

MURRUMBIDGEE IRRIGATION Limited's
Submission to House of Representatives
Standing Committee on Environment and Heritage

**INQUIRY INTO PUBLIC GOOD CONSERVATION
- IMPACT OF ENVIRONMENTAL MEASURES IMPOSED ON LANDHOLDERS**

BACKGROUND

Development of Land & Water Management Plans (LWMP), including incentives for on-farm work, will provide wider community benefits as well as on-farm benefits. This process has recognised that management of irrigation salinity has wider value or public good than just the immediate landholder. This issue (management of irrigation salinity) should be one of the conservation areas considered by the committee. Murrumbidgee Irrigation (MI) also recognises that they would be a beneficiary of limiting the spread of dryland salinity through tree planting and remnant vegetation conservation in upstream areas.

WATER SAVINGS

Water savings within the irrigation area could have benefits for the wider community in maintaining environmental flows in rivers and in the care of local wetlands. This is on top of the social benefits of maintaining and improving regional population and economies. Costings have been done for the implementation of on-farm works to ameliorate and/or limit irrigation salinity through water savings.

MI and other irrigation areas in NSW have developed a Blue Paper (attached) as a preferred approach to the management of water, including environmental flows. As COAG has recommended, part of this process should be the definition of water property rights in NSW. The investment required in water reticulation improvements requires certainty of water supply before commitment to major expenditure. The types of investment required include:

- refurbishment/improvement to 21st century standards of aged and deteriorated channels, pipes and regulators within the water supply system and on-farm
- conversion to micro irrigation technology and practices for permanent horticulture
- recycling of irrigation tailwaters on large area row cropping farms

These types of investment recognise the environmental imperative as well as:

- (a) enhanced quality of produce
- (b) enhanced marketability of produce
- (c) enhanced sustainability of their enterprise

Water savings achieved by these improvements will be available for:

- (a) additional production
- (b) environmental flows

and will also reduce accessions to the watertable and reduce evaporative losses.

By undertaking a Multi Criteria Analysis (MCA) the environmental benefits for undertaking these types of improvements within the irrigation area has indicated:

- significant improvements from reduced accessions to the water table and hence reduced soil salinity
- improvements to downstream flooding frequency
- improvement to downstream water quality
- improvement in the health of remnant vegetation that may be affected by high water tables

These benefits are very difficult to value in monetary terms although there are various studies being undertaken to develop our knowledge (J Bennett, University of New South Wales, University of New England, Snowy EIS, MDBC Salinity Audit).

We **recommend** investment in water savings should be encouraged. All studies suggest investment in water savings should be encouraged because of the increasing value of water, beneficial environmental implications and advantages to regional development.

REMNANT VEGETATION

A biodiversity strategy is being developed for the MIA and this will recognise the Western Riverine Regional Vegetation Plan when it is completed. Due to the high level of clearing in intensive farming areas and the difficulty in valuing the retention of a diversity of flora and fauna for future generations, incentives are required to retain and enhance remnant vegetation and care for wetlands. By incorporating these issues into farm planning the costs and benefits can be identified and a combination of stewardship payments, taxation relief, differential rating and financial incentives could be used to develop the best possible outcome for vegetation on-farm. The present NSW program for Native Vegetation Conservation could become a more targeted program in the future. Where vegetation communities have been determined to be threatened, direct approaches to landholders through a Conservation Trust over all or part of the property could be negotiated.

Any process requires ongoing funding for weed/vermin control and this should be extended to improved programs on nature reserves and National Parks, both State and Federal. Ongoing funding support is required for research and monitoring into effective native vegetation management techniques and into assisting the development of environmental/conservation markets for carbon/salinity/biodiversity etc.

The benefits of such programs on an individual site basis are very difficult to value. However on a regional scale and with a significant proportion of land involved benefits to watertables and therefore irrigation and/or dryland salinity, vegetation health, regeneration capacity, etc, can be determined.

The proportion of land conserved may depend on the agricultural pressures on the land:

- in irrigation areas/intensive farming 10%
- in grassland areas 15-35%
- in high vegetated/tourism areas 45%

TAXATION

The report "Time running out: Shaping Regional Australia's Future" (House of Representatives Standing Committee on Primary Industries and Regional Services) has many references relevant to taxation and water issues and the terms of reference of this inquiry.

The limit of taxable incomes to \$20,000 for landcare work and the expansion of the types of work determined to be landcare work should be revised. A landholder with an income of \$20,000 is hardly likely to have spare cash for the types of investment required. Landcare works should also include irrigation improvements such as hi-tech horticulture, recycling, flood mitigation, as well as remnant vegetation conservation works such as fencing/weed and feral animal control etc.

In particular we **recommend** taxation relief. Irrigation farmers and irrigation authorities could be a major tool in accelerating public good conservation measures for irrigation areas (this matches paragraph 10.86, Recommendation 15 and Recommendation 84 of the "Time Running Out" report).

CONCLUSION

We remain ready to assist Parliamentary representatives and Taxation Officers in developing arrangements to maximise public good benefits associated with natural resource management, particularly water.

We note many similarities between this inquiry and those being conducted by:

- (a) Standing Committee of Agricultural and Resource Management – Managing Natural Resources
- (b) Standing Committee on Primary Industries and Regulatory Services – Infrastructure and Regional Development

MI has made submissions to both of these. Copies can be provided if required. An updated submission detailing regional Australian water infrastructure taxation issues is attached.

We further **recommend** the recommendations of this Inquiry be incorporated with national policy for Natural Resource Management.