

26 October 2012

Committee Secretary
Senate Standing Committee on Environment and Communication
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Canberra ACT 2600
Australia

Water Amendment (Long-Term Average Sustainable Diversion Limit Adjustment) Bill 2012

The Victorian Farmers Federation (VFF) is pleased to provide this feedback to the Senate Standing Committee on Environment and Communications, for the inquiry into the Water Amendment Bill. The VFF request the opportunity to present to the Committee at public hearing.

It was with great surprise that the VFF became aware of the intent to introduce this bill to Parliament. The VFF was led to question the impetus of this amendment given the previous disinterest in reopening the Water Act coupled with the understanding that the Water Act already provides for a flexible definition of the Sustainable Diversion Limit.

The VFF believes that just as there is an expectation applied on irrigators to be water use efficient, so too should this expectation translate to management and delivery of environmental water. All water savings generated through environmental works and measures, irrigation system efficiencies and reviews of river management (with direct involvement of state government in the process) must be considered as offsets against the SDL which can be integrated into the adjustment mechanism. This is non-negotiable.

The VFF is strongly supportive of the development on an SDL reduction mechanism to provide a framework for accreditation of all possible water savings achievable within the Basin. In the VFF's formal written submission to the Proposed Basin Plan, the VFF provided an outline for the MDBA to follow to incorporate such an instrument into the Basin Plan. However, we need to be provided with surety that such a mechanism will actively work to achieve its intended purpose.

While there was little support from the MDBA, it was pleasing that the Basin Ministerial Council has seen merit in such a proposal and directed the MDBA through Section 43 notices to develop this instrument further.

The VFF have not yet been provided with certainty that the reduction mechanism in the Basin Plan will actually operate as it is intended. Our uncertainty is further heightened with the Prime Minister's announcement (26 October, 2012) of \$1.77 billion over ten years, to recover another 450GL of irrigator entitlement; increasing the volume of water for return to the environment to

3200GL. It is extremely difficult to place any trust in an amendment to legislation, with minimal understanding around how it will actively work, in the face of a political financial fix, with half of the vital information to the discussion missing.

An amendment to the Water Act is only one component of a very complex equation

The VFF are concerned that this amendment to the Water Act has been drafted and circulated in the absence of a publically available, up to date Basin Plan, incorporating the most recent comments from the Ministerial Council (August 28th 2012).

The amendment of the Water Act is only one component of a very complex equation. While it is pleasing to see that government is committed to seeking the accreditation of alternative water savings against the Sustainable Diversion Limit of the Basin Plan, it is difficult for the VFF to support the Water Act amendment in the absence of knowledge of what will be adopted into the Basin Plan.

The Act merely provides a framework for the development of the Basin Plan and its contents, and the VFF supports this framework approach. However, with no guarantees around what will ultimately be considered within the Basin Plan, a formal legislative change is approached with caution.

The VFF notes that the Bill provides a clear requirement for the Basin Plan to ensure that the Authority does not propose any SDL amendments without considering advice from the Basin Officials Committee.

This intent is reflected in the August 2012 version of the Basin Plan, within the notification of the expected adjustment measure:

6.12 Notification of expected adjustment measure

(1) The Basin Officials Committee may, with the agreement of a Basin State or the Commonwealth (the provider) notify the Authority of a set of works and measures;

- (a) That the provider has undertaken or funded, or will undertake or fund; and*
- (b) That will enter operation by 1 July 2019; and*
- (c) That is, or will be, a supply measure or an efficiency measure*

What is unclear to the VFF is the staged process which will be undertaken to forward through a set of works and measures to the Authority for consideration. As the technical representatives of each of the Basin States, the Basin Officials Committee will be well placed to recommend projects to the MDBA. The VFF are supportive of the role of the Basin Officials Committee in the representation of state viewpoints at the federal level.

All projects which are funded by government- be it federal or state government- must be eligible as an agreed set of works and measures. The VFF wish to see each potential project progress through to the stage where they can provide an offset against the SDL.

Role of the Murray Darling Basin Authority

The MDBA has been provided with numerous opportunities to prove that they have the capacity to listen to stakeholders and factor their valid opinions into their forward work program for developing a balanced Basin Plan.

On the majority of these opportunities, the MDBA has failed to take on board the very detailed feedback which has come from members of the community. Consideration of environmental works and measures and the incorporation of an SDL adjustment mechanism have been strongly advocated by the VFF and other industry groups, yet it was only on the directive of the Ministerial Council that the MDBA finally provided an avenue for these savings to be accounted for.

It is difficult for the VFF to then trust that the MDBA alone is the appropriate Authority for making amendments to the Sustainable Diversion Limit. The VFF believe that it is vital to provide Basin States with some oversight of the assessment that the MDBA will make of any supply measure which the authority is notified to run through the model.

Role of the Ministerial Council

Prior to a SDL adjustment notification being made to the Minister, the outcomes of the MDBA modelling run must first be provided to the Murray-Darling Basin Ministerial Council (which includes the Commonwealth Water Minister) for their consideration. Basin States will have a realistic idea of the water savings which can be generated from each of the works and measures provided to the Basin Authority. Basin States should be provided with the opportunity to ensure that the MDBA has appropriately considered the works and measures, and the oversight of the Ministerial Council is best placed to provide this.

Missing components from the amendment

The VFF do not believe that the SDL mechanism should be restricted to a percentage of the overall SDL, and certainly not that this should be stipulated in an amendment to the Water Act.

The Ministerial Council provided a clear direction to the MDBA to clarify that the SDL adjustment mechanism that at least 600GL of water savings from environmental works and measures and other offset projects would be able to reduce the 2750GL recovery volume. We fail to see how the amendment supports this ask.

It is imprudent to consent to an amendment of the Act which will enshrine the SDL Adjustment Mechanism without an understanding of what will or will not be considered within any adjustment mechanism framework.

Conclusion

Even though it is enabling in nature, and amendment to the Water Act is premature without a full, complete and comprehensive understanding of how the Basin Plan will operate. The full suite of components linked to the Basin Plan, with the Plan itself the centrepiece, needs to be presented together.

The Ministerial Council must play a role in overseeing the operation of the mechanism as it is run by the MDBA. The technical knowledge of the Basin states must be used to advantage to ensure that the SDL adjustment mechanism can be run to fully account for environmental works and measure offsets and reduce the burden on irrigation communities for providing an outcome for the entirety of the Murray-Darling Basin.

Yours sincerely

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