



Submission to the House of Representatives Regional Australia
Committee

“Inquiry into certain matters relating to the proposed Murray-Darling
Basin Plan”

Submission provided by Victorian Farmers Federation

Date: 15 June, 2012

Foreword

The Victorian Farmers Federation is Australia's largest state farmer organisation, and the only recognised, consistent voice on issues affecting rural Victoria.

The VFF consists of an elected Board of Directors, a member representative Policy Council to set policy and eight commodity groups representing dairy, grains, livestock, horticulture, chicken meat, pigs, flowers and egg industries.

Farmers are elected by their peers to direct each of the commodity groups and are supported by Melbourne-based staff.

Each VFF member is represented locally by one of the 230 VFF branches across the state and through their commodity representatives at local, district, state and national levels. The VFF also represents farmers' views at many industry and government forums.

Peter Tuohey

President

Introduction

The Victorian Farmers Federation (VFF) welcomes the opportunity to provide this submission to the House of Representatives Standing Committee on Regional Australia's inquiry into 'Certain matters relating to the proposed Murray-Darling Basin Plan.

The VFF provided the committee with an extensive submission and evidence at public hearing in response to the previous inquiry into the impacts of the Guide to the Murray Darling Basin Plan conducted in 2010-2011. Within this submission, the VFF noted the importance of the use of environmental works and measures to reduce the burden placed on irrigators to make water available for return to the environment.

In this submission the VFF focus is on term of reference two "the potential role that new environmental works and measures projects could play in partially offsetting SDL reductions under the Basin Plan, focussing particularly on prospective project proposals identified by state governments and community interests".

While it is pleasing that the Minister for Sustainability, Environment, Water, Population and Communities has recognised the importance of investigating water recovery projects within the Murray Darling Basin, it is disappointing that it has taken the Federal government so long to act on this issue.

Following the "Inquiry into the impact of the Guide to the Murray Darling Basin Plan" publically released in May 2011, the Federal government agreed to recommendations surrounding the use of works and measures to deliver water savings to the environment. It is disappointing that the Federal government has waited so long to implement their agreement to the recommendation made in May 2011.

Recommendation 10 of the previous Murray Darling Basin inquiry undertaken by this committee expressly noted a need for further investigation of water savings from environmental works and measures, with the recommendation expressly stating:

The committee recommends that the Commonwealth Government:

- *Identify and assess the viability of environmental works and measures as identified throughout this report and by the community; and*
- *Implement any viable measures as quickly as possible.*¹

An agreement on this recommendation was gained from government in November 2011. Since this agreement was made, the proposed Basin Plan has been released to a 20 week period of consultation and re-released to the public on 28th May 2012 following the development of a revision for members of the Basin Ministerial Council.

The timeline is fast drawing in, and a resolution needs to be brought about promptly to provide some certainty for irrigators and irrigation communities about what the impacts of the Basin Plan will be on their region. Surety is not possible simply by relying on a review which may occur in 2015. Ultimately, there can be no guarantee that a review at this time will result in any tangible changes.

¹ House of Representatives Standing Committee on Regional Australia 2011, *Of drought and flooding rains: Inquiry into the impact of the guide to the Murray-Darling Basin Plan*, Parliament of the Commonwealth of Australia, Canberra, p. xx.

Representatives within our state government departments and agencies have the capacity to provide detailed information, assess the works and measures which can be undertaken and the capacity for water savings to be achieved. These departments must be heavily involved in providing additional information to the Federal government and the Murray-Darling Basin Authority on the options which may be progressed to offset volumes of water targeted from irrigators. The MDBA must also work collaboratively with States.

While it is appreciated that this is not directly a component of these terms of reference, the possibility for water efficiency savings to be made through reviews of river operations should not be overlooked. Within state government water departments, personnel have the skill and knowledge to collaboratively work to identify a series of management changes which would deliver substantial operational water efficiencies which could decrease the volumes of water targeted from irrigators for the environment. While these reviews should be conducted by states, the MDBA must provide support for generating this data.

The importance of environmental works and measures

In its current format, the Basin Plan does not allow for the inclusion of water savings from environmental works and measure and reviews of river operations. The Basin Plan relies on “held environmental water” or water available under a “water access right”² to contribute to bridging the gap between the current levels of diversion and the new Sustainable Diversion Limits.

