SUBMISSION FOR INQUIRY INTO THE WATER AMENDMENT (SAVING THE GOULBURN & MURRAY RIVERS) BILL 2008

From : Northern Victorian Irrigators Inc.

30th January 2009 Contact : Barry Croke

The Senate inquiry on this matter was scheduled for discussion at our first committee meeting this year (30.1.09). A crowded agenda left only 20 minutes for discussion of this important matter. As a member of the NVI committee I was directed to report NVI's comments to you. Subsequent electricity and computer failures have delayed this task which has also competed with my farm commitments.

NVI was formed in 2004. It aims to ensure conditions which favour competitive irrigated agricultural systems that will underpin sustainable farming and communities in our region. NVI's support base primarily comes from the Goulburn and Murray Valleys of northern Victoria.

The comments listed below can be substantiated in greater detail if required. In some instances we refer you to information sources for original data supporting our claims.

1. "Saving the Goulburn & Murray Rivers"
We believe objectivity, reason and quantitative data must underpin any appraisal of our agricultural systems and the resources which underpin them.

This Bill has taken the unique approach of including this emotive phrase. Consequently there is very strong suggestion that objectivity and sound reason will not underpin its discussion. Furthermore we believe it a paramount responsibility of our elected parliament to ensure decision affecting our region only come from comprehensive actual data applied within the context of the region.

We believe the proposed Bill will have no impact on these rivers being saved. We are certain that these two rivers will continue to exist without this Bill's intention to save them.

2. "Water for Rivers"
This entity has been active for five years in our region. Typically it purchases irrigated holdings, takes some of the water for environmental purposes then attempts to resell the land in parcels that are usually reconfigured in size and capability, usually resulting in decreased production potential.

During the life of the program, it has not achieved and delivered the actual water for environmental flows that it anticipated. This is part of the reality of uncertain seasonal conditions and water availability. One factor is certain; the significant improvements in environmental flows expected from the initiative are yet to be achieved.

Meanwhile several of the irrigated farms purchased will never achieve their former productivity. The logic which allows highly developed farms on excellent soils and located in irrigation districts toward the top end of these river systems is seriously

inconsistent with a national policy that would ensure encouragement for land and water resources to be used together in places where maximum production advantages are achieved.

The 'Water for Rivers' program should target specific areas where water use efficiency (plant productivity related to total river system water used) is at the lower end of the spectrum. In this way, existing owners' of irrigated holdings could be retired out of irrigation with dignity. We would suggest the following as examples to target for the remainder of the 'Water for Rivers' program. One area would be solonised soils which are typically less productive and certainly impose major salt loadings both on the Murray River and on surrounding unirrigated farmland. Other areas would be where large quantities of water are required to deliver water. The Lindsay River in northern Victoria is one example. Here some 70 Gl annually is needed to give sufficient flow and water quality for about 13 Gl to be extracted for irrigation of almonds in a particularly harsh environment. This example does not include the several gigalitres of water lost in conveying this water to far north-western Victoria.

In conclusion we sincerely believe much more care be taken of how public money in programs like 'Water for Rivers' is targeted.

This type of public investment can claw back water from less favourable irrigation areas. In so doing, it can gain far more than all or part of the water tied to a purchased farm and, in some instances, relieve river systems of other problems and excessive conveyance losses.

3. "Living Murray Initiative – after subsection 18H (1)"
The Bill mentions
"….these States' water savings programs are to be independently audited and, as soon as the saved water becomes available, the water must be allocated to the Living Murray Initiative and must not be used for any other purpose."

We consider the above words indicate serious ignorance from the proponents of the Bill. Furthermore, the ideas advanced in these words are simplistic in the extreme and seem totally naïve of river systems and environmental flows which have to be managed for maximum effect.

The Living Murray Initiative (LMI) seeks to decrease the water taken out of the river for consumptive use. For instance, irrigators in northern Victoria lost 20% of their low security water share without any tangible compensation to their farm business under this initiative. Since this loss of an asset, that was part of their farm inventory, we have not had a season where low security water share has been allocated. Consequently the Living Murray Initiative has not been able to realise one of its 'book entries'. But if low security water share had been available it would be a simple water accounting procedure to establish how much water was available for LMI . Invoking the need for independent audits is a form of political popularism when government authorities already maintain meticulous records. In this instance it would be Murray Darling Basin Authority, Victoria's Department for Sustainability and Environment and Victoria's Goulburn Murray Water Corporation. If the above entities cannot be publicly trusted our society has serious trust issues indeed.

