure Programs contribute to the reduction volume. Likewise, water recovery measures including environmental works and measures, more efficient river operations and rule changes would contribute to the reduction volume.

It is the NFF position that should governments choose to invest **new** money into recovering water entitlements from the off river delivery systems or on farm, then these entitlements could be added to the recovery volume.

Importantly, in any addition to the recovery volume, the NFF is of the very strong view that such water recovery cannot and should not come from increasing water acquisition. This can only be to the detriment to the social and economic outcomes in the Basin. This consideration has been a strong focus in negotiations in which the NFF has been involved.

Therefore, the NFF is concerned about the inclusion of a provision in the Bill (i.e. ss86AD2(b)) that implies a policy intent to acquire water entitlements from the new

funds. The NFF understands that there are two specific circumstances underpinning the inclusion of this provision:

1. That the government may seek to acquire that 50% of water efficiency savings retained by the project proponent (i.e. farmer or irrigation infrastructure operator) in addition to the 50% obtained through the government's contribution. In other words, the government through infrastructure and purchase will seek to acquire 100% of the water savings from an irrigation infrastructure or efficiency project.
2. That state governments sought to be able to undertake currently undefined projects, which may or may not require a provision to acquire water entitlements (for example, see ss86AD2(c)(i)).

To prevent unintended consequences, the NFF seeks an amendment to the Bill as it is currently drafted linking the acquisition of any water entitlements to delivering an outcome only against the recovery of water entitlements from off river water infrastructure and efficiency projects.

The NFF also seeks an amendment that will ensure that recovery of water entitlements against the objectives of this Bill (i.e. movement above 2750 GL towards 3200 GL) only ought to occur once the gap has been closed against the 2750 GL SDL.

The NFF is also concerned about a number of provisions in the draft Bill that could lead to unintended or perverse outcomes for other entitlement holders, including the Commonwealth Environmental Water Holder, e.g. ss86AA(2)(g) and 86AD(2)(iv).

In order to ensure that third party impacts are appropriately considered, the NFF recommends including provisions to make it clear that any projects should not result in third party impacts, otherwise the risk assignment provisions for reductions in reliability are triggered.

The NFF would welcome the opportunity to discuss the above concerns and recommendations at hearings for this Inquiry.

Yours sincerely

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Chief Executive Officer