This means that there is absolutely no scope for water efficiency savings made from works and measures to be considered to return water to the environment within the construct of the current draft Basin Plan. The focus is firmly placed on recovering volumes of water to be returned to the environment without a clear understanding of the management and delivery of this water, nor the outcomes which can be achieved– with irrigators facing the burden of providing these savings. As the Basin Plan is a reform for all Australians, the burden of reform should not lie with just a small sector of the population. Government investment in environmental works and measures provides the capacity for a wider public contribution.

Environmental works and measures must be made an integral component of the water savings provided toward increasing the volumes of water for the environment, currently stated as 2750GL in the Basin Plan. The focus on ‘held entitlement’, which will primarily be sourced from irrigators, has been a key concern of the VFF throughout the development of the Basin Plan and the 2750GL volume which is sought from agriculture.

In the submission to the proposed Basin Plan, the VFF outlined an alternative approach to considering water recovery to meet environmental outcomes within the Basin. This mechanism seeks to alter the types of water savings which can be used as offsets and was described with the following equation:

$$\text{SDL} = \text{BDL} - x \text{ GL held entitlement (GL water shares)} + x \text{ GL Environmental outcome offsets (GL equivalents)}$$

² Murray-Darling Basin Authority, 2011, *Proposed Basin Plan- a draft for consultation*, Chapter 6.05 (4), p. 26.

This makes a clear differentiation between the volume of water entitlements which are held by the Commonwealth Environmental Water Holder against system efficiency savings which are generated.

In the absence of environmental works and measures making contribution towards bridging the gap, there is the expectation that the total 2750GL of water to be returned to the Basin system will be primarily sourced from agricultural use. The VFF does not support this.

Over 680GL of water has already been recovered from Victoria, in excess of the volumes the MDBA has specified to meet the in system requirements of Victorian catchments. If purchasing to meet the shared component is shared equally, Victoria could be expected to contribute an additional 400GL. This is the equivalent of closing down the productive Rochester and Torrumbarry irrigation districts of Victoria. Victorian irrigators have already contributed their fair share of water savings- any further water sought from Victoria will undoubtedly have localised socioeconomic impacts, which can only be avoided by saving water from the non-consumptive pool.

Why environmental works and measures must be considered and incorporated into the Basin Plan now

To represent a true balance between social, environmental and economic outcomes, all possible water savings options should be open for consideration within the Basin Plan. However there is currently not the capacity for these savings to be incorporated into the Basin Plan with the very ridged definition water which can be used to offset the Sustainable Diversion Limit (SDL) reduction.

If the Basin Plan is indeed about improving the health of the river, the focus of the Plan should be on managing water resources in the best possible way to ensure that health can be achieved.

The capacity to achieve, and more importantly accredit, water savings from works and measures and river operations must be incorporated into the framework of the Basin Plan which is presented to Parliament. This requires specific redrafting of Chapter 6 of the legislative instrument.

What should certainly not be overlooked is the capacity of environmental works and measures to provide the environment with a greater capacity to manage reduced volumes of available water during drought periods, with the environment provided with the capacity to better target water to the sites which it requires.

With an uncertain volume of water targeted from particular irrigation districts, there is uncertainty about the future use of infrastructure for the delivery of water within irrigation districts and consequentially the tariff structure which will be applicable to remaining users. There is a limited capacity for rural water corporations to plan for these impacts. This is another key reason why a clear decision must be made around the role of environmental works and measures within the Basin and the expected volumes of offset savings which can be contributed.

Modelling undertaken by the Victorian government

Modelling has recently been released by the Victorian government assessing the environmental outcomes which can be achieved with 2100GL of 'held entitlement' and with the capacity for outcomes to be further supplemented through environmental works and measures.

This modelling demonstrates that similar environmental outcomes can be achieved- comparable to those outcomes proposed to be achieved with 2750GL of water. This work provides valuable information on the baseline volumes which the environment requires and offers scope for additional outcomes to be generated by government investment in targeted environmental efficiencies.

Throughout the recent drought period and in the ongoing discussions around the development of the Basin Plan, water use efficiency has been expected of irrigation managers within agricultural production systems. The VFF now demands the same to be demonstrated in the application of environmental water.

As an example, the 2100GL modelling run recently conducted by the Victorian government shows that even towards the end of the Basin system including the Coorong lagoons, there is not a substantial decline in the outcomes which could be attained from a 2800GL run.