The most concerning implications of the Bill's reference to LMI (above) is the idea that LMI water "must not be used for any other purpose". If every year was an average year with average inflows in all catchments such an idea may be plausible. The reality of our river system is that inflows are extremely variable both from year to year and from catchment to catchment. The environments associated with our river valleys have evolved under this regime. Regulated flows made possible by infrastructure works in response to population centres have reduced significantly this variability and even caused high unseasonal river flows. The average citizen and media scribe seem to believe these regulated flows with constant availability are normal.

Environmental managers seek to imitate periodic flushes that were the natural phenomena of our rivers. They do not need to happen every year, and in intervening years environmental managers may wish to accrue a water credit. In the meantime known quantities of this water maybe partly used for consumptive use or critical human needs. This is done for a variety of reasons including the inability of the storages to accommodate all water user needs and the inability of small volumes of water for environmental flows to achieve any effect.

The preferred approach of environmental managers is to release accrued water along with river flushes that happen in wetter years. The Victorian DSE and Catchment Management Authorities could give you specific detail on these arrangements along with how water accounts are handled to ensure equity for each water user group is maintained.

The section on LMI also displays ignorance of other legislation relating to water use. The Victorian Water Act allows the Minister of qualify water use under particular circumstances. It may be that critical human needs have to be sourced from water held in storage for stock and domestic purposes, irrigation entitlements or even environmental purposes. It is a non-sense to have an amount of water in store labelled as environmental, when it is inadequate to achieve an environmental response. The amendment proposed a ban on this water's use for some purpose such as town water or stock and domestic water. Water accounts keep track of these water uses. It would be irrational to watch a sub-functional store of environmental water evaporate. The assessment of potential options for water along with discussion of qualifying rights is described in Chapter 4 of the Draft Sustainable Water strategy for the Northern Region as published by the Victorian DSE.

4. "Basin Plan not to permit taking water for additional uses outside Basin"
This seems to be the primary objective of the amendment to the water act 2007.

Northern Victorian Irrigators would agree with such a proposal when our society made it illegal to consider and use primary resources outside designated areas. Obviously it would keep water in the Basin. In today's world such blinkered views need to be evaluated in the context of regional and national realities. The following discussion attempts to address some of these realities by putting them into context with the total scheme of water and resource issues.

4.1 How much water?

The primary motivator for the amendment is 75 Gl of water being reserved for Melbourne in 2011 and thereafter, a one third share of water savings achieved in modernisation. This will be very expensive water for Melbourne but is a function of the interaction of national policies that allow unfettered growth of coastal cities, a series of dry years severely impacting on Melbourne's existing water storages, inadequate time to build additional water storages, and almost certainly the inadequacy of new storages to harvest significant water to satisfy short term deficiencies.

Taking these factors into account our membership has agreed to this proposal to assist Melbourne's water requirements. Furthermore, we find this proposal even more acceptable if several other factors are considered. These are

- the volume to Melbourne is capped not only by written agreement but also by virtue of the capacity of installed infrastructure.

- the proposed 75 Gl needs to be viewed in context. It is equivalent to the annual water use of about 50 dairyfarms similar to my 500 cow operation. It is a similar volume of water to that needed to supply sufficient water for four Lindsay River irrigators to be able to pump 13 Gl of acceptable quality. Concurrently 70 Gl of flow is needed to achieve this and then it flows into South Australia without proper accounting.

- the amendment would prevent growth in centres outside the Basin now dependent on Goulburn or Murray river water. Consequently places like Ballarat, Adelaide, Port Pirie and Port Augusta would have no right to additional supply. Whilst NVI is uncomfortable with other non Basin users competing for supply we recognise that the cost of acquiring such water will constrain demand and that the political power of population centres will carry weight. We are unaware of any modern democracy being able to withstand these forces e.g. San Joacim Valley water to Los Angeles, together with shifts in water use in the Tigris, Euphrates, Nile, Jordan and innumerable other rivers. For the foreseeable future the other users outside the Basin will be constrained by price, consequently significant large volumes will not be an issue.

- in 2006 two of our executive had discussions with the then Federal Water Minister, Mr. Malcolm Turnbull. Our primary concern was the extent to which the new Water Act would permit centres like Melbourne to purchase Basin water. On three occasions we were assured Melbourne had every right to purchase this water and we were told Melbourne Water was so well resourced financially that it would regard our water the Goulburn as exceedingly attractive.

