

RIVER, LAKES & COORONG ACTION GROUP Inc.

Keep our waters alive!



18 November 2008

The Secretary
Senate Standing Committee on Rural and Regional Affairs and Transport
Parliament House
Canberra ACT 2600
rrat.sen@aph.gov.au

Submission to the Inquiry into implications for the long-term sustainable management of the Murray Darling Basin System.

About River, Lakes and Coorong Action Group Inc (RLCAG)

A non-partisan community group living and working around the estuary at Lake Alexandrina and the Murray Mouth. Membership includes irrigators, farmers, fishers, boat builders, local business people, engineers, scientists and clergy, brought together by concern for the rapidly deteriorating health of our river. RLCAG hosts the Coorong, Lakes and Murray Waterkeeper Program. Please refer the Group's submission to the Committee's inquiry in September into water management in the Coorong and Lower Lakes. The following material supplements that submission and is informed by material from Australian Bureau of Statistics that has been published, RLCAG understands, since September.

Within your Committee's current terms of reference:

- a. the adequacy of current whole-of-basin governance arrangements under the Intergovernmental Agreement;
- c. long-term prospects for the management of Ramsar wetlands including the supply of adequate environmental flows;

Under (c) RLCAG commends the paper submitted by Dr Kerri Muller to Part 1 of the Inquiry (Submission no. 40) as an authoritative summary of the ecological disaster now underway in the Coorong, Lower Lakes and Murray Mouth (CLLAMM) and presents possible remedies.

Under (a), RLCAG supports Professor Mike Young's model for an integrated management system for the Murray Darling Basin (MDB)¹.

But how do we move from a regrettable past to a promising future? RLCAG members identify readily with rural individuals and communities now threatened by an urgent need to achieve ecological sustainability in the MDB by reducing over-allocation. Progress will be hindered unless those individuals and communities are reassured that problems will be tackled as a national responsibility.

RLCAG asks your Committee to accept and hold to a principle that the costs of rectifying past mistakes made by government should be accepted by governments and not by individuals

River, Lakes and Coorong Action Group Inc.
ABN 23 590 559 324

Secretary: J.H. Yelland PO Box 73 Milang SA 5256
secretary@riverlakescoorong.com.au

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The elephant fills the room

Murray Darling Basin Commission reportsⁱⁱ “Between 1988-89 and 1992-93, the total average annual diversion of water from the Basin's waterways was 10,684 GL, 95 per cent of which was diverted for irrigation”.

A recent review from the Australian Bureau of Statisticsⁱⁱⁱ confirms the overwhelming impact of agriculture:

- In 2004-05, 83% of water consumed in the MDB was consumed by the Agriculture industry.
- Other users of water in the MDB included the Water supply industry, which consumed 13% (predominantly through irrigation water supply losses), and Households (2%).

To save the ecology of the MDB we must change our irrigation practices. The Federal Government's National Water Plan, 2007, is now attempting that through its licence buyback program. RLCAG asks your Committee to consider two recommendations relevant to that program.

Performance target for buyback of water licences

What volume of purchase constitutes success within the buyback program? RLCAG asks that allocation levels for 1981—the year that the Murray Mouth closed for the first time in 6,000 years—be accepted as an inarguable maximum for sustainable use.

In 1981 surface water allocations were about 8,000 GL/year and included many ‘sleeper’ or ‘dozer’ licences that are now fully used. Let us accept that a working allocation of 7,000 GL/year for surface extractions and a maximum of 2,000 GL/year for groundwater extraction: estimated total of 9,000 GL/year.

By 2005-6, surface diversions had been increased to 13,380 GL/year and groundwater diversion was at 2,115 GL/year^{iv}, to give a total allocation level of approximately 15,500 GL/year. That is, 6,500 GL/year beyond the 1981 estimate.

<p>RLCAG recommends that the National Water Plan accept and publicise a target for water licence purchases of 6,500 GL.</p>

Debate within the national community will be enhanced if that tangible target, and the reasoning behind it, is in the public domain.

Acceleration of buyback purchases

In its present form the buyback program carries a fundamental flaw: owners of licences calculate that their asset will increase in future value as the amount of water available for irrigation is reduced. It therefore makes business sense to postpone offers to sell.

Simultaneously, Australia recognises that much of the precious water currently extracted from the MDB is exported in the form of agricultural produces. ABS Australian Bureau of Statistics reports^v that of 7,720 GL of MDB water consumed by agriculture in 2005-6, major crops consumed:

Industry	Percentage of agricultural diversion	GL/year	Percentage used for export, by industry ^{vi}	Approximate export volumes, GL/year
Cotton	20%	1,574	100%	1,574
Dairy farming	17%	1,287	50%	643
Livestock pasture	17%	1,284	45%	578
Rice	16%	1,252	50%	626
Total	70%	5,397		3,421

It is reasonable to estimate, after allowing for other crops, that we are exporting at least 4,000 GL/year from MDB while our wetlands die. Our descendants will condemn us.

It would be unfair and counter-productive to penalize export irrigators. Rather, the government should distinguish between export and domestic businesses in a positive way when assessing offers to sell licences and to offer a sunset clause to accelerate sale offers.

RLCAG recommends that an export loading of 10% be added, during 2009 only, to offers of sale for water licences offered under the National Water Plan

For example a successful offer to sell at \$1,000/megalitre would be paid at \$1,100 if the business could demonstrate that all irrigation had been in cotton, because approximately 100% of that crop is exported. \$1,050 would be paid if the business had been entirely used for dairy and \$1,047.50 if it had been split between dairy and beef pasture.

Please advise if RLCAG may be able to help further.

Thank you for your attention,

Yours faithfully,

J. Yelland
Secretary, RLCAG

References:

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- ⁱ **A future-proofed Basin A new water management regime for the Murray-Darling Basin.**
Prepared by Prof. Mike Young, Research Chair, Water Economics and Management, The University of Adelaide, Jim McColl, Research Fellow, CSIRO Land and Water
<http://www.myoung.net.au/water/count.php?para=14>
- ⁱⁱ http://www.mdbc.gov.au/nrm/water_issues/water_use
- ⁱⁱⁱ <http://www.abs.gov.au/ausstats/abs@.nsf/mf/4610.0.55.007>
- ^{iv} Thirsty Country. Options for Australia by Åsa Wahlquist.
Allen & Unwin, 2008. ISBN 978 1 74175 484 1. Page 151
- ^v <http://www.abs.gov.au/ausstats/abs@.nsf/mf/4610.0.55.007>
- ^{vi} Thirsty Country. Options for Australia by Åsa Wahlquist. Allen & Unwin, 2008. ISBN 978 1 74175 484 1