The average salinity level in the Southern lagoon only differs by 4g/L between the 2100GL and 2800GL models for the Basin system at 48g/L and 44g/L respectively. Both scenarios represent a reduction from the baseline average salinity level.

The South Australian government has announced that an investigation is to be launched into the redirection of fresh water from the South east drainage network to the southern lagoon³, providing an additional 44GL of fresh water to the lagoon⁴. This project coupled with the Victorian water volumes modelled this provides just one example to support a strong argument for a reduced volume of water for environmental outcomes to be derived from held entitlement from irrigators and alternately be supplemented by environmental works and measures to provide additional outcomes.

Works and measures to offset SDL reductions

The Federal government has seen value in providing funding to investigate a series of environmental works and measures at the state level which can return water to the environment. These projects should be the first port of call for investigation by the Regional Australia committee.

³ Department of Water, 2012, *State government investigates diversion of water to South East wetlands and the Coorong*, Government of South Australia, 24 May 2012.

⁴ Department of Water, 2012, *South east flows restoration project*, Government of South Australia.

http://www.waterforgood.sa.gov.au/wp-content/uploads/2012/03/fs_se_flows_v4.pdf

Within Victoria, there have been five sub-projects provided with funding to determine the costs, risks and benefits of undertaking these works to offset SDL's, including⁵:

- *Watering the Lindsay Island* – flooding 5000ha of floodplain with a reduced volume of 92GL, as opposed to 1000GL per watering event
- *Watering the Wallpolla Island floodplain* – improving inundation regimes of 1,000ha of floodplain
- *Watering River Red Gum sites along the Murray* – structural works to delivery environmental water to key Victorian environmental sites
- *Watering Black Box wetlands in Gunbower forest* – development of a 50 meter channel to inundate over 8,000ha of forest.
- Watering the Hattah Lakes: Chalka Creek North – targeted delivery of environmental water via a pump site.

All states must be considered in providing water savings from environmental works and measures. The works and measures feasibility program agreed by COAG funded eight other projects in New South Wales, One in Queensland and three in South Australia. In addition, the Lower Lakes should not be overlooked. Real time management of the Lower Lakes including automation of the barrages can deliver 40GL worth of water savings⁶

Further, there are large volumes of water offsets which can be generated from the better management of water within the river system. Any such changes must remain firmly within the management of state resource managers who have a high level understanding of the systems. Further, there should not be any alterations made which have an impact on the characteristics and reliability of current entitlements.

Review of operating rules and associated savings⁷:

Change to the operating rule	Potential water savings
Changed timing of Hume to Lake Victoria water transfers (earlier and higher releases over shorter time)	40GL
Target flooding from changed Lake Victoria operation (released ahead of refill)	10GL
Lindsay river allowance converted into held entitlement and supplied in a more timely way	70GL
Drainage options for southern Lagoon of Coorong, to replace water over barrages	100GL

⁵ Legislative and Governance Forum on the Murray-Darling Basin, 2011, *Murray-Darling Basin water ministers meet in Canberra*, Communique, 4 November 2011.

⁶ Regional Development Australia-Victoria, 2012, *Proposing a package to meet the Murray's needs*, Submission to the Murray Darling Basin Authority

⁷ Regional Development Australia-Victoria, 2012, *Proposing a package to meet the Murray's needs*, Submission to the Murray Darling Basin Authority

Better use of The Living Murray water/environmental flows from the Snowy Scheme	200GL
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On farm efficiency upgrades also have the capacity to provide water savings which can be transferred to environmental holdings, while ensuring that the productivity of irrigation systems and ongoing levels of production can be maintained. It is pleasing that there has been additional funding provided to expand the scope of these projects which represent a win-win for both irrigators and the environment.

Conclusion

What is vital is that the mechanism to incorporate these environmental works and measures is provided within the Basin Plan legislation from the outset.

The Victorian Farmers Federation does not support the Basin plan in its current format. It is vital that a thorough study is undertaken and a method developed to consider environmental works and measure and river operations as offsets before the Basin Plan is provided for the consideration of Parliament.

The suggestion that the incorporation of works and measures can be achieved at the point of the 2015 review is not to be borne. There is clear evidence that there can be water efficiency savings made from works and measures, and the role which they can play must be expressly outlined before the Basin Plan is introduced to Parliament.