- concurrently, our two NVI members who were part of the Foodbowl Modernisation Steering Committee saw some urgency in negotiating an arrangement with Melbourne Water and the State Government that would not leave our NVI members as pawns having to just accept decisions made entirely outside our domain. Consequently the initial 75 Gl to Melbourne followed by the 1/3,1/3,1/3 sharing of water savings was a preferred negotiated outcome confirmed after several meetings with irrigators (aprox.50). Inherent in this negotiation was one billion dollars for irrigation upgrade and that the savings distributed to

irrigators would become an additional part of their high security water share (eventually a 150 million dollar increase in asset value at current prices). Additionally irrigators would be spared the cost (maybe $20,000/outlet) of meter upgrades demanded by the Federal legislation. The negotiation was hopeful of a further one billion dollar Federal government contribution to Modernisation. Indeed this has now been promised.

- the above negotiated arrangements were welcomed by our members because the alternative was untenable. The National Water Initiative had clearly established the principle that irrigators were to finance irrigation system upgrades. With about 2500 truly commercial dairyfarms among the 10,000 or so clients of Goulburn Murray Water in the Goulburn Murray Irrigation district it would have been financially impossible for irrigators to fund the upgrades to be demanded by the National Water Strategy. In this scenario 2500 irrigators would have had to fund about $800,000 per farm over the next few years to achieve the system upgrades – a simply impossible proposition. If this approach had been adopted the regional development and national implications were catastrophic. These 2500 irrigator who are responsible for about 25% of the 'home-grown' part of the national food chain would become uneconomic.

- the conclusion from the irrigators perspective was that they would suffer no loss of water, would ultimately gain new water entitlement, and would be able to escape totally prohibitive costs should Modernisation charges be attributed to their farm businesses.

4.2 Is the water available?

The Victorian DSE and Goulburn Murray Water Corporation should be contacted for first hand data on potential water savings.

Our organisation, NVI, approached initial projections with a degree of scepticism simply because our businesses and regions were potentially under threat.

We now have no doubt that data describing water losses in the Goulburn Murray Irrigation District, together with the opportunity for water savings are very conservative when viewed on the longer term performance of the system. We urge your inquiry to seek these projections, thoroughly analyse them then view them in the context of what will happen if Stage 1 of Modernisation achieves 225 Gl savings. Most of this water is then available for managed use. Of this 75 Gl of water will go outside the Basin but some 150 Gl not previously available will be added to current environmental and irrigation allocations.

As proof of how savings projections are going your inquiry is advised to contact staff at the Northern Victorian Irrigation Renewals Project. Part of this organisation has taken on the previous Reconfiguration Project (previously administered by GMW) and incorporated this into the work of Modernisation Committees in each GMW irrigation district. Data our representatives have as members of the Modernisation Committee unequivocally show water savings are achieving more than the conservative expectations. Please contact NVIRP for this progress information.

Should catchment inflows deviate from long term averages in the future we are certain that the modernisation project will make our irrigation system perform much better than it would if no work was done. The past season has shown this already. Longer term the improvements in water reliability and availability will be enhanced. It can also be demonstrated that the 75 Gl being annually available to Melbourne has no significant impact on an improved irrigation system.

Again data on system performance can be sought from the relevant authorities.

Conclusion

Our organisation is disappointed that these amendments have been formulated. They demonstrate that potential decision makers in the water debate have not been able to gather the full picture nor understand how our Goulburn and Murray river systems are managed for several purposes. We would urge people with limited appreciation of these systems to read Victoria's Northern Region Draft Sustainable Water Strategy, then progress to information from GMW and NVIRP describing projections and achievements to date.

The particular case of 75Gl of water to Melbourne, when considered in the totality of modernisation, only enhances our irrigation districts and enterprises. When considered with the effects of associated Modernisation works irrigation enterprises and a significant part of the nation's foodbowl have been rescued from certain decline. Moreover the reliability and quantity of water for irrigators and environment has been improved along with the high security water share of irrigators.

Our organisation would prefer that debate centre around far more important issues such as; where should there be incentives and disincentives for irrigation, should irrigation areas be consolidated rather than left in parts that achieve poorer overall water use and cost per unit of production. Irrigator attrition arising from economic circumstances needs to be addressed in the context of where irrigation should be encouraged so the overall performance of the MDB is improved.

Meanwhile we would welcome a visit from your Senate Inquiry representatives, or alternatively a request for further detail on our claims.